INVENTORY FOR FILE BOX #1
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BOX #1 CONTAINS WHITEWATER FILES, MARCH 1994 - DECEMBER 1994
(20 files)

7271

ENCLOSURES FILED OVERSIZE ATTACHMENTS

NARA 5126

Michael Kinsley

Whose Ox Is Gored ✓

Like all good Clinton supporters, I have been wracking my brain for plausible reasons why there should not be congressional hearings on Whitewater. Hmmm . . . Let me see . . . Reasons why there shouldn't be Whitewater hearings. . . . Would interrupt the afternoon soaps? Jim Leach is running out of sanctimony? Heck, I give up. This is more of a job for David Letterman than for a serious political pundit.

Evidently congressional Democrats are having no more success than I am. The one argument they've come up with, and repeated ad nauseam, is that hearings would interfere with the criminal investigation by special prosecutor Robert Fiske. This is comically disingenuous. It's true enough, as the Democrats point out, that it was the Republicans who wanted the appointment of a special prosecutor in the first place. But it's equally true that the Democrats *didn't* want one. Yet now Fiske is their hero.

The politics of Whitewater are full of such reversals. This is Washington's first great ox-goring festival since the Democrats reoccupied the White House, and politicians of both parties are struggling with their new lines. The Democrats' embarrassment is obvious. But the Republicans' embarrassment deserves some dwelling upon, too.

Let's go to the videotape. It's December 1986. The Iran-contra scandal has just broken. Did Senate majority leader Bob Dole support hearings to investigate Iran-contra? Well, yes, he did. Dole cannot be caught out on this one. Dole actually called for a special session of Congress to arrange for hearings.

However, Dole and the Republicans were insistent that key witnesses should be given immunity from prosecution for their testimony. Immunity ultimately let Oliver North and John Poindexter off the hook for their crimes. Republicans said at the time that immunity was the only way to get to the bottom of the story, and therefore the issue was a test of good faith. This time around, the Republicans are equally adamant that witnesses should *not* be given immunity in any hearings.

In Iran-contra, the president's supporters were worried about serious criminality, and so they wanted congressional hearings—with immunity—to trump the prosecution. In Whitewater, the president's supporters are more worried about the constant drip-drip-drip of embarrassing revelations, and so they would rather have the prosecution trump the hearings. No prizes for integrity in either case.

Republican hypocrisy has been most comical on the subject of the special prosecutor. There was no choice back during Iran-contra—the law forced the appointment. But throughout the Reagan-Bush years, Republicans opposed the special prosecutor law, even arguing that it was an unconstitutional infringement on executive power. In 1992 they blocked its renewal. But they clamored for a special prosecutor when Whitewater came along.

Because the law has expired, Fiske is a pseudo-special prosecutor, appointed by Attorney General Reno rather than by a federal judge. For this reason his independence is sneered at by the very folks who made true independence impossible. Democrats and the Clinton administration have been absolutely consistent on this one: They have always supported renewal of the special prosecutor law.

The Republicans are right—now—when they say that a special prosecutor's investigation is not sufficient because raw criminality is not the only issue. There are questions of ethics and public policy, too, which go beyond the prosecutor's brief. That's a good reason to hold hearings. But let's not forget how, during the 1980s, Republicans would turn the special prosecutor's decision not to prosecute into a claim of total vindication. Ed Meese is the leading example here.

It is understandable that intellectual consistency does not rank high in Republican concerns as they make hay with Whitewater. Their attitude seems to be, "You guys did it to us. Now we're doing it to you." There have even been "Godfather"-like suggestions that once both sides have been bloodied there can perhaps be a truce in the scandal wars. But the "now we're even" argument contains an implied moral equivalence (to exhume a fashionable 1980s term). The deal seems to be: If we admit with a sheepish grin that we're making too big a deal out of Whitewater, will you admit the same about Iran-contra? It's a bad deal.

One final role reversal deserves note. Several conservative commentators have taken up the theme that Whitewater is the Clintons'—and especially Hillary's—deserved comeuppance for their smug self-righteousness and Manichaean world view, which are deemed to be special sins of liberals. George Will writes of the Clintons' "moral vanity," which they acquired as "children of the 1960s." Even politically indeterminate Joe Klein of Newsweek sneers that "the liberal elite . . . divides the world between us and them, the high-minded and the greedy." And so on.

Funny, I do not recall the triumphant Republicans of the 1980s as great avatars of political toleration and moral relativism. I remember quite a bit of "us and them"—"them" being "liberals." Marginalizing of the opposition—portraying them as beyond some legitimate sphere of discourse—was a standard Republican rhetorical tactic. Hillary Clinton has never accused her political opponents of being unpatriotic—a regular theme (usually, but not always, just below the surface) of Republicans in those years.

Congressional hearings on the subject of moral vanity would be very interesting indeed. And no one gets immunity.

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Jim Hoagland

The Two Lloyds

The Arkansas part of the Whitewater affair looks like small potatoes—make that small, old, moldy potatoes—by Watergate and other scandal standards. A few jobs have been lost, an anticipated promotion or two endangered and some reputations smudged by the media and Republican pursuit of Whitewater. Much ado about nothing, the Clintons and some allies in the press sniff.

But the Washington part of Whitewater is important in unexpected ways. Whitewater provides a window on some of Bill Clinton's intentions toward the presidency. The still unfolding drama complicates his lofty ambition of restoring America's faith in government. Seemingly minor ethical lapses by people who are not only his appointees but also longtime friends take on huge importance in the context of Clinton's pledges to restore the electorate's faith in the competence and integrity of government.

This is an extra burden for a president who leaves the impression of not easily delegating responsibility or authority except to longtime friends or the rare officials who have worked their way into the complementary His and Her inner circles that distinguish the Clintons' White House.

The storm over Whitewater may serve the president's interests if it is an early warning against his relying on too narrow a circle of confidants and chums in running the government, a temptation most other presidents have found almost impossible to resist. The chums inevitably strain too hard to protect the Great Person from any problems and bring unintended embarrassment.

Out of Whitewater-in-progress comes a new forced reliance by the president on the insurance value of the two Lloyds of Washington—White House Counsel Cutler and Treasury Secretary Bentsen.

That change may crimp a desire by the president to give his own baby boom generation a larger share of power at the top in his first term.

The fallout from Whitewater has stilled the rumors that Bentsen would be returning to Texas later this year to make way for the ascendancy of his deputy, Roger Altman. In the blink of an eye, Altman has gone from holding a virtual lock on becoming the next secretary of the Treasury in a short time to struggling to survive in his current position.

Altman will probably avoid winding up in the Whitewater wasteland that has claimed Bernard Nussbaum and Webster Hubbell, friends and past mentors of Hillary Clinton. But the expected smooth movement by Altman into Bentsen's job has been disrupted.

Altman's briefing of Nussbaum, the outgoing White House counsel, and other staffers on Whitewater gives the Republicans large-bore ammunition in any confirmation hearings for a Cabinet job for Altman.

Altman briefed the White House as deputy secretary at Treasury and as acting head of the Resolution Trust Corp., a regulatory agency that is at the heart of the Whitewater affair. Exactly why Altman, a Clinton pal for 20-plus years, was chosen to head the RTC even temporarily is one of Whitewater's more intriguing questions.

Altman, 47, was Clinton's classmate at Georgetown University before becoming one of Wall Street's top investment bankers. Like Deputy Secretary of State Strobe Talbott, (47 and another former presidential classmate), Deputy National Security Adviser Samuel R. (Sandy) Berger (48), and a few other baby boomers close to Clinton, Altman seemed to have been planted in a grooming post for a few years' experience.

The 73-year-old silver-haired Bentsen benefits, without intending to, from the Whitewater uproar. "However long Bentsen was going to stay, it has just been lengthened" by Altman's troubles, says one senior figure in the Democratic Party. Bentsen's feeling that Altman was moving a little too fast to usurp his prerogatives had been no secret in Democratic circles.

"Lloyd found it appropriate to remind Altman that he was still Treasury secretary and intends to be secretary for a while," said another prominent Democrat, noting that Bentsen quickly distanced himself from Altman by disclaiming any knowledge of the White House meeting and by endorsing an internal Treasury inquiry into its circumstances.

The negative publicity around Les Aspin's forced departure from the Defense Department and the stumbling of Boris Yeltsin's government in Russia may give Warren Christopher added tenure as secretary of state as well. Talbott, the architect of the administration's Russia policy, has become the main lightning rod at the State Department, drawing away criticism previously directed at Christopher. By attacking Talbott rather than Christopher, Republicans inflict greater collateral damage on Clinton.

Great nations do not have friends, it has been said. They have only interests. It should be the same for presidents. Working with friends and cohorts is pleasant. But it cannot be a guiding principle or an effective motor for the kind of high-minded change Bill Clinton has promised this nation.

FRIDAY, MARCH 18, 1994 THE WASHINGTON POST

Michigan's Bold Move

THE VOTERS in Michigan made some history this week by passing a radical overhaul of the state's method of financing public schools. The measure was aimed at accomplishing two goals long talked about by education reformers: reducing the role of the property tax in paying for the public schools and moving toward more equal spending between rich and poor school districts.

To get to that goal, Michigan voters swallowed a lot of new taxes while cutting some old ones. They approved a big increase in the state sales tax, from 4 percent to 6 percent. They tripled the cigarette tax. And they backed a modest statewide property tax. This created a state fund that will now pay most school costs, replacing local property taxes. Most homeowners will get large cuts in their property tax, because the new state property tax is much smaller than the local school taxes it is helping to replace.

The formula through which the state money will be given out is aimed at pulling up school spending in the state's less well-off districts. In a state where the poorest school districts now spend in the range of $3,200 to $3,500 per pupil, the plan will get all school districts to at least $4,200 per pupil next year and $5,000 in three years. In about 7 percent of the state's school districts where spending per pupil is well above average (Bloomfield Hills, a Detroit suburb, is the state's top spender at $10,500 per student), local taxpayers will still be able to use their property taxes as a supplement to maintain spending at current levels. But spending increases in the wealthy districts will be sharply limited. The result over time will be something closer to equal spending per pupil across the state.

Michigan and its governor, John Engler, deserve credit for confronting a very difficult issue. The enormous disparities in per-pupil spending between rich and poor school districts around the country make a mockery of slogans like "equality of opportunity." And as long as the property tax is the main source of school financing, the large inequalities will persist.

There are difficulties with the Michigan approach that other states should consider before taking the same path. The sales tax is far from the fairest levy; it takes a much larger share of the income of the poor and the middle class than of the wealthy. An alternative proposal in Michigan would have relied instead on the income tax. In addition, the sales tax can be an unstable source of revenue. One sharp recession could dent sales tax receipts, which could in turn force sudden education cutbacks. And limiting what wealthier districts spend on their schools will always be difficult. Wealthy parents, like other parents, will keep looking for the best education for their kids. Severely limiting spending in rich school districts could lead some parents to switch their children to private schools or to seek other ways to subsidize their local public schools.

None of this, however, detracts from Michigan's boldness. It turns out that politicians and citizens can take on some pretty big problems when they put their minds to it.

What's News—

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Business and Finance

KEMPER DIRECTORS unanimously rejected the $2.2 billion bid from GE Capital amid intensifying pressure from shareholders to sell the company. In a letter, Kemper's chairman accused GE of "stealing Kemper with a 'low-ball' proposal" and said that GE is a corporate raider. But the harsh language could also be a tactical move to force GE to up the ante.

(Article on Page A3)

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The House Ways and Means health panel voted to reduce what Democratic-backed health legislation requires small businesses to pay to insure workers who are now covered through spouse or family policies.

(Article on Page A2)

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Six major airlines settled federal charges that they fixed prices in a scheme that may have cost consumers nearly $2 billion from 1988 to 1992.

(Article on Page A2)

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AMR predicted a wider first-quarter loss than analysts' estimates because of winter storms and fare cuts.

The White House allowed British Airways to continue its marketing alliance with USAir for another year.

(Articles on Page A3)

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Conrail's capacity is strained because of surging freight shipments aggravated by this winter's cold and ice. Rail shippers are facing delays, disruptions and higher costs as a result.

(Article on Page A2)

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Caterpillar plans to hire 200 workers more than previously planned at its Illinois plants, citing higher-than-expected demand for the company's construction equipment.

The Dow Jones Industrial Average rallied 16.99 to 3865.14 after Caterpillar's plans prompted investors to buy some of the economically sensitive stocks that make up the average.

(Articles on Pages A5 and C1)

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AT&T and Lotus unveiled a joint venture for a computer-information service built around Notes software. The service lets users confer on line and browse through text or video.

(Article on Page B2)

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Lawyers can no longer charge nonrefundable fees for most kinds of work, New York's highest court said in a groundbreaking ruling.

(Article on Page B10)

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Whittle's Edison Project is expected to get charters today to start three elementary schools to be run for profit as part of Massachusetts' plans for 15 new publicly funded schools.

Whittle expects to close its Whittle Books unit due to lack of advertiser support for its next lineup of books.

(Articles on Page B3)

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General Motors' Saturn small-car unit will cut daily production 27% and delay plans for a second plant, reflecting a 91-day supply of unsold cars.

(Article on Page B4)

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WordPerfect plans to introduce on Tuesday a program that will pit the software maker against Adobe Systems in a race to supply a key piece of electronic-publishing software.

(Article on Page B2)

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Lufthansa's loss for the year narrowed, surpassing even the German airline's own expectations.

(Article on Page A7)

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Markets—

Stocks: Volume 303,883,250 shares. Dow Jones industrials 3865.14, up 16.99; transportation 1747.53, off 4.85; utilities 207.62, up 0.20.

Bonds: Lehman Brothers Treasury index 5340.08, off 13.38.

Commodities: Oil $14.82 a barrel, off 24 cents. Dow Jones futures index 144.05, off 1.52; spot index 132.28, off 0.45.

Dollar: 105.85 yen, off 0.22; 1.6890 marks, up 0.0005.

World-Wide

SERBS AND MUSLIMS SIGNED an accord to ease Sarajevo's 23-month siege.

The U.N.-brokered agreement would allow civilians to travel along certain roads in and around the city, and could open a route out of Sarajevo for people who have been trapped there for two years. However, commercial traffic wouldn't be permitted, and people wishing to travel from one side's territory to the other's would have to receive permission from Serb or Muslim authorities. (Related article in Column 1)

The accord is the latest step in moves to normalize life in the Bosnian capital, where a cease-fire has been generally holding for five weeks.

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The Senate Budget Committee voted to require another $26 billion in spending cuts from Clinton's five-year budget plan. The additional cuts, adopted on a bipartisan 13-8 vote, would place severe pressure on Clinton's "investment" spending initiatives. (Article on Page A3)

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Republicans won a Senate commitment to hold hearings on the Whitewater affair. However, the resolution passed last night states that the timing and the format of the hearings won't interfere with the investigation being conducted by special counsel Fiske, so hearings may not occur for some time. (Article on Page A12)

Nussbaum appeared before a Whitewater grand jury. The departing White House counsel, who was forced to resign over Whitewater, said he answered every question. White House aide Ickes also testified. Later, special counsel Fiske subpoenaed senior White House adviser Stephanopoulos to appear before the grand jury.

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Two Israeli soldiers testified that they fired directly at a mosque's doorway and not just into the air during the pandemonium of last month's Hebron massacre. The soldiers, appearing before an Israeli panel investigating the slayings, also raised the possibility that the Jewish settler blamed for the attack had an accomplice.

Israeli forces killed two Palestinians in a gunfight in the Gaza Strip, and 14 other Arabs were wounded in clashes with troops throughout the occupied lands. With tensions high, Islamic officials closed Muslim monuments in Jerusalem to tourists.

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Occidental Chemical won't have to pay punitive damages in the dumping of toxic waste at the Love Canal subdivision in Niagara Falls, N.Y., a judge ruled. New York state sought as much as $250 million from Occidental. (Article on Page B10)

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Federal prosecutors plan to meet next week with lawyers for Rep. Rostenkowski to review allegations that could lead to the Illinois Democrat's indictment on corruption charges. (Article on Page A4)

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Anticrime legislation was approved by the House Judiciary Committee that would provide life sentences for people convicted of three serious crimes. Unlike three-strikes measures in a bill passed in the Senate, the House panel's version would allow an early release from prison of some aged inmates.

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Michigan's school-funding vote makes other states more likely to weigh similar proposals that call for higher sales taxes to finance public schools and a lowering of property taxes. (Article on Page A2)

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Interior Secretary Babbitt unveiled a scaled-back version of a grazing proposal that he has been trying to implement. The new version would shift decision-making on federal land use toward the local level.

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The SEC is investigating several Arkansas investors, including a group once headed by White House aide Patsy Thomasson, in connection with possible insider trading. The inquiry is said to involve trading in Arctic Alaska Fisheries stock in 1992 before Tyson Foods announced an acquisition of the firm. (Article on Page A12)

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A landmark trial opened in Versailles for Nazi collaborator Paul Touvier, the first Frenchman to be tried for crimes against humanity. Touvier, 78, who was intelligence chief for the French militia in occupied Lyon, is charged with complicity in the killings of seven Jews in June 1944.

* * *

Mandela called off a visit to the capital of South Africa's Zulu region because aides feared there would be an assassination attempt on the African National Congress president. Meanwhile, Zulu leader Buthelezi warned of a fierce battle if his party is forced to take part in all-race elections.

THE WALL STREET JOURNAL, FRIDAY, MARCH 18, 1994

Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

WHITEWATER ROILS the White House hierarchy as rumors swirl.

While Hillary Rodham Clinton has no plans for a Ferraro-like press conference, senior advisers urge the president to put his personal lawyer, David Kendall, out front to calm the Whitewater waters. The search begins for a permanent White House counsel; political aides push for savvy former Tip O'Neill aide Kirk O'Donnell, but others tout U.S. Judge Patricia Wald. Meanwhile, associate counsel Kennedy comes under increasing fire.

Talk of replacing chief of staff McLarty diminishes, since he is one of the few old Arkansas hands still standing. But if a change is ultimately needed, Washington insiders top the list of possible replacements. Gergen clashes with new deputy chief of staff Ickes over ideology and Ickes's suspicions about Gergen's loyalty to the president. But Gore, McLarty and liaison chief Alexis Herman rally to his defense.

On the rise is John Podesta, who has become Ickes's top aide for damage control.

SUPPORT GROWS for a gambling tax to pay for welfare overhaul.

After weeks of searching for spending cuts to pay for Clinton's proposal, the administration returns to the option of raising an estimated $4 billion over five years, mostly from a 4% excise tax on net gambling revenue, except state lotteries. Withholding taxes on winnings would also be increased.

Adding to the urgency of the issue is that the latest draft of Clinton's plan has been drawing yawns on Capitol Hill. At the moment, only $4 billion is earmarked for the program by the time it is to be fully effective in 1999. The gambling tax would at least go half the distance toward funding the $2 billion annual cost of child care for the working poor, a crucial feature in keeping welfare rolls from growing.

THE ADMINISTRATION REELS from Christopher's disastrous China trip.

White House officials now say they should have "pulled the plug" on the trip when China began arresting dissidents. Other administration officials complain the secretary of state's aides were so eager to portray him as a tough talker they ignored the warning signs that the trip would exacerbate Clinton's dilemma over whether to renew China's trade status.

Commerce and Treasury officials plan to push for broader stewardship of China policy. Some want a top-level White House meeting to deal with the trip's fallout. Commerce complains it didn't know the State Department's human-rights chief would be meeting with a high-profile dissident while a senior Commerce official was in Beijing promoting trade.

A Chinese veto of U.N. sanctions on North Korea over nuclear inspections would make it all but impossible for Clinton to reward China on the trade issue.

FED POLICY MAKERS are to finally decide at Tuesday's meeting how much and how promptly to disclose information about their monetary-policy meetings. The likely outcome: more disclosure than is now the case, but less than congressional critics are demanding.

POWELL BLASTS another retired Army general, John Cushman, for criticizing Powell's handling of Clinton's first year. In a letter to a Navy magazine, the former Joint Chiefs chairman accuses Cushman among other things of "intellectual dishonesty," of reaching the "height of arrogance" and of weaving "a web of innuendo and misinformation."

WHITE KNIGHT? The Commodity Futures Trading Commission faces another bruising authorization battle this year, making it ripe for another merger effort by the SEC. But SEC Chairman Levitt is standing by his pledge that he won't mount a hostile takeover. Asked at a congressional hearing about the CFTC, Levitt deadpans: "What's that?"

RADICAL CHANGES in U.S. strategy may result from the Pentagon's reconsideration of nuclear arms in the post-Cold War world. The Pentagon wants to edge away from the conditional "no first use" pledge and say that nuclear weapons may be employed as a last-ditch defense against biological or chemical weapons. Also being discussed, but unlikely, is removing the nukes from nearly all remaining U.S. ICBMs.

ALTMAN VOWS he won't follow Hubbell and quit under fire.

The deputy Treasury secretary tells aides he hasn't done anything wrong and won't resign. So far, there isn't any sign that he is being pressured to do so, but insiders already speculate on possible successors, including White House aide Bowman Cutter and Ex-Im Bank chief Ken Brody.

Disgruntled present and former RTC employees, resentful at what they complain was Altman's arrogant and disdainful attitude when he took over as acting RTC chief, savor his difficulties. Some begin voicing criticism they had previously kept to themselves; others circulate old memos to try to embarrass him.

Bentsen, leaning increasingly on the few remaining longtime loyalists on his staff, summons senior aides to try to boost spirits.

MINOR MEMOS: The World Bank plans a session on "the implications for leadership in times of turbulence." Its name? "Permanent Whitewater." . . . Kansas Rep. Roberts says the politically correct term for farmers and ranchers is "agro-Americans."

—Rich Jaroslovsky

GOP Wins Senate Commitment to Hold Whitewater Hearings; Date Is Uncertain

By KENNETH H. BACON
And MICHAEL K. FRISBY
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON – Republicans won a Senate commitment to hold hearings on the Whitewater affair that is bedeviling President and Mrs. Clinton, but the timing of the hearings must still be determined.

By agreeing to hearings, the Democrats have allowed the Whitewater issue to move to a new political plane. However, the resolution specifically states the timing and the format of the hearings won't interfere with the investigation being conducted by Special Counsel Robert Fiske, so hearings might not occur for some time.

The details still have to be worked out by Majority Leader George Mitchell of Maine and Minority Leader Robert Dole of Kansas, who reached yesterday's agreement during a day of negotiations.

The two senators both claimed victory in presenting the agreement, which the Senate adopted on a 98-0 vote, as it completed work on a community-development banking bill designed to increase credit for poor communities and small businesses.

Pact Commits Senate

Mr. Dole said that the agreement commits the Senate to hearings on a complicated set of financial and political issues involving the Clintons. Until now, the Senate's Democratic majority has refused to commit to hearings, arguing that any Senate investigation could impede Mr. Fiske's probe. The agreement shows that "Robert Fiske doesn't have a veto" over the Senate's right to review the effectiveness of federal bank regulation and law enforcement, Mr. Dole said.

At the same time, Mr. Mitchell emphasized that the resolution makes it clear that the Senate won't proceed in a way that interferes with Mr. Fiske's investigation. He also said that hearings won't occur immediately.

Nevertheless, Democrats had come to realize that hearings where inevitable. "The disagreement has been over the time and the manner" of the hearings, Mr. Mitchell said. While the two leaders could still fail to reach agreement on these details, both promised to negotiate in good faith.

According to the resolution, the hearings will focus on:

- Madison Guaranty Savings & Loan, a failed Arkansas thrift linked to the Clintons' political and business ventures.
- Whitewater Development Co., a land partnership involving the Clintons, the head of Madison and his former wife.
- Capital Management Services, a Little Rock, Ark., small-business investment company that made a loan that may have been used to clear up some of Madison's problems.

Republicans also made it clear that the hearings will focus on whether the White House has tried to stop government investigations of Madison, which failed in 1989 and cost the taxpayers $47 million.

Yesterday, two top White House officials—White House Counsel Bernard Nussbaum and Deputy Chief of Staff Harold Ickes – appeared before a federal grand jury looking into whether the White House tried to influence a government investigation of Madison.

In addition, White House adviser George Stephanopoulos yesterday was subpoenaed to testify before the grand jury. "I welcome the opportunity to give Mr. Fiske the facts," Mr. Stephanopoulos said in a statement.

GOP Chiefs Meet With Fiske

In the House, where the GOP is also pressing for full hearings, Republican leaders met with Mr. Fiske to try to clear away obstacles. The discussions were inconclusive, but the Senate agreement should also help clear the way toward hearings in the House.

Next week, the House Banking Committee will hold general oversight hearings on the Resolution Trust Corp., the thrift-cleanup agency. Rep. James Leach (R., Iowa) may use the hearings to release information that he says shows that "officials of the Kansas City RTC office are being gagged and possibly coerced by the Washington RTC office," presumably to halt work on the Madison investigation.

However, memos from the RTC's Kansas City office suggest that officials are pursuing the Madison investigation on a number of fronts, including the business dealings of Dan Lasater, a former Little Rock bond dealer and Clinton campaign supporter, as well as certain investments concerning Jim Guy Tucker, the current governor of Arkansas.

Separately, Attorney General Janet Reno moved to fill the spot of Webster Hubbell, who is embroiled in a dispute with his former law firm and has been linked to some aspects of the Whitewater investigation. Ms. Reno named a career department lawyer, William Bryson, as deputy associate attorney general.

Seat belt study finds hazard

By Jayne O'Donnell
USA TODAY

Drivers of 26 million cars with automatic shoulder belts could be thrown from the car and killed if they don't also use a lap belt, a soon-to-be-released government study shows.

A draft of the National Transportation Safety Board study was completed a year ago, but never released.

The National Highway Traffic Safety Administration and automakers argued the findings shouldn't be made public.

NHTSA was concerned the board, which usually investigates plane crashes, only looked at cases where seat belts weren't used properly.

NHTSA told the board the study could "scare many people from using the belts," says spokesman Barry McCahill.

And Phil Haseltine, head of the automaker-funded American Coalition for Traffic Safety, said the study didn't reflect "real world performance."

The NTSB studied 17 accidents involving cars with automatic shoulder belts:

- In six cases involving side or rear crashes, a driver or passenger was killed or injured by being thrown from the car.
- In one case, a passenger was decapitated by the belt.

None of the victims were wearing lap belts.

NHTSA itself found two decapitations that could have been caused by shoulder belts among seven such injuries it studied from 1988 to 1992.

NTSB now plans to release summaries of its crashes next month, without comment.

Spokesman Vernon Roberts says the board fears the crashes it studied "don't represent the most likely" accidents.

Christopher Hart, acting NHTSA chief, says automatic shoulder belts alone can save lives in frontal crashes.

Still, "we urge drivers ... to be sure to use" a lap belt.

Automakers have been sued over automatic belts that victims or their families say failed to protect them when they didn't wear lap belts.

Last week, an Ohio jury hit Ford with a $1.6 million judgment because it said an Escort's automatic belts created "a false sense of security" and had inadequate warnings about using the lap belt.

"Drivers know they should wear the manual lap belt, but ... one third of them don't," Haseltine says.

Car quality, safety better, but recalls also increasing, 1,2B

Senate OKs hearings on Whitewater

By Sandra Sanchez and Gary Fields
USA TODAY

After weeks of bitter partisan debate, the Senate Thursday voted to hold hearings into the Whitewater affair.

Its resolution, passed 98-0, requires that the hearings not interfere with the investigation by special counsel Robert Fiske, who had asked Congress to hold off on hearings.

The resolution was worked out after day-long talks between Majority Leader George Mitchell, D-Maine, and Minority Leader Robert Dole, R-Kan.

The resolution said the two will "meet and determine the appropriate timetable," but set no date for the hearings.

The Senate probe will focus on the financial dealings involving President Clinton and Hillary Rodham Clinton, a land investment known as Whitewater and a failed Arkansas S&L.

The Senate vote is "a real slap in the face for the president," said Colin Campbell of the Public Policy Program at Georgetown University.

Said Democratic consultant Gary Nordlinger: "The biggest problem ... right now is the attention it's taking from other areas. Assuming everybody tells the truth ... it's not going to have any long-term effect."

▶ Top aide subpoenaed, 4A

Fare-fixing suit settled by airlines

By Del Jones
USA TODAY

Six airlines have quit fighting Justice Department allegations that they fixed prices by signaling future fares to each other through a computer reservation system before 1993.

The airlines did not admit guilt under Thursday's settlement, but agreed to continue using new rules in setting fares.

Tom Parsons, editor of *Best Fares* magazine, says they settled because they've found a new way to communicate.

He says if an airline raises fares early Saturday and others don't match, the increase is rolled back by Monday before much business is lost.

The only way to prevent abuse "is to disallow fare increases over the weekend," says Parsons.

Airlines used the weekend system to raise fares 5% two weeks ago, he says. Weekend increases are legal as long as they're effective immediately.

The Justice Department filed suit because airlines would announce their intent to raise fares over the computer system weeks in advance.

If other airlines didn't match, they'd back down. But Justice says $1.9 billion in increases stuck in 1988-92.

The industry lost $10 billion from 1990-92. "The notion that consumers were overcharged ... is absolutely laughable," says Al Becker of American Airlines. He denies there was price fixing and says American settled to save litigation costs.

Other airlines settling Thursday: Delta, Northwest, Continental, TWA and Alaska.

United and USAir settled in December '92 when all airlines adopted new pricing practices.

More than 4 million people should get 10% discount coupons this summer as part of a settlement of a separate class-action lawsuit by consumers.

Whitewater churns along two fronts

In Little Rock: Accusations a surprise to co-defendants

By Dennis Cauchon
USA TODAY

LITTLE ROCK — David Hale, who accused President Clinton of pressuring him to make an illegal Small Business Administration loan, never mentioned Clinton's role to co-defendants in a fraud case that prompted the charge.

The co-defendants say Hale's accusations surprised them and pushed them unwillingly into the Whitewater spotlight.

"I never heard anything about it until I saw him make the charge on TV," said Eugene Fitzhugh, a lawyer charged with conspiring with Hale to defraud the SBA. "Certainly, he never mentioned anything about it to me."

Charles Matthews, the third defendant, also never heard Hale mention any relationship with Clinton, his attorney said.

"My client has no personal knowledge about any of these allegations against President Clinton," said Bill Bristow, the attorney for Matthews.

Hale, a municipal judge appointed by Clinton, is scheduled for trial in March 28. It will be the first prosecution handled by the office of special counsel Robert Fiske Jr.

Matthews and Fitzhugh are scheduled for trial June 20.

Hale is charged with conspiring to defraud the SBA of $800,000 in November 1988. Matthews, then a stock broker at Prudential Bache, and Fitzhugh, an attorney, are charged with receiving $200,000 and $50,000 respectively for helping Hale transfer the money so it appeared Hale's company, Capital Management Services, was financially stronger than it was.

Capital Management Services had earlier made a $300,000 SBA-backed loan to Madison Marketing, a company run by Susan McDougal, a partner in the Whitewater land deal with the Clintons.

The $300,000 was never repaid. About one-third of the money went to Whitewater Development Co., which bought additional land, apparently without the Clintons' knowledge.



By Rick McFarland, Arkansas Democrat-Gazette via AP

HALE: Former municipal judge, appointed by Bill Clinton, says Clinton pressured him into making a $300,000 government-backed loan.

> "I never heard anything about it until I saw him (Hale) make the charge on TV."
>
> **– Eugene Fitzhugh, charged (along with Hale) with conspiracy to defraud the SBA**

Hale has accused Clinton of pressuring him to make the loan, which was supposed to help minority or disadvantaged businesses.

He says Clinton told him Madison Guaranty Savings & Loan, which later failed, needed financial help. Clinton and former Madison owner James McDougal deny the charge.

Hale says he offered to wear a tape recorder to gather more information against Clinton but prosecutors refused his offer.

Hale was indicted for loans not directly related to the one he accuses Clinton of pressuring him to make. He plans to use the accusations against Clinton in his defense. When FBI agents searched Hale's business in July 1993, the search warrant included files on McDougal's Madison Marketing.

But Hale's co-defendants say Hale never mentioned any connection to Clinton. In addition, Fitzhugh, 68, says neither the prosecutor nor the FBI has ever questioned him about the Clintons or his role in the SBA loan.

Fitzhugh's attorney, Randy Satterfield, said he will ask a judge today to remove Fiske as the prosecutor of his client's case.

"Mr. Fiske is a walking media event," Satterfield said. "My client has no relation to Whitewater. Unfortunately, he's been dragged into the whole thing."

In Washington: Stephanopoulos joins ranks of subpoenaed

By Bill Nichols and Leslie Phillips
USA TODAY

Two more White House aides testified before a federal grand jury probing the Whitewater affair Thursday, while George Stephanopoulos became the seventh White House aide served with a subpoena.

"I welcome the opportunity to give Mr. Fiske the facts," Stephanopoulos said in a statement.

White House aides said they believe documents turned over to Whitewater special counsel Robert Fiske, including phone logs, had prompted the subpoena. They said Stephanopoulos had phone calls on Whitewater but would provide no details.

Fiske has subpoenaed 11 former and current White House and Treasury officials in his inquiry into whether they interfered with a federal probe of a failed Arkansas savings and loans with ties to the Clintons.

White House counsel Bernard Nussbaum and deputy chief of staff Harold Ickes testified Thursday.

"I've testified before the grand jury and I have responded to every question," said Nussbaum, who resigned last week after the subpoenas.

Ickes said the investigation will make it clear that there has been "no unethical conduct or wrongdoing."



AP

NUSSBAUM: Testified on Thursday

Previously appearing before the grand jury: Margaret Williams, chief of staff to first lady Hillary Rodham Clinton; Mark Gearan, White House communications director, and Lisa C , Mrs. Clinton's press secretary. Also Thursday

▶ Fiske met with House Republican leaders but said he still fears hearings could hurt his investigation: "We expressed our position. Everybody understands it."

▶ Republicans on the House Banking Committee want to use a March 24 hearing to also examine aspects of Whitewater. But Rep. Henry Gonzalez, D-T the committee chairman, insisted that he would reject any Whitewater witnesses as irrelevant.

"Tough luck for them," Gonzalez said.

Gonzalez said the only witnesses would be the five members of a board overseeing the S&L cleanup agency, the Resolution Trust Corp.

▶ Rep. Dan Rostenkowski, D-Ill., the day after he angered the White House by saying a congressional inquiry was inevitable, said hearings would be "a serious mistake" and are being supported by Republicans "making a partisan effort to divert public attention" from President Clinton's agenda.

▶ Clinton, asked about the prospect of hearings, said: "It's up to Congress. . . . They ought to do whatever they think is the right thing." But he indicated he t s hearings would be a waste of taxpayer money, saying he had read that an early Congress spent thousands looking into a presidential purchase of a $40 mirror.

▶ Senate votes for Whitewater hearing, 1A

Russia 'ready' to join Partnership for Peace



By Grigory Dukor, Reuters

QUAL PARTNERS': Russia's Foreign Minister Andrey Kozyrev, left, meets U.S. Defense Secretary William Perry.

By Steve Komarow
USA TODAY

Russia could be affiliated with former arch-nemesis NATO by the end of the month.

Gen. Pavel Grachev, Russia's defense minister, said Thursday that his government plans to join in the West's Partnership for Peace plan.

Details must be worked out, but Russian troops could soon be standing beside U.S. troops in a peacekeeping force, on a humanitarian mission, or aiding disaster victims.

"At the end of this month we will be ready," Grachev said after a meeting in Moscow with U.S. Defense Secretary William Perry.

The two militaries are cooperating to nudge the war in the former Yugoslavia to a close.

"We agreed to work together as equal partners with the Bosnians, the Croats and the Muslims to work toward peace," said Perry, who also discussed economic aid to the Soviets.

Partnership for Peace, approved at January's NATO summit, offers the former enemies an affiliation, but not the mutual defense guarantees of full membership.

However, it could be a prelude to true expansion of NATO; already a dozen former Soviet states have signed up.

With its effect of making former Warsaw Pact members look increasingly toward the West, the partnership program has been received with antagonism by some in Moscow.

Indeed, one powerful ber of the Russian legislature condemned the idea Thursday.

"It can only be described as dictating conditions to others," said Vladimir Petrovich Lukin, chairman of the Duma's International Affairs Committee. He compared it to the "compromise of a rapist" who promises not to hurt his victim if she cooperates.

In Washington, Pentagon spokesman Dennis Boxx said there was no timetable for Russian partnership.

Among those already signed up are Poland, Hungary and the Czech Republic.

Bible right or wrong: Life sorrow after 70?

The days of our years are threescore years and ten: and if by reason of strength they be fourscore years, yet is their strength labor and sorrow.

— Psalm 90:10

When I learned in Bible school as a kid that our life span is 70 years, I was confused. And angry.

My dad died when he was 32. Not fair, I figured as a fatherless kid.



PLAIN TALK

By Al Neuharth

USA TODAY FOUNDER

Then, my grandmother lived to 93. My mother to 86. My brother is 77 and going strong.

Next Tuesday, I'll beat the biblical threescore and 10. So have 23 million others in the USA. Projections for over-70s in future years:

- ▶ 2000: 25.4 million
- ▶ 2050: 59.8 million

When the Old Testament was written around 1000 B.C., the average life span for newborns was only 34 years. Now, in the USA, it's 76. And there are 7.8 million over-80s.

Don't blame the Bible, but the "labor and sorrow" predicted is a staggering social and financial problem. How to cope?

The aging themselves must adjust. Retire later, not earlier. Plan post-retirement activities to keep the mind and body busy. And some income coming in.

The government must revamp Social Security age assumptions and programs. The private sector must stop dumping employees at age 50 or 55 with misleading early retirement "buyouts."

Families must refocus their finances. Offspring will be paying out to support parents, rather than cashing in on them.

Despite the problems, or sorrow, of growing old, most will probably agree with the sentiment recently echoed by Ronald Reagan, 83: "It sure beats the alternative."

FEEDBACK

Other views on aging

"Hurray! The seniors, personified by the old curmudgeon himself, have finally admitted the obvious. Boomers and seniors working together can avert financial catastrophe for our children. Thanks, Al. Better late than never."

— Karen Meredith, executive director American Association of Boomers

"Your recommendations for healthy aging are right on target. I would also urge people to share their experiences through community service. Happy birthday, Al!"

— Lovola Burgess, president, American Association of Retired Persons

"A lifetime of hard work at home and on the job does not translate into security for older women. We need long-term care, pay equity and Social Security reform to change the future for women."

— Joan Kuriansky, exec. dir., Older Women's League

IN OTHER WORDS

There are two conversations going on in America right now that might usefully get in touch with each other. One is about President Clinton's health care plan, which includes extensive mental health coverage.... The second conversation is known as the Prozac debate, though Prozac isn't the issue. This best-selling anti-depressant ... is just an emblem for a new age of psychopharmacology in which mental health and mental illness will lose their current meanings. Major depression, minor depression, a dour outlook, occasional moodiness, a short attention span, vocationally costly standoffishness ... will be subject to swift and clean chemical intervention. ... What happens when Washington becomes the guarantor of this suddenly metamorphosing thing known as mental health? Granted that health care should be an entitlement. Granted even ... that mental health care, in the traditional sense of the term, should be an entitlement. Should *happiness* be an entitlement?

— Robert Wright in The New Republic

FRIDAY, MARCH 18, 1994 • USA TODAY

Missing health life rafts worse than Whitewhatever

No, not everyone in the media is obsessed with Whitewater. Nor is everyone trying to sink the Clintons, who are doing that without our help.

We do care about things like health care, such as the meeting last week chaired by Rep. Louis Stokes, D-Ohio. Among the hundreds there, support was strong for a single-payer system. More than 80% of the Congressional Black Caucus are co-sponsors of a single-payer bill. Ditto for half the Hispanic Caucus and 38% of first-term Democrats.

These numbers reflect a growing concern that Clinton's plan won't protect the poor and working poor in urban and rural America from a third-class health system.



BARBARA REYNOLDS

COLUMNIST

The Black Caucus, representing more than 34 million people, is a potent vanguard in the House. They account for 20% of House Democrats, and some are senior members of major committees moving health-care bills.

What is attracting the caucus to single payer?

In single payer, everyone is in the same pot. In Clinton's plan, veterans, military personnel, prisoners and Native Americans have their own pots, and people over 65 can choose between Medicare and joining the Clinton plan. What's worse, employers with more than 5,000 workers can opt out and insure themselves. If, instead, business people are forced into the same pot with cab drivers, there will be less chance for inequitable care.

Single payer also gets rid of the dreadful insurance companies — cutting out the health system's costly middleman. That would save about $50 billion yearly in reduced paperwork alone that could be used for health care.

Another plus: Single payer offers the best hope of providing care in poor areas, where patients are the sickest. The plan sponsored by Rep. Jim McDermott, D-Wash., provides bonuses to doctors for practicing in poor rural and urban areas. Also, McDermott's single payer allows patients more freedom to choose their doctors than Clinton's plan, a big issue among African-Americans who fear being herded to racially insensitive providers.

But a word of caution: Neither single payer nor Clinton's plan provides adult [illegible] care — bad news, since oral cancer is a leading killer of blacks. Also, if Medicaid is any example, either approach could bring trouble. [illegible] create massive bureaucracies involving both state and federal governments. That's how Medicaid works, and it's a colossal regulatory mess.

In the end, health-care reform will determine whether millions go sailing into the rapids without a life raft. And that portends an even bigger scandal than Whitewhatever.

IN QUOTES

"I'm really sorry that I interfered."

— Tonya Harding after pleading guilty to conspiring to hinder prosecution of the attack on Nancy Kerrigan

"I guess Bob Packwood was busy."

— Sen. John Kerry, D-Mass., on the Republicans' choice of Sen. Alfonse D'Amato, R-N.Y., as "their spokesman on ethics"

"Goodness knows what you all would be saying if we had made money on it."

— First lady Hillary Rodham Clinton, responding to the intense media interest in the president's and her Whitewater investment

"Here's my prediction at this point: If the Arkansas Razorbacks lose in the NCAA, people here are going to find a way to blame it on the first lady."

— White House adviser Paul Begala on the criticism of Hillary Rodham Clinton

"The gentlelady got her medical degree through pillow talk, and the gentleman from Washington got his medical degree by going to school."

— Rep. Pete Stark, D-Calif., chairman of the House Ways and Means subcommittee on health, alleging that Rep. Nancy L. Johnson, R-Conn., the only woman on the subcommittee, gained her knowledge of health care from her physician husband

"There wouldn't be any such thing as [illegible]h Row, there'd be Death Week. If you killed somebody in a violent way, you would be dead within a week."

— Basketball star Charles Barkley, who has expressed an interest in running for public office, on his position on violent crime and drugs

"People want national championship ba[illegible]ners. People want to talk about Indiana being competitive. How do we get there? We don't get there with milk and cookies."

— Indiana University basketball coac[illegible] Bobby Knight on the criticism that he too rough on his player

Senate OKs Whitewater hearings

Unanimous vote follows word that Fiske subpoenaed Stephanopoulos

By Paul M. Rodriguez
THE WASHINGTON TIMES

A1

The Senate last night agreed to Republican demands and voted unanimously to hold hearings on the Whitewater-Madision affair involving President Clinton and first lady Hillary Rodham Clinton.

The 98-0 Senate vote, on a joint resolution by Majority Leader George Mitchell and Minority Leader Bob Dole, came after a series of meetings including special counsel Robert B. Fiske Jr., Republicans and Democrats on Capitol Hill.

Mr. Mitchell, Maine Democrat, and Sen. Daniel Patrick Moynihan, Senate Finance Committee chairman, were at the White House yesterday but a White House official said they did not discuss the compromise on Whitewater-Madison hearings with Mr. Clinton. Last night, the White House would not comment on the Senate vote.

The vote came after it was disclosed that Mr. Fiske had subpoenaed senior White House adviser George Stephanopoulos, a member of Mr. Clinton's inner circle, to appear before a federal grand jury investigating the matter.

The confirmation of the Stephanopoulos subpoena came hours after two other senior Clinton aides, outgoing White House Counsel Bernard Nussbaum and Deputy Chief of Staff Harold Ickes, testified before the Whitewater-Madison grand jury in Washington.

Mr. Clinton went to Capitol Hill for different reasons but again was confronted with reporters' questions about the expanding controversy.

The president, who had lunch with House Speaker Thomas S. Foley, Washington Democrat, and others at a traditional St. Patrick's Day gathering in the House, told reporters he still thought Mr. Fiske should be allowed to do his job uninterrupted by congressional hearings.

But in a comment viewed by some as a softening in this stand Mr. Clinton said Congress "ought to do whatever it is they think is the right thing to do."

The Mitchell-Dole resolution offered as an amendment to the proposed Community Development Banking Act, says Congress has a "constitutional obligation to conduct oversight of matters relating to the operations of government." Without setting a date, it

see VOTE, page A20

From page A1

says hearings should be "structured" in a way that will not interfere in the special counsel's probe.

The resolution says the two Senate leaders will "meet and determine the appropriate timetable" for Whitewater-Madison hearings.

Sen. Alfonse M. D'Amato of New York, the most strident GOP senator calling for hearings, said he is pleased because the Senate will probe "abuse of power" in the Whitewater-Madison affair.

Mr. Mitchell said the agreement was "completely consistent with all my public statements" that hearings could be held so long as they did not interfere with Mr. Fiske's work.

Mr. Fiske is leading a federal grand jury investigation of Madison Guaranty Savings and Loan Association of Little Rock and its links to Whitewater Development Corp., an Arkansas real estate partnership of the Clintons, Madison owner James B. McDougal and his then-wife, Susan.

The veteran prosecutor also is investigating reports of document shredding at Mrs. Clinton's former law firm and the death of White House Deputy Counsel Vincent W. Foster Jr., the Clintons' longtime friend and personal attorney.

Mr. Fiske has asked that Congress delay hearings until his inquiry is completed. He has expressed concern that hearings would jeopardize his work — particularly prosecutions — if congressional investigators choose to grant witnesses immunity.

The special counsel added a seventh White House subpoena by summoning Mr. Stephanopoulos.

"I welcome the opportunity to give Mr. Fiske the facts," Mr. Stephanopoulos said in statement issued by the White House.

Congressional sources said the subpoena is aimed at determining what Mr. Stephanopoulos knew about White House briefings on a Resolution Trust Corp. investigation of Madison.

The sources said Mr. Stephanopoulos was aware of the meetings and was briefed about them by some of the participants.

A law enforcement official said Mr. Fiske wants to know if Mr. Stephanopoulos briefed others, and, if so, whom.

Mr. Stephanopoulos was actively involved in the 1992 presidential campaign and was the president's leading spokesman and a key adviser when Mr. Clinton took office in January 1993.

A senior administration official said last night that Mr. Stephanopoulos was subpoenaed as a result of what was learned through a subpoena for records from the entire Executive Office of the President. The official said he did not know the precise information being sought but confirmed that Mr. Stephanopoulos has been at the center of White House strategy talks on Whitewater.

Mr. Stephanopoulos was at Mrs. Clinton's side in early January when she debated long distance with her husband, who was in Ukraine, about whether to drop objections to the appointment of a special counsel.

"The entire Executive Office of the President was subpoened, and they apparently are exploring that information with the president's senior advisers," the official said last night.

Another close Clinton adviser, Bruce Lindsey, said Sunday that the grand jury had postponed his testimony a second time because it was too overloaded with information to give him the time it wanted to allot. He said others in the president's inner circle may be called later.

Mr. Fiske met yesterday with senior House Republicans to renew a request for postponement of hearings until after his investigation is completed.

"We expressed our position. Everybody understands it," Mr. Fiske said after a 40-minute meeting with House Minority Leader Robert H. Michel, Minority Whip Newt Gingrich and Rep. Jim Leach of Iowa, the ranking GOP member of the House Banking Committee, who has been conducting his own Whitewater-Madison investigation.

Mr. Michel, Illinois Republican, said that although he and other GOP members understand Mr. Fiske's position, "we have a constitutionally mandated role to exercise our oversight responsibilities when we think it's appropriate."

He said House Republicans hope to avoid a partisan showdown, possibly next week, over a resolution calling for hearings, but that will be up to Democrats.

Mr. Leach suggested that some leeway in structuring hearings is possible to avoid direct conflicts with Mr. Fiske.

But Mr. Leach, who hopes to conduct oversight hearings March 24 on the RTC's handling of the Madison failure, which cost $50 million, insists on "at least one day of hearings."

"I want people to tell their story under oath," said Mr. Leach, whose call for hearings has been blocked by Rep. Henry B. Gonzalez, Texas Democrat and chairman of the Banking Committee.

Mr. Gingrich, Georgia Republican, said he has suggested that a series of hearings could be fashioned to track depositions and grand jury testimony of witnesses called by Mr. Fiske. "This way would allow the special counsel to have first crack at the witnesses," Mr. Gingrich said.

Mr. Nussbaum, who is leaving the White House April 5, testified for four hours yesterday before the grand jury investigating Whitewater-Madison. Mr. Ickes also testified.

The grand jury is looking into whether a number of secret meetings between White House and Treasury Department officials compromised the federal probe of a failed Arkansas thrift linked to the Clintons.

Mr. Nussbaum and Mr. Ickes are among 11 current and former White House and Treasury Department officials subpoenaed by the grand jury to testify on their participation in the meetings.

White House Communications Director Mark Gearan; Margaret A. Williams, first lady Hillary Rodham Clinton's chief of staff; and Lisa Caputo, Mrs. Clinton's spokeswoman, testified last week.

• *Jerry Seper, Frank J. Murray and Paul Bedard contributed to this article, which is based in part on wire service reports.*

The Washington Times FRIDAY, MARCH 18, 1994

INSIDE THE BELTWAY

Even Dan wonders

You know things aren't going well for Bill Clinton when Dan Rather breathes fire.

We've obtained advance copy of a guest editorial the "CBS Evening News" anchor wrote for the April 4 edition of National Review. Without Connie's assistance, Dan tears into the president like . . . well, as Dan himself might put it, a Texas catfish tears into an Arkansas crappie.

"If Bill Clinton is nominated again and runs in 1996," opines Mr. Rather, "and if he loses in the November election, he may look back on February 3, 1994, as the day he lost. The reason: He lifted the trade embargo on Vietnam. This was reneging, flat-out welshing, on a campaign promise. In his drive to unseat President Bush, he gave his word that he would not lift the trade embargo. . . .

"Politicians break campaign promises all the time. But this time the president's hand wasn't forced: He did this on his own initiative . . ."

And, for Dan's final blow:

"This reporter wonders: Did it occur to President Clinton that night, February 3, to go to the Wall? It's only a short walk from the White House to the Wall, the Vietnam Memorial, where 58,000 Americans' names are carved in a garden of stone. . . . Those Americans may have gone to the wrong war, but they went for the right reason."



Dan Rather wishes the president had gone to the Wall on lifting the trade embargo on Vietnam.

Two-newspaper town

Here's what reporters for The Washington Post and The Washington Times observed during first lady Hillary Rodham Clinton's trip to Colorado earlier this week.

The Post: "Throughout her visit, which included speeches at the University of Colorado in Boulder, . . . she was greeted by enthusiastic crowds, who appeared to have little interest in the issue that has dominated the news in Washington recently. She said the public never asks her about Whitewater."

The Times: "At her speech at the Boulder campus, a group of local men held up an enormous banner with the message: 'What Did Vince Foster Know?' The words . . . were painted in dripping red letters. . . . One guard said the order to remove it came from the first lady's staff."

If it's not broke . . .

Rep. Cliff Stearns, Florida Republican, thinks he has the best health care reform plan of them all: "Legislation I have introduced, the Consumer Choice Health Security Act, would offer to the American people the same option of health care choices now enjoyed by all of us."

Baseball announcer

President Clinton this week announced the appointment of Geoffrey Cowan as the 19th director of the Voice of America.

"I've always believed in the mission of Voice of America, having learned about international broadcasting from my father's knee," Mr. Cowan told Inside the Beltway yesterday.

His father's knee?

The California public interest lawyer and communications law professor is also the son of one Louis G. Cowan, the second director of VOA from 1943 to 1945. But like other good dads, the elder Cowan taught his son about America's favorite pastime.

"For five years [until 1990] my wife and I were principal owners of the Stockton [Calif.] Ports Baseball Team, a Class A farm team of the Milwaukee Brewers," Mr. Cowan said. "We had the best overall record in all of professional baseball during that five years and won two championships — for which I deserve no credit."

New secular holiday

Earlier this month we reprinted the minutes of a Coast Guard Human Relations Council (HRC) meeting, where it was decided that "Merry Christmas" messages would be banned from all future official Coast Guard correspondence and replaced with "Season's Greetings."

Now we've obtained the minutes of the latest council meeting and see that "several representatives" complained about the "Season's Greetings"-vs.-"Merry Christmas" issue.

The Coast Guard members "expressed feelings of discrimination and/or restraint of their rights to freedom of speech or expressions of faith" if not allowed to wish someone a "Merry Christmas," and "one complaint suggested that those whose faiths do not celebrate Christmas should work on the Christmas holiday.

"HRC members responded that the holiday is a secular national holiday."

ACLU joke

Have you heard the ACLU alternative to Bill Clinton's "three strikes and you're out" crime bill? Twelve strikes and you have to go back to the halfway house.

The Whitewater Blues

"Mr. Speaker," rhymed Rep. Steve Horn, California Republican, on the House floor yesterday,

"America is suffering from the Whitewater blues,

"They're drowning in white water from their heads to their shoes.

"Some say it's partisanship, mere political stuff,

"But there's oh so much more — and more is enough!

"It's more than a matter of mismanagement —

"It's a failed savings and loan for which tax dollars were spent.

"With campaign funds, investments and an S.B.A. loan,

"Whitewater-Madison was a money tree all its own.

"Mr. Speaker, if the Clintons really have nothing to dread,

"Then why did Rose employees have to shred, shred, shred?"

Inside Politics



Natcher considered

Rep. William H. Natcher — Kentucky Democrat, record-holding voter in the House, now ailing in Bethesda Naval Hospital — is a man "of old-fashioned virtue," reports the Chicago Tribune.

Since election to Congress in 1953, the 84-year-old former country lawyer has refused campaign contributions. "If you sent him a dollar, he'd send it back," says John Parker of the Western Kentucky University faculty.

As chairman of the Appropriations Committee, he avoided empire-building and hired half the staff he could have. As for pork, critics in his district said there wasn't enough.

"He thinks congressional service is a duty," adds the Tribune's Timothy J. McNulty, quoting the Almanac of American Politics. "He is one of a kind — one of the few who make the House work . . . he abhors waste and disorder; he is appalled by anything that smacks of corruption."

Goldwater unloads

Former Sen. Barry Goldwater said of President Clinton's trou- t . "I want to urge my Republi i friends in Washington, and Democrats who are participating, to get off his back and let him be president.

"I just think it's time to let the president be president and stop nitpicking on a thing called Whitewater or White River. They tell me it's a good fishing place. That's about the only thing good I've heard about it."

Adult supervision

"For White House aides who are veterans of Clinton's campaign, it has been sobering to watch [Lloyd] Cutler, a Carter administration alumnus, suddenly become one of the most visible advisers to the president," the Boston Globe reports.

"Once such aides expressed disdain for people with Washington experience. Now they call the 76-year-old Cutler one of the administration's 'designated grown-ups.' "

Tyson and Clinton

Few corporations in Ame. have stronger personal ties to President Clinton than Arkansas-based Tyson Foods Inc., and few fare better in their dealings with his Agriculture Department, the Wall Street Journal reports.

The Journal's Bruce Ingersoll writes that the department's "blitz against unsanitary slaughterhouse practices has bypassed chicken processors, and thus Tyson's 66 plants, altogether." Meatpackers claim selective enforcement.

Department officials were working on "a zero tolerance" fecal-matter policy for poultry — similar to the one imposed on meatpackers — until they were ordered by Agriculture Secretary Mike Espy to drop the initiative, Mr. Ingersoll adds.

Espy fans say he focused on meat rather than poultry because of the problems with contaminated ground beef last year. They say the department has done more for food safety in the past 12 months than the past 12 years.

Archie Schaffer, Tyson spokesman, denies getting breaks from the department. "Rumors of Tyson's influence are greatly exaggerated," he says.

Incumbency today

It is far too early to draw any broad conclusions from the two primaries this year except to say the anti-incumbent mood may be losing some bite, says analyst Charles E. Cook in Roll Call.

Although Democratic Rep. Craig Washington lost in Texas, Illinois victories for Rep. Dan Rostenkowski, Rep. Philip M. Crane and Rep. Robert H. Michel's protege Ray LaHood may mean "time for a change" sentiment is losing a bit of potency.

Rosty redux

"For one nostalgic moment on Tuesday . . . it was as if it was 1959 again and Old Man Daley was alive.

"Whatever is left of the fearsome Democratic machine built by Mayor Richard J. Daley, its parts were reassembled for perhaps the last great battle of its influential but beleaguered native son," according to the New York Times.

On behalf of Rep. Dan Rostenkowski, roughly 600 campaign workers fanned out "from the tony lakeshore to the blue-collar suburbs" in Chicago "in a show of Democratic machinery perhaps not seen since the Sears Tower was built in '74."

The Times' Isabel Wilkerson writes, "The troops went from street to street, door to door to get Rostenkowski supporters to the polls, telling them which ticket to punch and offering to baby-sit their children so that they could get out and vote."

"I'm not sure we'll ever see this kind of campaign ever again," said Alan Gitelson, a Loyola University political scientist, referring to the Illinois Democrat's primary victory. "He brought in all the forces possible."

Potomac Stalingrad

In a column in the Wall Street Journal that urges Hillary Rodham Clinton to "do a Ferraro" and have a news conference, Albert R. Hunt says, "Whitewater is taking on the elements of the Battle of Stalingrad: Both sides sometimes deserve to lose . . .

"White House counsel [Bernard] Nussbaum performed miserably and had to go, and the resignation . . . of Deputy Attorney General Webb Hubbell was inevitable given separate ethical charges leveled against him.

"But if the president acquiesces to McCarthyite cries to dump innocent people, it'll be a far more serious longterm setback for his leadership than the continual sniping by critics.

"Whatever he does, it's going to get uglier. There are Republicans who think this is merely payback time.

"But already some Democrats talk about delving into the ethics and past personal lives of GOP leaders like Newt Gingrich, and others eagerly wait the 1996 candidacy of Bob Dole — 'the senator from Archer Daniels Midland.'

"Like Stalingrad, this battle will last a long time, and there are likely to be lots of casualties on both sides."

Today's quote

National Journal's Congress Daily recorded this lament by Rep. Jack Brooks, 71, commenting on a "three strikes and you're out" bill that allows for freeing of prisoners 70 years and older who are not regarded as a danger to society: "At age 70, you're not near as dangerous as you'd like to be."

Confused?

A poll by the Marist Institute for Public Opinion shows that although 60 percent of voters think New York Gov. Mario Cuomo has been a good governor since taking office in 1983, 61 percent think the state is moving in the wrong direction.

Stark thumped again

Republicans pounded Rep. Pete Stark, California Democrat, for his shot earlier in the week at Rep. Nancy Johnson for learning about health care from "pillow talk" with her physician-husband.

A letter, saying his remark to the Connecticut Republican was "sexist" and "demeaning," was signed by 24 male and 11 female GOP members. They contrasted the comment with his praise for Hillary Rodham Clinton when she testified.

The Republicans requested an apology. Mr. Stark had already done so during a meeting of his Ways and Means subcommittee on health. Mrs. Johnson, who sits on the panel, had accepted it with reservation.

Pro-life reversal

Pro-life activist Michael Bailey says graphic ads cost him the endorsement of the Indiana Right to Life Committee, which two years ago supported his challenge of Rep. Lee Hamilton, Indiana Democrat.

Mr. Bailey told the Louisville Courier-Journal that Anthony Michna, Indiana Right to Life political director, "really believes the showing of the pictures of the aborted children is offensive to people and turns them off to the pro-life movement."

After Mr. Bailey released two television ads, one of which includes an image of a dead fetus, Indiana Right to Life endorsed his rival for the Republican nomination, state Sen. Jean Leising.

Crime bill dissent

Washington Mayor Sharon Pratt Kelly was among the big-city mayors that beat up on President Clinton's crime bill in a New York Post forum in New York. She said it is a "cruel joke on the American people" that won't deliver the goods.

The Post quoted her as saying, "The whole thrust is only essentially to incarcerate — and almost incarcerate on an indis-

The Washington Times FRIDAY, MARCH 18, 1994

financially bankrupt you and it won't buy public safety."

She said it is important "to put away the violent offenders" but passing a law to jail three-time offenders for life won't accomplish that, despite the costs.

Democratic Mayor Thomas Menino of Boston and New York Mayor Rudolph Giuliani, a Republican, challenged the claim that the bill will put 100,000 more cops on the street — Mr. Giuliani said 10,000 to 15,000 is more like it.

Sporting news

Rep. Arthur Ravenel, South Carolina Republican and environmentalist, protested a bill that would allow American hunters to bring home the hides of polar bears bagged in Canada.

"It is morally wrong . . . to allow wealthy Americans to go to those frozen areas of Canada to kill for sport one of the most magnificent animals that walks the earth," he said.

"It is a shame polar bears can't hunt, so we could have a reciprocal agreement to have them come to America and shoot at wealthy Americans just for sport."

Pundit Leno

NBC's Jay Leno on the "Final Four": "Not basketball — that's the number of people in the Clinton administration who haven't been subpoenaed yet."

R.EMMETT TYRRELL JR.

The 'feeding frenzy'

Consider the absurdity of the scene! America's journalists, possibly the most sanctimonious collection of bores since the authors of the Mayflower Compact, are now languidly flagellating themselves for engaging in a "feeding frenzy" at the expense of the Clintons.

The Pilgrim bores, circa 1620, called themselves "Saints." Surely, the herd journalists of American media consider themselves "saints" too. Just the other day Rod MacLeish, the Washington bureau chief of Monitor Radio, was solemnly beseeching another local Saint, that congenital groaner Haynes Johnson of The Washington Post, as to whether, apropos of Whitewatergate, all Washington was in a "feeding frenzy." "Oh, 'tis true, 'tis true," responded Dr. Johnson, "'tis all too true."

Egad! Last weekend all Washington echoed with this sort of claptrap as the anointed of the dominant media culture began to betray their sense of phony guilt. And so the media's pre-eminent moral exhibitionists raised the alarm that all Washington was amuck in a "feeding frenzy" nibbling on the tender parts of Boy Clinton and his cruelly persecuted wife. But wait! The press was reporting legitimate news stories, created by the incompetents in the White House. That is no "feeding frenzy," you see. That is evidence of abuse of power, conflict of interest, and obstruction of justice. But just to keep things simple for the simpletons now carping about a "feeding frenzy," most of the Whitewatergate news stories are reports of events recently perpetrated by the White House Machiavellians.

It is not the American press' fault that President Clinton's White House counsel and Mrs. Clinton's chief of staff attended controversial meetings with Treasury officials who briefed them regarding the Clintons' involvement in federal bank probes. Reporting those meetings is the press' duty. So is reporting the recent subpoenaing of 10 White House officials and the forced resignation of White House Counsel Bernard Nussbaum. The other day, when Associate Attorney General Webster Hubbel resigned, was the press to look the other way, lest Haynes Johnson and Rod MacLeish descry a feeding frenzy?" These are legitimate news stories, which the press is duty-bound to report. For that matter, the press was duty-bound to report the Clintons' petulant character assault on Republicans who sought confessional hearings into what seems to be the largest agglutination of sleaze since the Nixon administration. Arguably it is bigger, involving as it might the removal of Vincent Foster's corpse.

Now Indiana's Rep. Lee Hamilton, one of the most respected Democrats in Congress, has urged congressional hearings. Is he, too, engaged in a "feeding frenzy?" The Clintons' claque insists that all these stories are hoary with age. The collapse of the Madison Guaranty Savings and Loan and the Clintons' Whitewater investment date back to Ronald Reagan's decade of greed. Perhaps Hillary Clinton will charge that Ronald Reagan and Ed Meese encouraged her to take a $2,000-a-month fee from the floundering savings and loan to represent that fly-by-night operation before bank regulators beholden to her husband, the Arkansas governor. Maybe she will claim it was Michael Milken who taught her and her associates to "flip" real estate lots — occasionally several times a day, inflating their value and using these inflated values to artificially pump up their asset values. And maybe it was the Bush administration and not the governor of Arkansas that enhanced the Whitewater development by building roads into its otherwise remote hills and forests.

OK, let bygones be bygones, but the present White House coverups are as current as the morning newspaper, and the fallout should be reported. Actually, the press has been very cautious about speaking ill of the Clintons. Washington bureau chiefs have actually muzzled some hard-working journalists who obviously have been sitting on information for months. That was certainly true of the Los Angeles Times' reluctance to publish Jonathan Rempel and Douglas Frantz's scrupulously reported story on Troopergate. And now in the immediate aftermath of Mr. Hubbell's resignation, a splendidly informative story by The Washington Post's Howard Schneider and Sharon Walsh reports a vast amount of information about nearly a dozen of Mr. Hubbell's questionable dealings both as a lawyer at the Rose Law Firm and as associate attorney general. One wonders how long the reporters gathered that information and if it would ever have seen the light of day without Mr. Hubbell's hasty exit. This is not a frenzy of feeding but a frenzy of events.

R.Emmett Tyrrell Jr. is editor-in-chief of the American Spectator.

PAUL CRAIG ROBERTS

Power over the people

This is America where people's property rights were once secure. But not anymore. Consider the story of Narendra and Bela Desai, Indian immigrants living in Santa Monica, Calif., with their three children and Mr. Desai's mother. The family supplemented Mr. Desai's income as a bus mechanic by investing their hard earned savings in a three-unit rental property, which they rent to tenants on month-to-month leases.

Last year, when the family decided to move into one of the units that they owned, they faced a thicket of government red tape. Fulfilling the terms of their contract with their tenants and meeting Santa Monica's notice requirements were not enough. A city ordinance required that landlords give displaced tenants $4,000 in cash for relocation money and pay the city $250 to provide psychological counseling for the tenants.

The Pacific Legal Foundation, a group of California lawyers committed to defending property rights, has taken up the Desai case and has challenged Santa Monica's "Relocation Fee Ordinance" in court. In 1987, the Foundation won a victory before the U.S. Supreme Court in another case where government was extorting property owners. In Nollan vs. California Coastal Commission, the Supreme Court ruled that a property owner who was required by the California Coastal Commission to provide a public pathway on his property had to be compensated under the Takings Clause of the U.S. Constitution.

Many state and federal courts have ignored the Supreme Court's Nollan decision.

Many state and federal courts have ignored the Supreme Court's Nollan decision, leaving property owners exposed to continued government extortion. Florence Dolan, for example, decided to expand the plumbing supply store she and her late husband founded in Tigard, Oregon. Mrs. Dolan wanted to demolish the old edifice and build a larger building on her 1.7 acre lot.

City officials insisted that a condition for approving Mrs. Dolan's expansion plans was that she set aside 10 percent of her property for a public pedestrian and bicycle path. Ignoring the Supreme Court's Nollan decision, the Oregon Supreme Court rejected Mrs. Dolan's challenge to the city's requirements. On March 23, the U.S. Supreme Court will hear Mrs. D s appeal and decide once again whether property owners have rights to r property.

Most of the extortions of property owners never make the news, because the victims lack the courage and stamina to fight government harassment. Instead, they cave in to its demands. The extor of property owners by government in the United States does not differ in principle from the activities of despotic governments in Africa. In Kinshasa, Zaire, for example, gendarmes up roadblocks in the city streets and offer motorists the choice of paying a bribe or being whisked off to jail.

Not even powerful high-technology companies that keep our country on the cutting edge of world commerce are safe from our government's depredations. The Federal Trade Commission harassed Microsoft with antitr charges for more than two years before dropping the dubious investigation. No sooner was the case cl than the Justice Department, f tainted with the Whitewatergate scandal, hired, with taxpayer money, Francisco lawyer Samuel R. Miller to reopen the attack on the innovative software company.

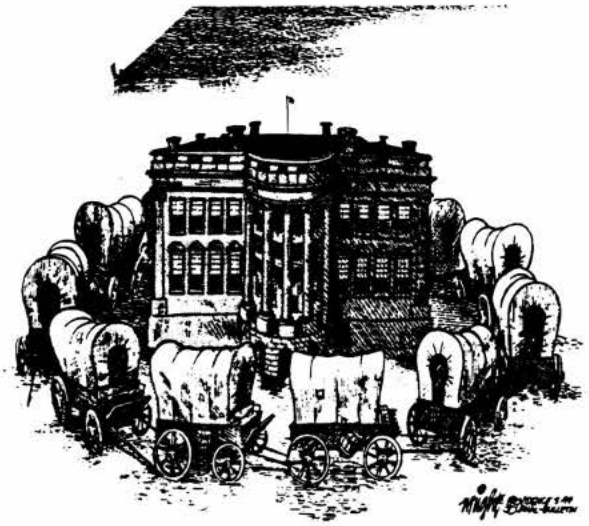
Savvy people see a parallel in the harassment of Microsoft to the gendarmes in Kinshasa: Divert s of that Microsoft money into political campaign contributions or suffer more harassing investigations. The Justice Department will no doubt drop the case once Microsoft's founder, Bill Gates, gets the message and d s the equivalent of his legal fees to the Democratic National Committee.

The next time you hear the United States compared favorably to a Third World country, remember the Kinshasa parallel.

Paul Craig Roberts, a distinguished fellow of the Cato Institute and a former assistant secretary of the U.S. Treasury, is a columnist for The Washington Times and is nationally syndicated.

TONY SNOW

. . . and the frenzied



Spring steals over Washington, and mud balls fill the air. Democrats and Republicans, in red-faced dispute about Bill Clinton's past, have set aside their legislative chores in favor of something far more fun: a gutter war.

The president serves as the master of hostilities, urging both sides on. He issued a near-declaration of political war Monday at a fund-raiser in Boston. He started by charging that Republicans "are committed to a politics of personal destruction" and would "rather take off after" the first lady than wrestle with pressing political concerns.

Then he thumped the lectern and rasped: "This begs for honest political debate and genuine conflict of ideas. Why, then, are we confronted in this administration with an opposition party that just stands up and says, 'No. No. No. No. No. No. No. No.?!"

"This overriding, negative, intensely personal, devoid-of-principle attack is not good for the country. It is inconsistent with the tradition of Abraham Lincoln and Theodore Roosevelt."

Mr. Clinton loves his rage the way hunters love their guns. His impassioned performance left the audience limp with amazement — and probably hopeful that his health-care plan provides universal access to Prozac.

But the talk was hardly unusual. Sizzling, ad hominem outbursts have become a staple of life in Clinton Village. James Carville, the president's ablest hit man, once confessed that he preferred not just "to defend [the president], but to counterattack." Inspired by the Cajun's success in attracting adoring press, other Democrats have tried unsuccessfully to commit Carvillism.

Mr. Clinton treats every challenge as an affront, and he smites those who raise vexing objections.

Here are some examples from one recent three-day period. David Wilhelm, the attack-dog chairman of the Democratic National Committee, regaled party regulars with a joke: "Being attacked on ethics by Al D'Amato is like being called ugly by a frog. Being accused of ethics violations by Phil Gramm is like being called low by a snake. Being attacked on ethics by Bob Dole is like being called a tax cheat by Leona Helmsley."

Paul Begala, the sassiest and most inventive Clinton loyalist, attributed Hillary Rodham Clinton's fall in popularity to knuckle draggers in the GOP: "It's a small but pathetic band of right-wingers who hate Hillary," he told USA Today, "not because of what's she's done, but because their mamas didn't breast-feed them."

And the first lady defended her honor in a yet-unpublished interview in Elle magazine by describing Republican inquiries as part of "a well-organized and well-financed attempt to undermine my husband and, by extension, myself by people who have a different political agenda or have another personal and financial reason for attacking us." She also dismissed criticism of her legal work and family financial management as "paranoid conspiracies" and "malevolent, malicious, false gossip." (She used almost identical language last December to fend off Fornigate allegations.)

The president and his coterie suffer from a very human weakness — thin skin. Mr. Clinton treats every challenge as an affront, and he smites those who raise vexing objections. He personalizes and politicizes everything, so that all discussions, no matter where they begin, inevitably return to the subject of William Jefferson Clinton.

This approach leaves partisans with little choice but to load up their flintlocks and form ranks. Political foot soldiers don't use hot lead, of course. They pepper each other with what historian Daniel Boorstin calls "pseudo-events" — interviews, speeches, press conferences and other stunts in which politicos cough up sound bites and pray that reporters will transmit the mots verbatim to the public.

Pseudo-events serve one major function. They let pols create a world rich with illusion. Members of Congress use them to claim, for instance, that they have cut spending and reduced the debt. But like all deceptions, false visions shatter like a glass bulb on pavement the instant they make contact with rock-hard facts.

The Clinton team wants America to believe that the president's problems stem from envy-riddled Republicans and reptilian reporters. But Whitewatergate persists because people don't trust Bill Clinton.

The key issue isn't finance. It's character. Americans want assurance that their leader won't react to crises by dodging responsibility, concocting excuses or blaming others.

The president is right: The name-calling stuff has reached the gag-me stage. Whitewater, with all its complexity, makes even the most devoted news hound woozy. The Washington elite could perform a wonderful public service by talking about things that matter, from health care to foreign policy. But that can't happen until Bill Clinton stops ranting about his critics and soothes voter qualms about two crucial issues: (1) his character and (2) everything else.

Tony Snow is a Washington-based editorial page columnist for the Detroit News and is nationally syndicated.

Pruden on Politics

By Wesley Pruden

The mirror cracks, and Washington, too

First a crack no wider than a baby's hair, then a chip and finally a chunk, and pretty soon the fire wall around the Clintons lies in a smoking heap.

The appointment of the special counsel was the hairline crack, the disclosure of the shredding at the Rose Law Firm was the chip, and maybe Webb Hubbell is the chunk.

The congressional hearings, which everyone agrees are inevitable, could be the memorial to the reputation of a wondrous place called Arkansas, a reputation left in shreds by Flem Snopes' grandson and his collective of hustlers, poseurs, molls, cronies and a few good ol' boys who fell in with evil companions.

The cracks are cracks in a mirror, where every partisan player in Washington can see what he looked like the last time scandal played out on the national stage. Rarely has so much sauce for the goose been available to drench so many ganders.

This season's fun is to watch everyone switching sides and trading places. There was Bob Dole, feeling Bill and Miss Hillary's pain, reminding everyone that he was the chairman of the Republican Party when the curtain went up on the opening act of Watergate: "I know how it feels."

Phil Donahue, who burns with a hard blue flame to be taken seriously by serious people, came to town this week to talk Whitewater talk — or, more to the point, to chide serious people for taking Whitewater seriously. First he invited congressional players, Al D'Amato and Jim Leach, the pit bull and the professor on one side, and Jay Rockefeller and David Pryor, the social worker and Senator Nothingburger, at Phil's side.

The next day Phil was beside himself, entertaining four Washington journalists, none of whom with any reason to feel bad about Whitewater press wretchedness because none had written a single Whitewater line, to talk about how awful it is that the press has manufactured trouble for Bill and Miss Hillary.

The men and women in Phil's audience, which had been recruited at several places downtown where tourists gather (the better to get a cross section of the grass roots), looked like a large gaggle of geese who had been hit on the head with a long-handled wooden spoon. They were lured to the studio with expectations of watching and listening to brothers who marry sisters, gay fathers who yearn to go steady with lesbian daughters, rogue priests who rob banks and unfrocked nuns who operate bordellos — the usual high-intellectual Donahue fare — and all they get are Washington geeks talking about politicians.



Sally Quinn

"This is an old friend," cried Phil of Webb Hubbell. "A golfing buddy! Why should we deprive our president of his golfing buddy?"

Talk about mirror images: The most skeptical journalist of all, the lady with the most penetrating observations, the panelist most disdainful of Eleanor Rodham Clift's awed-schoolgirl excuses for the celebrity presidents, was Sally Quinn, late of The Washington Post and who still looks like $1.2 million.

Tim Russert of NBC News reminded Phil that he was once regularly hysterical over the timidity of the press to go after the S&L scandal. He tried, none too successfully by the expression on the Donahue face, to explain why law professors teach their first-year students that you probably shouldn't represent clients before regulators appointed by and beholden to your husband if your husband happens to be the governor of the state.

The man in a pickle was Howard Kurtz, whose current assignment is to give the impression that The Post has aggressively covered Whitewater while simultaneously working as point man in the campaign to rain on the story. No newspaper wants to be caught asleep on the baggage truck after the train has pulled out of the station.

Mr. Kurtz reported this week that "some journalists and White House supporters have begun to argue that [Whitewater] coverage has become excessive" but he could find only Walter Cronkite, who hadn't covered a story since World War II, and Marvin Kalb, a one-time pretty face at CBS and now a Harvard professor of deep thinking, to say so. All the real journalists, including the national editor of his own newspaper, appearing close to the end of his story, disagreed with his premise.

These are the wonderful folks who couldn't get enough of Watergate, Iran-Contra, the October surprise, Neil Bush and the Teapot Dome. The truth is that they can't get enough of Whitewater, either. They just want it delivered, camera ready, in a plain brown wrapper. Digging it out, chip by chip and chunk by chunk, is grunt work, and grunt work is for someone else.

bc-whitewater times - a1919
(ATTN: National editors) (Includes optional trims)
Senate Passes Resolution for Eventual Whitewater Hearings (Washn)
By Michael Ross= (c) 1994, Los Angeles Times=

WASHINGTON The Senate, after weeks of fierce partisan wrangling, unanimously approved a resolution late Thursday calling for eventual congressional hearings into the Whitewater controversy.

The resolution, adopted 98-0, said simply that the leadership of both parties ``should meet and determine the appropriate timetable, procedures and forum'' for hearings into the matter.

In other Whitewater developments Thursday, White House adviser George Stephanopoulos was subpoenaed to testify before a grand jury called by Robert B. Fiske Jr., the Whitewater special counsel.

In a brief statement Thursday night, Stephanopoulos said: ``I welcome the opportunity to give Mr. Fiske the facts.''

Seven White House aides now have been subpoenaed to make grand jury appearances.

Outgoing White House Counsel Bernard Nussbaum appeared before the grand jury earlier in the day to answer questions about possible administration interference in a federal investigation related to Whitewater.

Fiske is looking into allegations that President Clinton and first lady Hillary Rodham Clinton may have benefited improperly from their association during the late 1970s and 1980s with James B. McDougal, owner of the failed Madison Guaranty Savings & Loan and partner with the Clintons in a failed Ozark real estate investment known as Whitewater Development Corp.

Fiske is also investigating the role played by Mrs. Clinton and the Rose Law Firm in Little Rock, Ark., in representing Whitewater and Madison Guaranty and the apparent suicide last July of deputy White House Council Vincent W. Foster Jr., who had worked on Whitewater as a Rose partner and later at the White House.

The Senate resolution was the result of a compromise worked out during day-long negotiations between Majority Leader George J. Mitchell, D-Maine, and Minority Leader Bob Dole, R-Kan.

After intense negotiations, the Republicans agreed to drop their demand for immediate hearings after getting a commitment from the Democrats to permit them at a later, although unspecified, date.

That left both sides able to claim victory with Republicans saying they had forced the Democrats to agree to hearings and the Democrats asserting that they were able to put them off until after Fiske finishes his investigation.

The non-binding resolution requires that the hearings ``be structured and sequenced'' so that they will not interfere with Fiske's investigation. Learning from a mistake made during the Iran-Contra hearings, it also pledged that no witnesses would be granted immunity in return for their testimony.

``The question is not whether there should be oversight hearings, but whether there should be oversight hearings when the special counsel has said they might undermine his investigation,'' Mitchell said.

Sen. Alfonse M. D'Amato, R-N.Y., ranking Republican on the Senate Banking, Housing and Urban Affairs Committee, said he was satisfied because the agreement means that the Senate finally will investigate ``the abuse of power'' that he asserted Whitewater represents.

Earlier, an emotional D'Amato charged that the Democrats' refusal to consider hearings until Fiske had finished his investigation represented a political double standard. ``If you'd had a Republican in the White House, you'd have had hearings at the drop of a hat,'' he said, punching the air with his fist, as he spoke on the Senate floor.

(Optional add end)

While Whitewater occupied center stage in the Senate, Fiske met with House GOP leaders in an effort to persuade them to delay plans to disclose information gathered by Republican investigators at a hearing next week.

The ranking Republican on the House Banking Finance and Urban Affairs Committee, Rep. Jim Leach of Iowa, repeated his contention that the hearing, tentatively scheduled for next Thursday, could turn out to be a ``blockbuster'' if all of the 40 witnesses he has requested are allowed to testify.

But Leach also complained that Chairman Henry B. Gonzalez, D-Texas, has not yet called any of the witnesses and other sources said that Gonzalez has indicated that he will not call them on the grounds that their testimony is irrelevant to the Resolution Trust Corp. oversight hearing scheduled by the committee.

Leach, who has been conducting his own investigation of Whitewater, has said that he has evidence senior officials of the RTC may have ``coerced'' field investigators examining the failure of Madison Guaranty.

Among the witnesses Republicans had hoped to call at the Banking Committee hearing are five investigators from the Kansas City RTC field office that was responsible for developing criminal referrals in the Madison case.

**** filed by:LAWP(--) on 03/18/94 at 02:27EST ****

bc-whitewater taxes - a1741
(ATTN: National editors) (Includes optional trims)
Clintons Take Pre-Emptive Tack on Possible Tax Violations (Washn)
By John M. Broder= (c) 1994, Los Angeles Times=

WASHINGTON As indications grow that the Clintons may have underpaid their income taxes for 15 years, the White House has begun a concerted effort to cushion the political impact of a new finding of possible financial violations.

The Clintons themselves, along with senior aides, are conceding in public and in private that tax complications and mistakes are not uncommon in complex business affairs and should not be taken as serious ethical lapses, if that proves to be one of the Whitewater investigation's findings about the Clintons.

First lady Hillary Rodham Clinton, in a series of pre-emptive acknowledgments over the last several days, has said that she and President Clinton may have claimed Whitewater-related income tax deductions to which they were not entitled.

She said that, as new information about the poorly documented Whitewater real estate project is uncovered, it may divulge previously unknown tax liabilities.

A soon-to-be-published audit of the Clintons' tax returns from 1980 through 1992 conducted by Money Magazine concluded that the Clintons may have underpaid their taxes by $16,358 and that their total liability for the period, including Internal Revenue Service interest, could total $45,411. The magazine said that about $8,000 of the possible underpayment stems from questionable Whitewater deductions.

White House officials hope that a strategy of early disclosure and playing down the tax issue now will help when special counsel Robert B. Fiske Jr. issues his report on Whitewater or if news organizations publish evidence of financial impropriety.

White House aides fear that new disclosures about the Clintons' finances will feed a public perception that the administration suffers from a pattern of ethics violations and that the Clintons themselves are untrustworthy.

Other recent presidents, including Richard M. Nixon, Jimmy Carter and George Bush, were criticized over problems with taxes and private investments. Former Vice President Spiro Agnew was driven from office after pleading no contest to a federal charge of income tax evasion.

While such revelations in themselves have not been fatal to a presidency, they tend to reinforce existing perceptions of the character of the office-holder, according to political analysts.

An inadvertent error is likely to be less damaging than a pattern of questionable deductions.

``A miscalculation or the under-reporting of a few thousand is not going to be the kind of thing to take down a president. But the problem is that this president has ethical clouds hanging over his head and another one won't do him any good,'' said Stu Rothenberg, publisher of the Political Report, a Washington newsletter.

``I think it would be a mistake to dismiss it as `only' income taxes and under-reporting,'' he added. ``That underestimates the extent to which the public considers taxes a significant factor in their lives. And if they (ordinary citizens) had to pay a few thousand, they couldn't get away with just saying it's an oversight.''

David Kendall, the Clintons' private attorney, is reviewing all of the Clintons' tax records and the admittedly incomplete documentation of their Whitewater investment in an effort to determine how much they really lost on the land deal and whether their tax returns were accurate.

A senior White House aide said it now appears that the Clintons may have lost less on the Whitewater project than the $68,900 that they have been claiming for the last two years. The aide, who asked not to be named, said

Thursday: ``As more complete documentation has been assembled, we've had an opportunity to take a real hard look (at the Whitewater finances). If that yields different numbers, so be it. We don't want to pretend that we have an absolute hard number.''

The Clintons' partner in Whitewater, Arkansas businessman James B. McDougal, has said that the Clintons lost at most $13,000 on the deal.

The White House aide said that any underpayment of taxes or misreporting of the financial condition of Whitewater would be the result of ``oversight and bookkeeping errors, not a pattern of abuse.''

(Optional add end)

The Clintons already have acknowledged taking $2,156 in unjustified tax deductions for Whitewater-related interest payments in 1984 and 1985. They voluntarily repaid the government $4,000 in back taxes and interest during the 1992 campaign.

The Money Magazine study, conducted by Los Angeles tax attorney and former IRS tax audit group manager Mary L. Sprouse, found that the Clintons committed three ``glaring mistakes'' in the preparation of their taxes in the 1980s and early 1990s they kept inadequate records, they overestimated the value of many of their deductions and they relied too much on their tax preparers. The magazine also reviewed Whitewater deductions for 1978 and 1979.

According to the study, the biggest errors came on poorly documented Whitewater deductions of $24,154 for interest payments on three separate loans. The study contends that the Clintons probably owe more than $8,000 in additional tax because of those questionable deductions.

The magazine also questioned the Clintons' deductions for charitable contributions, including $15 for a pair of Bill Clinton's used long underwear, $80 for a pair of brown shoes and $30 for three old shower curtains.

**** filed by:LAWP(--) on 03/18/94 at 02:15EST ****
**** printed by:WHPR(162) on 03/18/94 at 03:51EST ****

bc-gergen - a1752
(ATTN: National editors) (Includes optional trims)
Gergen: Focus on Whitewater Could Undermine Clinton's Agenda (Washn)
By Jack Nelson= (c) 1994, Los Angeles Times=

WASHINGTON Presidential counselor David Gergen expressed serious concern Thursday that the continuing Whitewater real estate controversy could undermine President Clinton's ability to carry out his domestic agenda including health care reform.

But he said a new White House strategy emphasizing full disclosure has finally enabled the White House to turn ``a significant page'' in its efforts to keep the controversy over the failed Arkansas land deal from shifting the focus away from health care reform and other issues.

For months, the Clintons had turned aside many questions about Whitewater a failed real estate development in which the Clintons invested when he was governor declaring they had done nothing wrong and did not need to discuss the matter. More recently, under pressure from Republicans and jarred by repeated news media disclosures, the president has shifted his approach.

He has supported the appointment of a special counsel to investigate the affair, has endorsed a White House memorandum forbidding any unauthorized contacts between officials and regulators looking into a defunct Arkansas savings and loan owned by the Clintons' partner in the Whitewater project and has promised full cooperation with the special counsel and any congressional hearings that may be held.

Clinton and the first lady also have begun to answer media questions about the affair and their handling of it so far.

Gergen, discussing Whitewater during a breakfast session with the Los Angeles Times Washington bureau that was televised on C-SPAN, emphasized the need for the White House to be open about the real estate venture. But at the same time, he lashed out at Clinton's political opponents .

Gergen said one of the things the White House has been trying to combat is ``an element of Clinton haters out there who have been trying to stir up things and make trouble for a very long period of time. Some of that started before he became president.''

(Begin optional trim)

Such attitudes has caused serious concern among prominent Democrats, including Robert Strauss, former party chairman. Strauss recently said he believed that disdain for the Clintons was even more intense than the well-known enmity extremists aimed at President Franklin D. Roosevelt and his wife Eleanor more than a half century ago.

Gergen suggested that in today's modern political arena people like Clinton who are ``charismatic on television stir people up more.'' The vehemence of some of Clinton's critics, he said, reflects in part a historical pattern of presidents arousing intense hatred even violence when they advocate the kind of sweeping changes Clinton has proposed.

``I don't think it's totally coincidental that the two (recent) presidents who have been shot Kennedy and then Reagan were both charismatic figures on television,'' he said. ``I think that they somehow draw people out in a different way. ... And people have been out in Arkansas to `get' Bill Clinton for a long, long time and we all know that. ...''

Gergen, a former aide to President Reagan who also served as an aide to President Nixon during the Watergate scandal, flatly rejected GOP comparisons of Whitewater with Watergate. He pointed out that so far there have been no charges of wrongdoing in the Whitewater controversy, whereas with Watergate numerous laws were violated in relation to the 1972 burglary at the Democratic National Committee and the subsequent cover-up, which included obstruction of justice by executive branch officials.

Watergate, said Gergen, who was not involved in the scandal, ``was a very traumatic period in the lives of a lot of us there, and we made some egregious mistakes, as you all know, some of which involved the use of institutions in violation of the law.'' With Whitewater, he said, there has been ``no credible allegation of wrongdoing.''

(End optional trim)

Gergen said that until the Whitewater affair erupted, the White House had hoped the kind of bipartisanship that helped Clinton pass the North American Free Trade Agreement would provide a foundation for bipartisan action this year on a crime bill. And the House's handling of that legislation, he said, will be the first real test of whether the two parties will be able to work together on important issues in the current political climate.

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Leach holds his ground

'I want people to tell their stories under oath'

But the Iowan says he may drop some witnesses he'd wanted at a hearing week on the Whitewater affair.

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — Rep. Jim Leach met Thursday with the special counsel investigating the Whitewater affair and said later that he might eliminate some names from the witness list he has submitted for a House Banking Committee hearing that could touch on Whitewater.

But the Iowa Republican did not appear to be dissuaded from his drive for congressional inquiries into the failure of a savings and loan at the center of the controversy. "The fact of the matter is I want people to tell their stories under oath. I believe that is a very reasonable request to make," he said.

Leach would not say which of his 40 requested witnesses he might cull for the meeting, tentatively scheduled for next week. Banking Committee Chairman Henry Gonzalez is resisting calling any witnesses related to Whitewater, and it is becoming doubtful how revealing the hearing would be.

Thursday's meeting with the special counsel, which also included House Minority Leader Robert Michel and Minority Whip Newt Gingrich, took place as congressional debate continued over whether hearings are needed at the same time as the independent investigation by special counsel Robert Fiske.

President Clinton, who was at the Capitol for a St. Patrick's Day lunch, said "it's up to the Congress" to decide, but he also pointed out the cost of past hearings.

Rep. Dan Rostenkowski, D-Ill., who had said Wednesday that hearings were likely, on Thursday issued a statement saying a probe would be a "serious mistake that would impede the legitimate investigations that are already in progress."

But Republicans vowed to push ahead. Michel warned that the minority might use debate on a committee funding resolution next week as an occasion to call upon Democrats to convene hearings.

Fiske appeared briefly before reporters after the meeting with the House Republicans but had little to say. He said he reiterated to them his concerns about the impact of hearings on the Whitewater investigation he has been appointed to complete.

"We expressed our positions — I don't t discuss it any more," Fiske said.

The hearing next Thursday would be on sight of the Resolution Trust Corp., which sees the bailout of the savings and loan industry Under law, the banking panel is supposed to two such oversight hearings a year, and said it has been a year since the last one.

Leach wants to use the hearing to raise tions surrounding Madison Guaranty Savings Loan, the failed thrift at the center of th Whitewater controversy. Leach has said the ing could be a "blockbuster" event, and some testi mony would involve charges that RTC investiga tors in Kansas City, Mo., looking into Madison have been "gagged and coerced."

Gonzalez has written RTC officials instructing them not to cooperate with Leach and has said he will rule out of order any questions he consider germane.

Leach said Gonzalez has not yet contacted of the witnesses that Leach has requested.

But Leach also stressed there is no animosity between Republicans and Fiske. "We very cooperative with Mr. Fiske," Leach said, added that Congress does not want to appear to be "at odds" with him.

APPROPRIATIONS CHAIRMANSHIP

Smith: Vote on key position may be near

The Iowa Democrat is 'very confident' he has the votes needed to get the job.

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — A vote may be nearing on the temporary chairmanship of the House Appropriations Committee, and Iowa Democrat Neal Smith is one of the top two contenders.

Rep. William Natcher, D-Ky., the 84-year-old current chairman, has been ailing for weeks and is unable to work. Smith has been the acting chairman in the interim but also has been embroiled in a race for the chairmanship with Rep. David Obey, D-Wis.

House Speaker Thomas Foley told reporters Thursday that Democratic leaders will decide soon on whether there should be a vote on a stand-in chairman. "If we decide to go forward, it will probably be next week," he said.

A Democratic aide said the talk of a vote was an attempt to "find a graceful way to resolve" the situation with the chairmanship. If Natcher gets well, he would still be able to resume the chairmanship, aides said.

Perhaps After Recess

In an interview, Smith said, "I think they're figuring out a way to have a vote." He said Democratic leaders "told me they were considering this" but raised the possibility that a vote may not come until after the congressional recess scheduled for later this month.

Smith also said he feels "very confident" he has more than 131 votes, the number needed to win in the Democratic caucus, but "you can never tell for sure." Obey supporters have claimed that they, too, have enough votes to win. Smith said some members still are uncommitted.

If he does not win, Smith said, "I'd just carry on like I have been. That's not the end of the world." Smith is chairman of the Commerce, State and Justice appropriations subcommittee; the full committee doles out money for government operations and is considered an extremely powerful body.

The fight over the chairmanship began when Natcher was hospitalized earlier this year and Obey launched a campaign for the position. Smith was then forced to enter the race as well, and the two have been vying for votes since.

Seniority

Smith is the third-most-senior Democrat on the panel, behind Natcher and Rep. Jamie Whitten, D-Miss., who was forced from the chairmanship last year because of his poor health and is not a candidate. Seniority usually carries weight in the House, but Obey, the fifth-ranking member, wants to be chairman and has gained support among caucus liberals.



Rep. Neal Smith
Emphasizing his strengths

Smith is viewed as more of a moderate. A letter sent to members characterized him as a "hard-working, modest member who will not advertise all the good things he has done which should be considered." In an appeal to younger Democrats, Smith's work on congressional reform also was stressed.

Also cited was Smith's success in gaining re-election at times when other Democrats in Iowa went down to defeat — Smith is currently the only Iowa Democrat in the House.

The temporary chairmanship would be similar to what happened in 1991 when Rep. Morris Udall, who had Parkinson's disease, could no longer handle the chairmanship of the House Natural Resources Committee. The stand-in who was named later assumed the chairmanship.

THIS ARTICLE *includes information from The Associated Press.*

The Des Moines Register

Senate backs hearings on Whitewatrer

By Michael Kranish
GLOBE STAFF

WASHINGTON – The Senate approved a compromise resolution last night supporting hearings on the Whitewater affair, provided they do not interfere with a probe by the independent counsel. Presidential adviser George Stephanopoulos, meanwhile, became the seventh White House aide subpoenaed in the case.

The two actions underscored the increasing momentum of the Whitewater investigation and the apparent inability of the White House to slow it. President Clinton and many Democrats have said for weeks that no congressional hearings are necessary, but the Senate vote suggested they may be inevitable.

The Senate resolution, approved 98-0, was nonbinding and legally meaningless. But it came after hours of negotiation between Senate Majority Leader George Mitchell of Maine and Minority Leader Bob Dole of Kansas, and it put the body on record in favor of hearings at some undetermined time. It also increased pressure on the White House to cooperate on the matter.

The compromise was engineered by Mitchell. Responding to a question, a spokeswoman denied that the resolution marked a course change for the Maine senator. Mitchell "has not opposed hearings," she said. "He has said that the law says you can't have simultaneous investigation by the independent counsel and Congress."

Indeed, despite the approval, hearings are not imminent. The compromise said leaders would work out questions of timing and an understanding of what could be considered interference with the independent counsel. The counsel, Robert Fiske, has asked Congress not to hold hearings while he investigates the Whitewater land deal, the Clintons' involvement in it and related issues.

The Senate resolution set no deadline, leaving the possibility that Democrats could argue that hearings could interfere with a probe that could last more than a year.

The resolution also said that Congress would not grant immunity to witnesses it calls to testify.

[Intense press scrutiny of the Clintons' Arkansas years continued, as the New York Times reported in today's editions that Hillary Rodham Clinton earned roughly $100,000 in the commodities market one year in the 1970s with the aid of a friend, James B. Blair, who was the leading counsel for one of state's most powerful companies.

[Blair at the time worked for Tyson Foods Inc., an Arkansas-based poultry business. Though the investments helped cement the Clintons' financial security, their lawyer, David Kendall, said yesterday that Mrs. Clinton had traded in the futures with "the full risk of loss."

The Senate action last night came on a day when Fiske was collecting testimony and signaled he was broadening his investigation.

In the morning, ousted White House counsel Bernard Nussbaum testified for four hours before a grand jury, telling reporters that he answered every question about controversial meetings with Treasury officials about a Whitewater investigation. He was followed by Harold Ickes, the deputy chief of staff.

Ickes said afterward that it would be clear there was "no unethical conduct or wrongdoing" once the probe is complete.

Nussbaum, who has said he did nothing improper in attending the meetings, told reporters gathered on the steps of the US District Courthouse: "I've just testified before the grand jury. I've responded to every question they put to me."

Stephanopoulos, whose subpoena was announced last night, has not been named as one of those attending three meetings about Whitewater, although he may have talked about the sessions with others. "I welcome the opportunity to give Mr. Fiske the facts," Stephanopoulos said in a statement.

It has been expected that several more White House officials would be subpoenaed, including the chief of staff, Thomas McLarty.

The Senate resolution called on the party leaders to establish a schedule for hearings on matters involving the Whitewater real estate deal, in which the president and his wife were investors.

The Senate debate earlier yesterday on whether to hold hearings often turned bitter.

"I say it is politics, you better believe it," said Sen. Alfonse D'Amato, the New York Republican, charging that Democrats had been blocking hearings to protect the president. If the Democrats had a chance to hold similar hearings about Republicans, they would "at a drop of the hat."

D'Amato issued a new call yesterday, saying that Treasury Department counsel Jean Hanson should resign. D'Amato said that Hanson's attendance at a

...an investigation into a savings and ...linton's Whitewater real estate partner ...r on its face."

...is DeConcini, Democrat of Arizona, ...onetime Republican presidential candidate, former Sen. Barry Goldwater, had called upon the GOP to "get off" Clinton's "back and let him be president."

Boston Globe Page 18

2 key Whitewater figures downplay Clintons' roles

By Adam Pertman
GLOBE STAFF

LITTLE ROCK, Ark. – Two central figures in the Whitewater real estate venture said yesterday that Bill and Hillary Clinton played almost no role in the enterprise beyond formally agreeing to become partners in it.

The comments by James McDougal, who put together the deal, and Chris Wade, who oversaw sales in the Whitewater development, appear to be the strongest by key participants to date backing the Clintons' explanation that they were "passive investors."

McDougal, who owned the since-failed Madison Guaranty Savings & Loan that is at the core of the Whitewater affair, said he orchestrated the purchase of all the land involved, which was to be sold for vacation and retirement homes, and asked the Clintons to join him simply because they were old friends.

"The whole thing took no time at all," McDougal said. "I just mentioned it to them in a real offhand way, said I had financing and told them, 'All you have to do is sign'."

Making use of grand juries in Little Rock and Washington, a special counsel is looking into the complex Whitewater case, including the Clintons' involvement, the failure of Madison Guaranty, and contributions to Bill Clinton's gubernatorial reelection effort in 1984.

For his part, Wade took aim at a piece of evidence often cited to indicate that Hillary Rodham Clinton must have known more about the operation than she has let on: She took out a $30,000 personal loan, from another bank in which McDougal had an interest, to pay for a model home at the development in 1981.

But Wade said that move was his idea, designed to "stimulate a little interest" when sales were lagging. The reason he thought a partner and not the Whitewater Co. should borrow the money, he said, was the relative ease of getting personal loans compared with corporate ones.

McDougal also portrayed that portion of the case as a fait accompli in which Hillary Clinton did nearly nothing. "I'm sure it wasn't more than a three-minute conversation."

McDougal and Wade, who are longtime friends and business associates, said their only interest in defending the Clintons is to get the truth out. But McDougal, perhaps the pivotal character, also sounded like a man on a new mission.

After months of countering negative accounts about his running of Madison, whose collapse after years of bad loans cost the government about $60 million, McDougal appears to be seeking to take the offensive.

Sunday, he appeared on a television news show to deny one of the most potentially damaging accusations in the case, that he funneled money from his thrift into Clinton's reelection campaign. "In no way, shape, form or fashion" did that occur, he said of the allegation, which the special counsel is investigating.

Wednesday, on the "Good Morning America" television program, McDougal denounced criticisms against him as part of a "crypto-fascist witch hunt" and implied that GOP adversaries are coordinating the negative publicity about Whitewater. In the interview yesterday, he went even further.

McDougal implied he is gathering materials suggesting that senior Republican critics, including Senate Minority Leader Bob Dole of Kansas and Sen. Alfonse D'amato of New York, are guilty of worse offenses in campaign fund-raising than anything relating to Whitewater. He said he would turn over his findings to the independent counsel, Robert Fiske, and added in an ominous tone: "Investigation goes two ways."

In response to a question, he added that he had not talked with the Clintons about any of his views.

McDougal said he last talked to either of the Clintons in 1985, when he arranged a $2,000-a-month retainer for Hillary Clinton – then working locally for the influential Rose Law Firm – to help Madison deal with a banking regulator. Critics contend her involvement in that case was an ethical breach, since she was representing a business partner before a state employee appointed by her husband.

NATIONAL PERSPECTIVE
By David Shribman

Whitewater's big casualty

WASHINGTON – There are many lies being told in Washington these days, but this may be the biggest: Whitewater hasn't had much of an effect on the country, or on the Clinton administration.

The truth is that everybody at the White House isn't calmly proceeding as normal. It is more than the fact that a lot of senior and middle-level officials now have lawyers. It is that some things aren't happening.

No efficiency expert would detect these omissions. They are subtle, more part of the atmosphere than of the landscape.

And yet it is clear: The whole mood in which Washington's business is being conducted has been altered.

The Clinton administration has lost more than a step in the past few weeks. It has lost its momentum. It has lost its aura of moral authority. And it now faces its gravest danger: It may lose its sense of mission.

The change is dramatic. At the end of last year, just after the approval of the North American Free Trade Agreement, Clinton seemed truly presidential. He had swayed the country by the force of his intellect and political skill. His poll numbers were soaring and, even more important, his spirits were soaring. Once again, all things seemed possible.

That feeling has disappeared like a snow flurry in the springtime.

The president didn't so much assume the presidency as careen into it, catapulted into the Oval Office by an irresistible public desire for change and his own conviction that he could rearrange the political system, alter how power is exerted in Washington and shift the emphasis and character of the government itself.

Dazzling, at first

In the days after his election, he electrified the country, not only with his newness but with his sense of determination. Barbara Amiel, a British columnist for the Canadian newsweekly Maclean's, remembers her father's complaining about the moral exhaustion of the Old World, explaining that it lacked "the iron in the soul of the New World." In his approach to government – activist, to be sure, but also vigorous and energetic – Clinton showed he had iron in his soul.

That iron now faces its most severe test.

The drive to overhaul the nation's health-care system, the signature effort of this administration, no longer has a robust sense of inevitability. The mandarins of Capitol Hill no longer fear the president's veto threat. In fact, they no longer take it very seriously at all.

So lawmakers and lobbyists alike know they are operating in an atmosphere where they can bargain the way they are accustomed, giving up a little something here in exchange for another little something there. The moral imperative has eroded because the president's power has eroded. A garden-variety congressional compromise, once regarded as inconceivable, now is entirely possible because lawmakers are facing a greatly weakened president.

"Shame on those who would detract and distract from the important work you're doing with universal health coverage and jobs," Betty Winberg, a 68-year-old resident of Nashua, N.H., told the president during his recent visit to New Hampshire.

But the distraction is real, and it worries congressional Democrats. They note that it has robbed the White House of time, morale and the ability to get others to focus. The Clinton inner circle has lost its sense of wonder about Washington. Although those who were close to Clinton during his recent New England trip say he was engaging and funny, the president seems a little frenzied and off balance, having seen his high hopes evaporate, his policies picked apart, his wife attacked and his friends injured.

He knows, too, that Republicans are less fearful of him, more emboldened to try to work their will. Having lost the initiative on three of their principal issues – the deficit, crime and welfare – they are struggling to gain ground. And, doing little more than riding the unpredictable Whitewater raft, they are succeeding.

The result is that the president again is in one of the periodic troughs that he gets himself into. In the past he has pulled himself out. The danger is that this one could be a black hole.

Winston Churchill once wrote in a historical essay that greatness should be measured not only by a person's "power of making lasting impressions on people he meets," but also by his success in having "handled matters in his life [so] that the course of after-events is continuously affected by what he did."

History will take the measure of Clinton's presidency in years to come. But right now it is apparent the Whitewater affair seriously jeopardizes Clinton's ability to alter the world and, just as important, to shape after-events.

Grou › producing 'sleaze' on Clinton, Pryor contends

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Sen. David Pryor, D-Ark., called a conservative group "a sleaze factory" Thursday for focusing attention on the Whitewater Development Corp. affair.

Pryor blasted Citizens United, a group headed by Democratic nemesis Floyd Brown. The senator said the group is "pouring out venom and hate and lies and poison" on Whitewater.

Brown's group has been funneling information and documents to reporters and Republican congressional aides researching Whitewater.

Brown is best known for producing the infamous "Willie Horton" commercial that created headaches for Democratic nominee Michael Dukakis in the 1988 presidential campaign.

In a speech to the Senate, Pryor questioned the Virginia group's investigative work on Whitewater.

"Mr. Brown operates in this area a factory," Pryor said. "It is a unique factory. It is a sleaze factory. And this particular sleaze factory, which has been given tax exempt status, is a factory which today is pouring out venom and hate and lies and poison."

Brown said he was surprised by Pryor's comments. He said he would "chalk them up as a favor by a crony" of President Clinton.

Brown said Pryor's attack was unfair. Citizens United is simply attempting to reveal the truth about Whitewater, he said.

Officials with Brown's group have made several trips to Arkansas to unearth documents involving Whitewater, the Marion County land venture of the Clintons and James and Susan McDougal.

Brown held a "Whitewater press briefing" Tuesday in Washington and offered his opinions about what angles reporters might examine.

Pryor blamed the group for stirring up controversy on Whitewater and attacking the Clinton administration.

"They are part of the poison factory that is spewing out poison, hatred, discontent that we see coming ... on too many occasions to the floor of the United States Senate," Pryor said.

Brown has said the group has 175,000 members who make $25 annual contributions.

Inqu ry

• Continued from Page 1A

disclosed, was the first to testify Thursday. He arrived at a federal courthouse at about 8:30 a.m. CDT and went immediately to the grand jury chambers, leaving more than four hours later.

"I responded to every question they put to me. I was happy to be able to cooperate," Nussbaum said upon leaving the courthouse. "I believe that I and everybody in my office acted at all times legally, ethically and in accordance with the higher traditions of the bar.

'We have nothing to be ashamed of. We have everything to be proud of, and I was delighted to cooperate with a very professional inquiry.'
— Bernard Nussbaum

"We have nothing to be ashamed of. We have everything to be proud of, and I was delighted to cooperate with a very professional inquiry.'

Nussbaum didn't answer questions. He was swarmed by reporters and photographers as he hailed a taxi outside the courthouse.

Jekes arrived after grand jurors returned from lunch and testified until late in the day.

Both were questioned by assistants to special counsel Robert Fiske Jr., who spent much of Thursday on Capitol Hill, trying to convince Republicans to delay calls for Whitewater hearings.

Six senior administration officials were subpoenaed earlier this month by Fiske to testify before the grand jury. Besides the two who appeared Thursday, three administration officials testified last week. That leaves Bruce Lindsey, a senior adviser and longtime friend of the president, and Stephanopoulos as the White House aides subpoenaed but yet to testify.

tions asked Thursday concerned contacts with the Treasury Department and that none involved Fiske's investigation into the apparent suicide July 20, 1993, of Vincent Foster, the deputy White House counsel.

Files involving Whitewater were removed from Foster's office shortly after his death. Fiske also is looking into the investigation of Foster's suicide.

A presidential motorcade passed the courthouse while Nussbaum was testifying Thursday. Clinton was traveling from the White House to the Capitol to attend a St. Patrick's Day luncheon. The courthouse is a few hundred yards from the base of Capitol Hill on Pennsylvania Avenue.

Clinton was asked again Thursday whether Congress should hold hearings on Whitewater.

"It's up to the Congress," he said. "They're an independent and co equal branch of government, and they ought to do whatever it is they think is the right thing to do."

The president raised questions about the cost of such hearings. He said he had recently read a book referring to a "$40 mirror (that) was bought for the White House that was bought in another country. And the Congress in the early 1800s spent several thousand dollars on hearings looking into this $40 mirror."

One White House official said Thursday that Lindsey, a former Little Rock lawyer, could testify next week — possibly Thursday, the same day Republicans hope to call key Whitewater figures to testify before a hearing of the House Banking, Finance and Urban Affairs Committee.

Clinton said earlier this month that he believed Lindsey first informed him that the Resolution Trust Corp., the federal agency in charge of disposing of the assets of failed S&Ls, had asked the FBI to investigate possible ties of the Clintons to Madison Guaranty.

Aides also said they still were expecting Chief of Staff Thomas F. "Mack" McLarty to be subpoenaed by Fiske. There also was concern Thursday at the White House that Fiske might subpoena Webb Hubbell, a longtime Clinton friend who resigned Monday as associate attorney general.

In a statement issued Thursday by the White House, the just-subpoenaed Stephanopoulos said he welcomed "the opportunity to give Mr. Fiske the facts."

A source familiar with the proceedings said all the ques-

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Senators haggling over Whitewater hearings

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Senate leaders worked late Thursday night to try to reach a compromise on hearings into the Whitewater Development Corp. affair.

The senators were trying to hash out their differences and reach a nonbinding agreement on congressional hearings on Whitewater.

The agreement, if reached, is expected to be in the form of a resolution that reflects the general opinion of the Senate on Whitewater hearings.

If the agreement failed to materialize, the Senate was expected to consider another nonbinding proposal by Senate Minority Leader Bob Dole, R-Kan. Dole wanted the Senate to agree on "promptly determining" the timing and format of Whitewater hearings.

Dole said his proposal gives "the Senate the opportunity to show that it takes its oversight obligations seriously."

Senate Majority Leader George Mitchell, D-Maine, had prepared a rival proposal for consideration. He has opposed any immediate hearings on Whitewater for fear of interfering with the work of the special counsel, Robert Fiske Jr.

The Senate moves came as Republicans intensified efforts Thursday at forcing Whitewater hearings despite continued resistance from Fiske.

Democratic leaders have opposed hearings into Whitewater and Madison Guaranty Savings & Loan Association out of fear the hearings could interfere with Fiske's work.

After a meeting with House Republican leaders, Fiske indicated he had not changed his stance against a congressional inquiry.

Grand juries in Washington and Little Rock are investigating questions relating to Whitewater and Madison.

President Clinton and Hillary Rodham Clinton once were partners with James and Susan McDougal in Whitewater, a Marion County real estate development. James McDougal also owned Madison Guaranty, which failed in 1989 at a cost to taxpayers of at least $47 million.

Allegations that money was illegally transferred between Madison and Whitewater are among the issues being investigated by Fiske. His investigation is based in Little Rock.

Among the congressional developments Thursday on Whitewater:

• Dole prepared a nonbinding amendment calling on Senate leaders to "promptly determine the method, forum and timetable for hearings."

"Let's get on with the hearings — bipartisan hearings — to get Whitewater behind us so that we can move on," Dole said.

Dole also said that Whitewater hearings should be held because of issues involving outgoing Associate Attorney General Webb Hubbell. Hubbell announced his resignation Monday after questions about his legal billings while he was a partner at Little Rock's Rose Law Firm.

"He has left behind a trail of unanswered questions," Dole said.

• House Minority Leader Bob Michel, R-Ill., and other GOP leaders met privately with Fiske about 45 minutes.

Michel said there are "plenty of avenues" to hold hearings without interfering with Fiske's criminal investigation.

House Minority Whip Newt Gingrich, R-Ga., suggested the possibility of holding a series of hearings after people finish testifying before the grand jury. That option would prevent the congressional inquiry from interfering with Fiske, Gingrich said.

Michel also said a Whitewater vote could be attached to an upcoming funding proposal for the House banking committee.

• Republicans hope to pursue Whitewater questions during a March 24 House Banking, Finance and Urban Affairs Committee hearing that will review the work of the Resolution Trust Corp.

Rep. Jim Leach, R-Iowa, said he still wants to have some witnesses testify before the committee about Whitewater. He wants to call 40 Arkansans, White House aides and other federal officials to testify at the hearing.

But Chairman Henry Gonzalez, D-Texas, of the banking committee continued his opposition Thursday to inviting the witnesses to the hearing.

• House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., clarified his position about a congressional investigation into Whitewater.

"Such a probe would be a serious mistake that would impede the legitimate investigations that are already in progress," Rostenkowski said Thursday.

Grand jury gets scoop on briefings

BY RANDY LILLESTON
Democrat-Gazette Washington Bureau

WASHINGTON — A federal grand jury heard testimony from two more Clinton administration officials Thursday at it continued its investigation into the Whitewater Development Corp. affair.

The same day the grand jury heard from White House Counsel Bernard Nussbaum and Deputy Chief of Staff Harold Ickes, senior White House adviser George Stephanopoulos was subpoenaed to appear before the panel as well.

Nussbaum and Ickes testified about contacts between administration officials and Treasury Department investigators concerning Whitewater and Madison Guaranty Savings & Loan Association.

Madison was owned by James McDougal, President Clinton and first lady Hillary Rodham Clinton were partners with McDougal in Whitewater, a 230-acre real estate venture along the White River in Marion County.

The grand jury is trying to determine whether the contacts were an attempt to obstruct a federal investigation.

Nussbaum, who announced his impending resignation March 6 after the contacts were

See INQUIRY, Page 15A

Whitewater forever

No full disclosure in 1994



Meredith Oakley

The day after he won the Democrat primary, which in his predominantly Democrat district is tantamount to re-election, U.S. Rep. Dan Rostenkowski of Illinois declared that a congressional investigation of the Whitewater-Madison Guaranty scandal probably cannot be avoided.

"I'm not enthusiastic about that ... (but) I think the congressional hearings are going to be inevitable," said Rostenkowski, whose continued presence in Congress is so vital to Bill and Hillary Clinton's legislative agenda that the president flew to Chicago to campaign for him despite the presence of three other Democrats on the primary ticket.

It was nice of Rosty to refrain from making such observations until after the Clinton visit and the primary. It would have been so tacky to have mentioned it beforehand.

Besides, if he'd said it beforehand, Clinton might not have come to Chicago to praise the fine, upstanding citizen who chairs the powerful House Ways and Means Committee, right? Wrong. On balance, Clinton needs Rostenkowski more than Rostenkowski needs Clinton.

Chicago native David Wilhelm, the Democratic Party chairman who used to work for Clinton's fellow Rostyfarian, Richard M. Daley, would disagree.

"The president went out there, and after he went out there they started putting the Clinton ad on TV," Wilhelm told the *Chicago Tribune*. "I mean, the congressman had a 30 percent approval rating in January. It shouldn't be hard to draw the line from the president's visit to Tuesday's result."

Well, that was then and this is now, and Rostenkowski, whose comment was described by a reporter for New York's *Newsday* as "the latest breach of Democratic unity on Whitewater," is being pragmatic. So, too, is U.S. Rep. Lee Hamilton of Indiana, who on Tuesday became the first congressional Democrat to call for congressional hearings to clear up any perception of wrongdoing.

When people like Lee Hamilton and Dan Rostenkowski start talking about the need for or the inevitability of congressional hearings, you can bank on it that congressional hearings will be held.

What they will accomplish is anybody's guess. It's a crap shoot as to whether truth or politics will be better served.

Under normal circumstances, the Whitewater-Madison scandal would have peaked by now; the media would have been as tired of the story as the public seems to be. In truth, members of the news media probably are as tired of the story as the public seems to be. The problem is that the story just keeps unfolding.

The Clinton administration has handled the entire affair very poorly, contributing to the momentum by recalcitrance, obfuscation and interference. Every time the pace slows, some new allegation or revelations surfaces.

The special counsel appointed by Auntie General Janet Reno, Robert B. Fiske Jr., is already investigating the Clintons' business dealings with Jim and Susan McDougal, the Vince Foster suicide and meetings held between White House staff and Treasury Department officials regarding other ongoing federal investigations of Madison Guaranty Savings and Loan Association. Now he is said to be considering whether to examine the billing practices of Webb Hubbell.

Hubbell tendered his resignation as associate attorney general on Monday, saying he needed to devote his time to settling a dispute with his former law firm over his billings and expenses while a partner there.

Full disclosure on Whitewater? Not this year. Maybe not next year. At the rate things are going, Clinton could be snugly ensconced in his second term before anything approaching full disclosure is made.

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Associate Editor Meredith Oakley's column appears every Wednesday, Friday and Sunday.

Hillary finally speaks

But doesn't have much to say



John R. Starr

I find it next to impossible to believe that Dee Dee Myers, the presidential press secretary since January of 1993, did not bother to apply for a White House security clearance until *The Washington Post* caught her and a dozen other White House employees without clearances.

Ditzy Dee Dee offered a lame excuse. The application forms are complicated. She didn't have to comply with the law.

Dee Dee's attitude -- that she should be beyond the law — is typical of the young squirrels with whom Bill Clinton has surrounded himself in the White House.

Squirrelhood *is* not confined to youth. Witness the comments of Lloyd Cutler, the squeaky clean senior citizen named to replace the fired Bernard Nussbaum as White House counsel. Cutler was hired to stop the negative spin of the Whitewater controversy.

Dutifully unsheathing his public relations sword, Cutler went on TV talk shows Sunday to assure the palpitating public that our boy Bill did no wrong and that Whitewater will "turn out to be nothing at all."

How could Cutler be so certain, given his admission that he neither examined Whitewater documents nor talked to White House staffers about their meetings with Whitewater investigators? How could he know anything but what he's read in the newspapers about what he seems so eager to talk about?

Cutler said he knows because he asked Clinton and Clinton declared himself innocent. "I believe him," Cutler added.

Call him Polyanna. Cutler may be reassured, but not so anybody familiar with Clinton's reputation for looseness with the truth.

Cutler made a distinction that should have been made long ago. He says Whitewater is a private problem of the Clintons, not a White House problem.

Wouldn't it have been nice if Nussbaum and others had made that distinction instead of involving numerous White House aides, all government employees, in the cover-up of what until then was at worst a private embarrassment for the Clintons?

While Cutler was assuring us that his boss is not a crook, the nation was breathlessly waiting for Hillary Clinton to give her version of the Whitewater controversy in semi exclusive interviews with *Time* and *Newsweek*. Expectations were dimmed, however, when, just before the magazines hit the racks, we learned that these one-time bastions of decent journalism had agreed to let the First Lady state her innocence and the innocence of her husband without insisting that she provide potentially embarrassing details about Whitewater.

Hillary took advantage of this public relations free shot to admit that she had made some mistakes in her handling of the Clintons' investment in the Whitewater Development Corp. without specifying how she erred.

Hillary claimed that both she and Bill had been "candid" about Whitewater. That simply isn't true. Hillary seemed to think that Bill should get some points because he had not claimed "executive privilege" to protect himself against the Whitewater investigation. Before any points are awarded, Hillary should explain how a claim of presidential privilege can be invoked in what she and lawyer Cutler claim is a private matter.

Hillary made a bid for sympathy by saying that her refusal to release Whitewater documents and her opposition to a special prosecutor stemmed not from a desire to obliterate the truth but from a heartfelt desire to protect personal privacy.

Like her husband and others on the White House staff who complain because Whitewater as a news story won't go away, Hillary seemed blissfully unaware that for the last couple of weeks, the stories haven't been about the Clintons' ancient investment, but about improper meetings between White House staffers and Whitewater investigators. Despite what she said, it was not interest in full disclosure that brought Hillary to the surface after a week of sulking in the White House. You can bet it had something to do with a *Newsweek* poll that indicated that 52 per cent of the people think the Clintons are covering up something wrong.

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John R. Starr is the former managing editor of the Arkansas Democrat-Gazette. His column ...

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WHITE HOUSE ADVISER Harold Ickes arrives for yesterday's grand jury hearing in capital.

Senate votes public Whitewater probe

By KAREN ELLI and TIMOTHY CLIFFORD
Daily News Staff Writers
News Washington Bureau

WASHINGTON — The Senate voted last night to hold public hearings into Whitewater while top Clinton adviser George Stephanopoulos became the latest White House official subpoenaed to testify before the grand jury probing the controversy.

"It's a great victory," leading Whitewater critic Sen. Alfonse D'Amato (R-N.Y.) said. "The Democrats were afraid of the political cost of continuing to stonewall."

Senate Majority Leader George Mitchell (D-Maine) and GOP Leader Bob Dole of Kansas jointly put forward the resolution that calls for them to "meet to determine the appropriate timetable, procedures and format" for public hearings.

The resolution also requires that the hearings be "structured and sequenced" so as not to interfere with Whitewater special prosecutor Robert Fiske's probe. It also specifies that no witnesses will receive immunity.

Among other questions, the special counsel is investigating possibly improper contacts between White House and Treasury officials about supposedly independent probes into a failed Arkansas savings and loan tied to the Clintons.

The Senate hearings are expected to cover the same question of possible White House abuse of power. House GOP lawmakers also have been pressing for hearings. And Fiske again visited Capitol Hill yesterday to express his concern that hearings could impede his investigation.

Although seemingly a GOP victory, there have been suggestions that Democrats, recognizing that hearings were inevitable, are seeking to get them out of the way as soon as possible.

Seemingly behind the curve, Clinton was trying to belittle the hearings yesterday by pointing out their cost to taxpayers. The President ruefully noted that Congress spent thousands in the early 1930s investigating why the White House bought a $60 mirror.

In a statement issued yesterday, Stephanopoulos said, "I welcome the opportunity to give Mr. Fiske the facts."

His subpoena came on the same day that two other White House officials, departing presidential counsel Bernard Nussbaum and deputy chief of staff Harold Ickes, appeared before the panel.

Three of the original 10 subpoenaed administration officials testified last week. It was not clear last night whether previous testimony or documents that Stephanopoulos turned over to the grand jury led to the subpoena.

White House chief of staff Mack McLarty, who publicly has said he was aware of the meetings, also is expected to be subpoenaed.



FORMER WHITE HOUSE counsel Bernard Nussbaum arrives for yesterday's grand jury session in Washington.

Solarz out as Clinton choice for India post

By TIMOTHY CLIFFORD
Daily News Washington Bureau Chief

WASHINGTON — Former Brooklyn Rep. Stephen Solarz blamed the fallout from the Whitewater controversy last night for the decision to withdraw his name for ambassador to India.

"Given the climate that currently exists — the way innocent meetings in the White House get blown up into major scandals," Solarz said, "I didn't want to add to the President's burden by putting him in a position where he would have to devote time and energy to defending me."

Solarz, who recently was cleared in an FBI investigation into his ties with a Hong Kong businessman, met Wednesday with Vice President Gore the White House for just over a half-hour before reaching the "mutual decision." The White House made the announcement last night without giving any reason.

"Let's just say we reached a mutual decision under the circumstances that it would be wise not to go forward," Solarz said. "Personally, I have no doubt that I would have been confirmed."

Instead of the ambassadorship, the veteran member of the House Foreign Affairs Committee was asked to become a special envoy to the Sudan — an offer he is considering.

President Clinton offered the India ambassadorship after the Brooklyn Democrat lost his 1992 bid for reelection. Not only had his district been redrawn, but Solarz was involved in the House check-cashing scandal.



Stephen Solarz

But his relationship with a Hong Kong businessman led to a six-month FBI investigation that eventually cleared him of any wrongdoing. Solarz had been trying to upgrade the reported monster's U.S. visa before learning about his criminal record.

"I had no way of knowing this," Solarz said. "I immediately terminated our relationship with him."

Sen. Daniel Patrick Moynihan (D-N.Y.), a former ambassador to India, has led the criticism of the administration for failing to fill the post. It was not known last night whether the White House had a replacement under consideration.

"It's been very painful," Solarz said. "I considered this a significant challenge, and I think I could have done it well."

Reagan contra-dicts Ollie

RICHMOND, Va. — Former President Ronald Reagan said yesterday that he was "getting pretty steamed" over what he said were false statements by Republican candidate Oliver North in the Virginia Senate race.

Reagan's comments came in a letter to former Nevada Sen. Paul Laxalt, who supports the former Marine's GOP opponent. Former Reagan budget chief James Miller 3d.

"I never instructed him (North) or anyone in my administration to mislead Congress on Iran-Contra matters," Reagan wrote Wednesday. "I certainly did not know anything about the Iran-Contra diversion. And, the private meetings he said he had with me just didn't happen."

North said he had sent Reagan a letter saying he had never suggested Reagan told him to do anything improper. But he did write that he believed orders "by those superior to me who reported directly to you, and I had every reason to believe at the time that they had your authority as well."

The Associated Press

Senate Probe Is On

But no date for hearings on Whitewater

By Martin Kasindorf

Washington — After weeks of partisan clashes, the Senate yesterday appeared poised to start a Whitewater investigation of the Arkansas affair.

The event is not scheduled on an immediate basis by a unanimous vote as of 8 p.m. and the hearings could be months away. They did not materialize, and the investigation, being conducted by special counsel Robert Fiske

Mr. Whitewater, one of White House adviser George Stephanopoulos' wife engineered a capital [illegible] Whitewater good [illegible]

[illegible] the opportunity to give Mr. Fiske the facts." Stephanopoulos said in a statement released by the White House.

The resolution, arising from a compromise reached in days negotiations between Majority Leader George Mitchell (D-Maine) and Minority Leader Bob Dole (R-Kan.), said that the [illegible] could [illegible] the Committee for the hearings.

Though the day, as floor debate ended on a meeting with Fiske, congressional Republicans carefully pressed their demand for Capitol Hill hearings on Arkansas business dealings involving President Bill Clinton and First Lady Hillary Rodham Clinton.

House Republicans led by Rep. Jim Leach (R-Iowa), continued to demand a Banking Committee examination of Whitewater next Thursday. Faced with refusals by Committee Chairman Henry Gonzalez (D-Texas), House Minority Leader Bob Michel (R-Ill.) said he planned a parliamentary maneuver next week for a politically sensitive roll call on the question.

House Democratic solidarity had been broken earlier this week, as Rep. Lee Hamilton (D-Ind.) endorsed hearings and Rep. Dan Rostenkowski (D-Ill.) reluctantly termed hearings "inevitable." But Rostenkowski backtracked yesterday, issuing a written statement that such a probe would be "a serious mistake" impeding Fiske's grand jury investigation.

Sen. Alfonse D'Amato (R-N.Y.) contended at a breakfast with reporters yesterday that [illegible]

Please see WHITEWATER on Page 53



The outgoing White House counsel Bernard Nussbaum talks with reporters after testifying yesterday

An Incident in Belfast

[illegible]

Washington — President Bill Clinton seemed startled yesterday when Rep. Peter King cut in on a conversation the president was having with Joe Henderson, a spokesman for Britain's parliament.

"Mr. President, you have no idea how much trouble this man has been," the Stratford Republican said he told Clinton during a St. Patrick's Day lunch on Capitol Hill. "Thirteen years ago he saved Al D'Amato's life!"

Prompted, Clinton listened as King sent he remembered the tale. It seems that early one morning back in December, 1980, King and D'Amato joined Henderson on an all-expenses-paid trip to Belfast where in wolfhound-green morning-looking Lavabots.

Things got heated when D'Amato refused to talk to the men. And [illegible] as King tells it — New York's junior senator wrested a serious thrashing or worse by escaping through a side door as Henderson distracted the toughs and called in his own security detail.

"Just think," King told Clinton, "if Joe had not been there, you wouldn't have all of your problems today."

"It's true. It's true," Henderson chimed in, amid the laughter.

After what King said was a significant pause, a smiling Clinton shot back. "Given for you. You did the right thing."

But, King said, "It seemed that the president had to give it some thought." — Charles V. Zehren

House to Consider Pesticide Bill

By Dan Fagin

Citing studies that link some pesticides to breast cancer, an influential member of Congress today will introduce a bill to screen all pesticides to see if they mimic the hormone estrogen, and to restrict bug- and weed-killers that are shown to have significant hormonal effects.

The breast cancer provisions are major components of a broad pesticide reform bill to be introduced today by Rep. Henry Waxman (D-Calif.), who chairs the House Subcommittee on Health and the Environment.

Waxman's legislation would ban within five years all pesticides that the government now are probably possible of causing cancer or other "high hazard" health problems, no matter how remote the risk.

That's a tougher line than is being taken by the administration, which next week is expected to unveil a bill that would allow continued use of pesticides that pose only a "negligible risk" of cancer or other major health problems.

Waxman said he added the breast cancer language to his food-safety bill because of the mounting scientific evidence that exposure to certain pesticides and other environmental chemicals may be an important factor in a dramatic three-decade increase in the incidence of breast cancer.

He held a hearing in October on the response to a series of articles in Newsday. The series contained the growing evidence of suspect chemicals and disclosed that that the U.S. Environmental Protection Agency does not know which pesticides pose a potential breast cancer risk through hormonal effects.

"I was personally alarmed at what I heard at the hearing. It is very troubling to me that we have so little information," Waxman said yesterday. "We know enough now to think that the EPA should start testing pesticides for this estrogenic effect."

The government's chief pesticide official said yesterday that she would withhold comment until she had time to look at Waxman's bill. But Deputy EPA Administrator Lynn Goldman said, "We are very concerned as an administration that the law has come to look at serious reform of our pesticide laws."

Waxman's bill encompasses the first year in what is expected to be an extended fight over the nation's pesticide policy, thrown into disarray last year when a federal court ruled that the government must strictly enforce the Delaney Clause of the Food, Drug and Cosmetic Act. The clause bans from processed foods even tiny amounts of pesticides or other additives shown to "induce cancer in man or animal."

Waxman and health allies want to expand Delaney-style restrictions to cover all pesticides on treated food. But the Clinton administration instead wants to impose a health-based standard that would allow the sale of pesticide-treated foods that pose "reasonable certainty of no harm," and could allow hazardous pesticides to be sold as long as the health risk is "negligible."

Farmers and the chemical industry, meanwhile, want to expand the government's obligation to consider economic factors — such as high food prices and job losses — in determining whether a pesticide should be restricted.

NEWSDAY, FRIDAY, MARCH 18, 1994



AP Photo

Presidential adviser Harold Ickes, who testified yesterday before the Whitewater grand jury

Senate OKs Hearings On Whitewater

WHITEWATER (Page 7

Treasury Department officials violated the 1960 thrift-fraud law by telling White House officials that the government was preparing further criminal investigation of a failed Arkansas savings and loan whose owner had business ties with the Clintons.

White House counsel Bernard Nussbaum, who resigned and will leave office April 5 over attending those Whitewater discussions with Treasury officials, yesterday's came the fourth White House aide to testify under oath before one of Fiske's two grand juries.

Deputy White House chief of staff Harold Ickes followed Nussbaum with appearances this week by senior presidential counselor Bruce Lindsey and two current and former Treasury officials.

Nussbaum spent four hours in the Washington federal courthouse, telling reporters after words: "I have responded to every question they asked me." Nussbaum added: "We have nothing to be ashamed of." And a source said he and his office had acted "well within our bounds" regarding the meetings.

Dole was waiting nonetheless to leave Whitewater to Fiske, calling on the Senate floor, "I understand Mr. Nussbaum and Mr. Fiske are very close friends.

"Unless and unless he has a conflict, he ought to resign," Dole said. "Or he ought to go to the Congress." But he moved a step closer with a Republican-led Senate vote that is said to have spent "several thousand dollars" to probe Bobby Markham's purchase of a $40 foreign-made suit coat.

Meeting with Majority Whip Newt Gingrich (R-Ga.) and Leach, Fiske refused to change their views that Congress has a constitutionally independent oversight role in carrying hearings into the executive branch's handling of Whitewater.

"This is not a confrontational set of meetings," said Leach, who, in a later briefing, Fiske informed that no Whitewater evidence collected by House Banking Committee investigators.

Leach said it is "still up in the air" whether Gonzalez will go forward next Thursday with a regular legislative Trust Corp. oversight hearing. In any case, Gonzalez has said that none of the 10 Whitewater witnesses Leach wants to call will be "welcome" to congressional hearings. Mosbacher will seek a floor vote as early as Tuesday on a procedural motion putting the question of hearings before every House member.

Lars-Erik Nelson contributed to this story.

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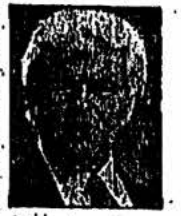
WASHINGTON IN BRIEF

Hike activism or step aside, Gingrich tells Republicans

By Ernie Freda
STAFF WRITER

Rep. Newt Gingrich of Georgia, the House Republican whip, is slated to move up to minority leader, the top GOP House post, next year on the retirement of Rep. **Bob Michel** of Illinois. (That is, of course, if Gingrich is re-elected himself.)

So, in rallying his troops to speak with one voice going into this fall's elections, he's warning them to embrace a more activist conservative program or make way for those who will.


Newt Gingrich

He's telling Republican House members that if they do not meet his challenge to become more activist, they could lose ranking positions or be denied new committee assignments.

Congressional Quarterly reported that Gingrich, in a private meeting, spelled out a statement of principles to be followed. The statement, still being revised, calls on Republicans to promote an activist agenda that offers GOP initiatives instead of mere alternatives to Democratic proposals.

Gingrich said that, if need be, he would give high-profile assignments to active freshmen over passive senior members. "If this works, we'll have a much more idea-oriented party that takes the initiative on issues," Gingrich was reported to have said. A similar move was attempted in December 1992 but ultimately failed.

"I don't think the ranking members should feel threatened; they should feel empowered," said Rep. **John Kasich** of Ohio, the top Republican on the Budget Committee.

NEW SPOKESMAN FOR BISHOP: Rep. **Sanford Bishop** (D-Ga.) has a new press secretary: **Tom Smith**, a former staff member in the House radio and TV gallery. Smith, 27, grew up in the Washington area, graduated from Loyola College in Baltimore and worked for CBS and ABC television before joining the House press staff. He also was press secretary for Sen. **Ben Nighthorse Campbell**'s successful Colorado campaign in 1992. Smith succeeds **Debra Elliott-Tenort**, who left to spend more time with her children.

ELSEWHERE

President Clinton, wearing green on St. Patrick's Day, accepted a large crystal bowl overflowing with shamrocks from Irish Prime Minister **Albert Reynolds**, who wore more shamrocks in his lapel. . . . The Senate Judiciary Committee recommended confirmation of **Jamie Gorelick** as deputy attorney general, **Deval Patrick** as assistant attorney general for civil rights, and **Rosemary Barkett** as judge on the 11th U.S. Circuit Court of Appeals.

SAY IT AGAIN

"I think the Iran-contra hearings, which he participated in, sort of blew up in our face." — Sen. **Donald Riegle** (D-Mich.) on the call by Rep. **Lee Hamilton** (D-Ind.) for Whitewater hearings in Congress.

"I want to urge my Republican friends in Washington, and those Democrats who are participating, to get off his back and let him be president. . . . I just think it's time to let the president be president and stop nitpicking on a thing called Whitewater or White River. They tell me it's a good fishing place. That's about the only thing good I've heard about it." — **Barry Goldwater**, former GOP senator and presidential candidate.

— From staff, news services and published reports
Contributing: Mike Christensen

Treasury's Hanson should be fired, D'Amato says

By Greg Gordon
Washington Bureau Correspondent

Washington, D.C.
Sen. Alfonse D'Amato, R-N.Y., said Thursday that Minnesota native Jean Hanson, the Treasury Department's top lawyer, should be fired for "improper conduct" for briefing White House officials on a federal investigation touching on the president.

"I think Jean Hanson should be fired," said D'Amato, the most vocal member of the GOP team that has been hammering the administration daily over the Whitewater controversy. "She allowed meetings to take place that she had to know were improper. . . . It was clearly improper conduct . . . clearly an abuse of power. She absolutely should go."

A spokeswoman for the Treasury Department, where Hanson is general counsel, declined to respond to D'Amato's comments but released recent statements in which Secretary Lloyd Bentsen expressed his "every confidence" in the agency officials involved.

Hanson's lawyer, Harvey Pitt, could not be reached.

Hanson grew up in Rochester, Minn., and graduated with honors from the University of Minnesota Law School.

Recent disclosure of the briefings created an uproar in Washington and led the special counsel investigating the Whitewater affair to subpoena grand jury testimony from 10 White

Hanson continued on page 18A

Hanson Continued from page 7A

House and Treasury officials. Bentsen also asked the independent Office of Government Ethics to review the matter to determine whether any improprieties were involved.

D'Amato said the briefings and other recent disclosures about the administration's handling of inquiries into the Madison Guaranty Savings and Loan suggest that a central issue of the Whitewater controversy is now whether the Clintons or their aides engaged in an "abuse of power" to maintain political damage.

During the first briefing on Sept. 29, Hanson told White House Counsel Bernard Nussbaum that the Resolution Trust Corp. (RTC) was seeking a criminal investigation into the Arkansas S&L, which was run by the Clintons' former partner in the Whitewater real estate venture.

She told Nussbaum that the agency was not seeking an investigation of the Clintons, but noted in its referral to the Justice Department that they may have benefited from illegal actions at Madison.

In the second briefing, on Oct. 8, Hanson joined several officials in Nussbaum's office to discuss how to handle media inquiries about the criminal referral.

At the third briefing early last month, she and Deputy Treasury Secretary Roger Altman, the acting head of the RTC, briefed White House aides that the agency was considering filing a civil suit against Hillary Rodham Clinton's former Little Rock law firm, which represented Madison in 1985 and 1986. Hillary Clinton was among lawyers who handled the account.

D'Amato, at a breakfast meeting with reporters, said that "a little birdie" suggested that he ask Altman about the briefings before Altman appeared before the Senate Banking Committee Feb. 22. D'Amato said he alerted Altman the night before that he would be asking the question, but that Hanson sat beside Altman without volunteering information about the other two briefings when the subject came up.

"I find it hard to believe she didn't tell him after that meeting broke up," D'Amato said.

D'Amato, who has been free with his allegations while stoking the controversy, also leveled a new charge in Hanson's direction. He pointed to a story in Wednesday's New York Times that the top Midwest enforcement official for the department's Office of Thrift Supervision (OTS) was barred from opening a separate investigation of Madison Guaranty.

"I wouldn't be a bit surprised if you find Jean Hanson once again as the person who advised against proceeding and kept the independent agency from doing what it should have been doing," D'Amato said. "That's obstruction once again."

But Treasury Department spokeswoman Michelle Smith said that "no one at Treasury" was consulted before OTS officials in Washington rejected the request.



Mike Royko

Whitewater almost too far Out There

You probably don't realize it, but most of us live in a place called "Out There."

The land of Out There is huge. It sprawls from the warm tip of Florida to the frigid Canadian border, and from New York to Los Angeles.

In fact, it includes everything in this country except Washington, D.C., and the surrounding suburbs where the politicians, federal bureaucrats and news people make their homes.

This much tinier community of Washington is known as "Here."

I've become aware of this geographic distinction by watching the various Washington-based TV shows that feature big-time news pundits who discuss the great issues of the day.

On most of these shows, one of the pundits will say: "Is this something that they care about *out there* or is it something that only we care about *here*."

The idea is that if the people who live Out There don't care, then the issue might be less important than those who live Here realize.

An example is the Whitewater affair, which has just about everybody of importance in Washington in a tizzy.

But when Whitewater is discussed on TV, the question is still asked: Does anyone Out There really care?

As a lifelong resident of Out There, I think I can answer that question: Yes, no, maybe and who knows?

Most of us who live here, which means Out There, are not as obsessed by the Whitewater affair as those who live there, which means Here.

For one thing, most of us Out There don't understand what it is all about. We are waiting for those who live Here to explain it to us.

But that's a problem because those who live Here, which means there, don't seem to understand it too well, either.

As far as I can tell, there is a suspicion that back in their Arkansas days, the Clintons did something unethical and now they are trying to cover it up.

But what they did isn't clear, except that they invested in a bum real estate deal in Arkansas with a banker-friend who turned out to be wild and crazy with other people's money. He is no longer the Clintons' friend and has become kind of a seedy local kook. That's life in the fast lane.

There are also questions about lawyer Hillary serving on boards of big corporations that gave money to her husband's political campaigns, handling legal matters that put her on both sides of the fence and maybe fudging on income tax.

So how do most of us Out There, which means just about everywhere, feel about this?

Well, in Chicago, which is part of Out There, most people are less concerned with this issue than they are over the question of whether Michael Jordan should keep trying to hit a baseball, or come back and rescue the Bulls from total collapse.

They are also concerned about their schools, children, cars, paychecks and mortgage payments; cholesterol level, sodium intake and pains in their joints, chest, and sinuses; the arrogant bully who is their boss and whether they should splurge on a new set of heel-toe weighted irons.

It's not that they are indifferent to the great issues of the day that send the McGoofy Group into a tizzy. But most people lead normal lives, which means that they don't hang on every word uttered at every Washington press conference. While C-SPAN has a devoted following, it can't compete with Oprah or even Geraldo.

Then there is the shock factor. And so far Whitewater doesn't have it.

Most people Out There know that Clinton is a lawyer and has spent most of his adult life in politics. Hillary was a big-time corporate lawyer and political wife in Arkansas.

Is anyone going to gasp and collapse at the thought that a pair of successful lawyer-politicians might have engaged in practices that were—eek—unethical? Of course not. It is assumed that politicians and lawyers are capable of being unethical, or why would they embarrass themselves and their loved ones by taking up these trades?

If anyone ran for office by saying, "I have never done anything unethical, dishonest, or fibbed in my whole life, and I never will, honest to goodness, cross my heart and hope to die," he would immediately be branded a shameless liar and a fraud and would suffer a crushing defeat.

No, most of us who live Out There have become almost shockproof. A new serial killer has trouble crashing the front page, so who gets bug-eyed about details of a failed real estate development on an Arkansas trout stream?

During his campaign, it came out that Clinton had been a draft-dodger and quite possibly was a chronic bed-hopper. That was so shocking that he was elected president of the United States.

Since the election, his old Arkansas bodyguards have told lurid stories of Clinton sneaking out of the governor's mansion for late-night hanky-panky in, among other places, school parking lots.

And that was met by a national yawn.

So why should anyone expect the great population Out There to be excited over murky ethical, legal and financial questions that most lawyers and CPAs would have trouble understanding?

I've said it before and I'll say it again: What Washington needs is its own baseball team. It would give the McGoofy Group something to think about.

CHICAGO TRIBUNE
MARCH 1994

Clinton fails to find respite from furor over Whitewater

By GEORGE E. COMPTON Jr.
Copley News Service

WASHINGTON — Like Andrew Johnson, Lyndon Johnson, Richard Nixon and other embattled presidents before him, President Clinton this week did what they do when they get in trouble: He hit the road.

Hoping to leave his problems inside the Washington Beltway and let some warm applause wash over him, the president presided over an international jobs conference in Detroit and bashed Republicans in Boston on Sunday and Monday, then mingled with voters in New Hampshire and welcomed back troops in New York on Tuesday.

He got the cheers he sought. But despite all the snappy salutes and words of encouragement, Clinton never found respite from the Whitewater woes that so clearly have him rattled.

Even with average Americans in those cities repeatedly telling reporters of their annoyance with what the president has called a Whitewater "frenzy," the hammering away at Clinton's standing continued unabated.

ANALYSIS

Twice in recent days, the strain has shown. Saturday, Clinton lost his temper when pressed by reporters from the Washington bureau of Knight-Ridder Newspapers. Described as "visibly agitated and eyes bulging," the president "wagged his finger in admonishment" at them. At another time in the interview, his face "reddened in anger" and "his jaw clenched" as he abruptly ended the session and stood behind his desk until the offending reporters were ushered out.

Another show of anger came the next night when he presided over a Democratic Party fund-raiser in Boston and began pounding the lectern, accusing Republicans of unfairly opposing all his initiatives.

That a three-day trip to four states did not erase his problems was, of course, no sur-

See Clinton on Page A-19

Clinton

Furor over Whitewater obviously takes a toll

Continued from A-1

prise. That pattern was set as far back as August 1866 when President Johnson, frustrated by congressional opposition to his post-Civil War reconstruction plans, took his "swing around the circle" — a three-week, nine-state trip that was the first such attempt by any president to take his case directly to the people.

The press was shocked at the idea. Poet James Russell Lowell wrote afterward that Johnson would forever be "indignantly remembered as the first, and we trust the last, of our chief magistrates who believed in the brutality of the people and gave to the White House the ill-savor of a corner grocery."

Lowell, of course, was wrong. Every president in trouble seeks to escape. Lyndon Johnson sought friendly audiences on military bases; Nixon went overseas, where his mastery of foreign policy was appreciated. Now Clinton returns to New Hampshire, site of his first Lazarus-like recovery from seemingly fatal political wounds.

"It is déjà vu all over again," said Democratic consultant Joe Trippi.

"It's not unusual, is it? We've seen this before," added veteran Republican strategist Lyn Nofziger. "You get the president out of the eye of the hurricane."

Nofziger said the effect of such trips is to "make the president feel better and to kid yourself into thinking that you're kidding the public that everything is going normally."

Thomas Mann, an expert on politics at the Brookings Institution, said the desire to leave Washington is natural. "If you were president, wouldn't you want to get away from the Washington press screaming about Whitewater?" Mann said.

He said Clinton, particularly in New Hampshire, "seemed liberated," adding, "The hot-house atmosphere they're living in now must be suffocating."

Brushing aside GOP attacks, Clinton clearly was refreshed by the trip, which provided him a rare chance to wear all his presidential hats. He was the foreign policy leader in Detroit, the party leader in Boston, the people-oriented politician in New Hampshire, and the commander in chief at Fort Drum, N.Y.

"This is the way public life ought to be conducted," he said with obvious relish in New Hampshire. Distastefully, he contrasted it with "the tenor and tone of the political discussion in Washington."

For at least a brief period, said Nofziger, "they were able to change the subject." But Trippi said that period was painfully brief.

"The problem was that no matter where he went, something happened in Washington that took the

"If you were president, wouldn't you want to get away from the Washington press screaming about Whitewater?"

THOMAS MANN
Brookings Institution

message away from him," he said, citing the resignation Monday of Webster Hubbell, a Clinton confidant who was second in command at the Justice Department.

"Things are clearly spiraling out of his control," said Trippi. "You would have thought there would have been some control to hold the Hubbell announcement for a day. Both Clinton and the first lady were performing well that day . . . and all of a sudden one of their best friends resigns and puts the focus right back on Whitewater. It's really perplexing."

No Watergate comparison, yet



CARL P. LEUBSDORF

Twenty years ago, life in Washington was a lot quieter than today.

True, the 1960s and early 1970s were tumultuous times, with the assassination of John F. Kennedy, the Vietnam war, the civil rights demonstrations and the antiwar protests.

But the climate in this city was far less contentious and the affairs of state were carried on at a far lower decibel level than in these days of instant news and incessant analysis.

All of that began to change when the Watergate scandal erupted as a full-blown story, about nine months after the bungled June 1972 break-in at the Democratic National Committee's Watergate headquarters.

That was largely because of the sensational nature of the disclosures that began to emerge about the efforts of Richard Nixon's highest aides to contain the investigation of the events surrounding the break-in.

Then came the Senate Watergate Committee's nationally televised hearings. That was before the days when C-Span and CNN made live coverage of congressional and presidential events a routine occurrence. The capital became fixated on the unfolding scandal.

By the time it was over, the scandal had not only forced the first presidential resignation in history, but had claimed two attorneys general, the two most important White House aides, the acting director of the FBI, the chairman and finance chairman of the president's re-election campaign and an array of lesser White House and campaign officials.

A president resisted giving a special prosecutor the tapes he had made of White House conversations until forced to by the Supreme Court.

And in an unrelated matter, the vice president was forced to resign because of charges he had failed to pay taxes on payoffs taken in office.

On the surface, there are some similarities to the Whitewater problem that seems some days to be enveloping Bill Clinton's 1994 White House.

Just as the initial Watergate disclosures came from a newspaper that was highly critical of Mr. Nixon, so too are many Whitewater disclosures coming from newspapers highly critical of Mr. Clinton — the *Washington Times*, the *New York Post* and the editorial page of the *Wall Street Journal*.

What initially appeared to be a small problem — a 15-year-old real estate investment gone bad — is turning into a bigger problem.

When trouble began, a White House apparently spent months trying in one form or another to put a lid on things. As the investigation got going, documents have been shredded, the relevance of which remains unknown. The president has taken to television to proclaim his innocence. And he has blamed the press for much of his troubles.

Some government officials become enmeshed in activities that raise ethical questions — and perhaps legal ones. A White House counsel was an early victim of the turmoil. And rumors have started to circulate about the principals that cast a far more ominous note about some of the events involved in the matter.

But it takes far less these days to set off a national controversy than it did 20 years ago.

Though Watergate began with an identifiable criminal event — the break-in — and a string of sensational disclosures in the *Washington Post*, it took months for the issue to reach the headlines and the top of the network television news shows.

But the first 14 months of the Clinton administration have been replete with firestorms on what many regard as peripheral issues — the firing of the White House travel office, the president's expensive haircut, the revival of questions by the Arkansas state troopers about his alleged womanizing.

Ironically, on the morning Washington was consumed with the latter story, the *Washington Times* reported that White House Counsel Bernard Nussbaum had removed Whitewater-related papers from the office of the late Deputy Counsel Vincent Foster. That disclosure led to the appointment of Special Counsel Robert Fiske Jr.

But Whitewater really became a crisis for the Clinton White House with the disclosure that Deputy Treasury Secretary Roger Altman had briefed White House officials about a pending deadline in the inquiry into a failed Arkansas thrift with ties to Whitewater.

That and the other two meetings that were subsequently uncovered have been deemed to have been at least inadvisable and perhaps improper. But it's not clear yet that any laws were broken. Furthermore, there has not been evidence that the officials who were briefed on the pending inquiry did anything to stop it. Once a special counsel took charge of the investigation, it became unlikely they would be able to do so.

But one lesson of Watergate was that the reality of what was ultimately exposed went far beyond what might have been imagined at the outset. So one can't assume that anything is too absurd to have actually happened.

Another lesson was that, once the investigations began in earnest, it was inevitable that any examples of high-level wrongdoing would be exposed.

That is likely to be true this time, whether the wrongdoing remains confined to the White House counsel and a deputy treasury secretary or it proves to involve a higher-ranking cast of characters.

Carl P. Leubsdorf is Washington Bureau chief of The Dallas Morning News.

Dallas Morning News 3/17

Hearing

• Continued from Page 1A

based at Little Rock.

Democrats have opposed GOP calls for congressional hearings on Whitewater, saying such an inquiry would interfere with Fiske's investigation. Fiske, a Republican, also opposes congressional hearings.

Rostenkowski said hearings will occur despite Democratic opposition.

An aide emphasized that Rostenkowski does not favor hearings.

"He's just making a prediction," the aide said.

Rostenkowski, who survived a tough Democratic primary race Tuesday, said he was not sure whether congressional hearings would be productive or a "circus."

"I really believe that the American people are tired of all this," he said. "That's one of the reasons why I got such a majority. They want us to govern."

Republicans want to call 40 Arkansans, White House aides and others to testify at next week's House Banking committee hearing. Democrats have blocked that request.

Fiske has said he wouldn't object to an inquiry into possible White House interference in the case if the hearings were held after he finishes that phase of his investigation. But Foley said the special counsel is concerned that the hearings would be used to back into a broader Whitewater inquiry.

"We ought to be talking about job creation," said Sen. Jim Sasser, D-Tenn. "We ought to be talking about health-care reform and a whole host of other issues rather than running down this rabbit track called Whitewater."

Meanwhile, some mayors leaving a meeting with Clinton were asked about Whitewater.

"I think the public back home is numb with Lorena Bobbitt, Michael Jackson and Whitewater," said Hal Conklin, mayor of Santa Barbara, Calif.

Congressional Republicans have offered to delay hearings until Fiske has first crack at key witnesses. They have said they would not offer witnesses immunity, in order to avoid jeopardizing any convictions Fiske might seek.

The two GOP members of the Arkansas congressional delegation, Reps. Jay Dickey and Tim Hutchinson, are among a minority of Republicans who oppose special congressional hearings into the Whitewater affair.

The Associated Press contributed to this story.

Examining Whitewater 'inevitable'

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Rep. Dan Rostenkowski, D-Ill., predicted Wednesday that congressional hearings will be held on the Whitewater Development Corp. affair.

The influential House Ways and Means Committee chairman described such hearings as "inevitable." He said, however, he was "not enthusiastic" about a congressional inquiry.

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House Speaker Tom Foley, D-Wash., and Senate Majority Leader George Mitchell, D-Maine, maintained their opposition to Whitewater hearings after comments by Rostenkowski and Rep. Lee Hamilton, D-Ind.

Hamilton, House Foreign Affairs Committee chairman, said Tuesday congressional hearings should be an option.

"One possibility for getting this information out would be through congressional hearings," Hamilton said in a written statement.

A March 24 House Banking, Housing and Urban Affairs Committee hearing will review the work of the Resolution Trust Corp. Republicans want to use that hearing to ask questions related to Whitewater and Madison Guaranty Savings & Loan Association.

President Clinton and first lady Hillary Rodham Clinton once were partners with James and Susan McDougal in Whitewater, a 230-acre real estate venture along the White River in Marion County. James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least $47 million.

Allegations that money belonging to Madison depositors was illegally transferred to Whitewater are being investigated by special counsel Robert Fiske Jr. His investigation is

See HEARINGS, Page 12A

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No Hubbe l comp a nt on e

Ethics committee has no word from Rose firm

BY NOEL OMAN
Democrat-Gazette Capitol Bureau

James Neal has lost count of the number of telephone calls he has received from reporters this week.

For the past 4½ years, Neal has labored in relative obscurity as executive director of the state Supreme Court Committee on Professional Conduct. But now reporters from across the country are wondering if an ethics complaint has been filed against Associate Attorney General Webb Hubbell by his former colleagues at Little Rock's Rose Law Firm.

As of Wednesday night, the answer was "no."

Hubbell announced Monday that he will soon be leaving his job as the No. 3 official at the Department of Justice to devote time to settling a dispute over billings and expenses at the Rose firm. Hubbell was a Rose partner before resigning in January 1993 to accompany President Clinton to Washington.

Sources say the firm's partners tentatively have decided to file a complaint against Hubbell. Joining the partners in Little Rock this week are several members of a Houston law firm that Rose has retained to help in the dispute.

Also, Robert Fiske Jr., the special counsel investigating Clinton's real estate dealings in Arkansas, is considering whether to examine Hubbell's billing practices, *The New York Times* quoted law-enforcement and congressional officials as saying on Wednesday.

Neal, a former Pulaski County deputy prosecuting attorney, said he has no qualms answering general questions about the committee's operations. But, citing confidentiality requirements, he refused to discuss specific cases.

The committee of five lawyers and two other people appointed by the Supreme Court is charged with investigating ethics complaints against the almost 6,700 lawyers licensed to practice in Arkansas. Punishment can range from a mild warning, which remains private, to disbarment.

The chairman of the seven-member committee is Richard Reid of Blytheville, a partner in a law firm founded by his father, Max Reid, in 1923. Like Neal, Reid refused to comment directly on the possibility of considering a complaint against Hubbell.

"There are 7,000 lawyers in this state," Reid said. "If anyone files a complaint against

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Hubbell

• Continued from Page 1A

this young man or anyone else, we'll consider it. We consider them all. We're a hard-working committee."

Other members of the committee are Bart Virden of Morrilton, Ken Reeves of Harrison, Carlton Bailey of Fayetteville and Alan Humphries of Pine Bluff, all lawyers; and Sue Winter and Wilma Diner, both of Little Rock, the committee's non-lawyer representatives.

Although hundreds of complaints are received by the committee's staff each year, most are found not to be a violation of the state's Model Rules of Professional Conduct. Neal and his staff decide on an average of 136 formal complaints each year to be heard by the committee.

The time it takes for a complaint to be filed and for the committee to render a decision varies widely, Neal said. A complaint can be adjudicated in as few as six weeks or might take as long as 18 months, he said.

When Neal draws up a formal complaint for committee consideration, it is sent by certified mail to the lawyer named in the complaint. The lawyer has 20 days to respond in writing and must send copies of the response to the staff the seven is allowed for the complainant to rebut the lawyer's response.

Committee members consider complaints individually. They then send ballots to the committee staff, which determines what the majority of the committee has decided.

Hubbell, a former Little Rock mayor and Supreme Court chief justice, reportedly is involved in a dispute involving hundreds of thousands of dollars.

The committee has six options — dismiss the complaint outright, issue a nonpublic warning, issue a public caution that finds no actual violation, issue a public reprimand that finds a violation, seek to suspend the lawyer's license for no more than one year or go to a circuit court to disbar a lawyer.

A disbarment proceeding against Rep. Jimmie Wilson of Lakeview is pending. Oral arguments on the disbarment are scheduled Monday before the Supreme Court.

Once the committee reaches a decision, a censured lawyer may seek a public hearing before the full committee.

During the years, 21 Arkansas lawyers either have the face of possible disbarment or have been disbarred, Neal said. He said most formal complaints the committee hears result in some form of censure.

The committee has received little attention in the past. In the early 1980s, though, the Supreme Court stopped a movement by the Arkansas Bar Association to have the committee hold its disciplinary hearings behind closed doors. The court added the two lay representatives in an attempt to increase public exposure.

Hubbell, a former Little Rock mayor and Supreme Court chief justice, reportedly is involved in a dispute involving hundreds of thousands of dollars. He said neither his resignation nor the Rose investigation are related to the controversy surrounding the Whitewater Development Corp. and Madison Guaranty Savings & Loan Association.

A 10 month internal Rose inquiry found that Hubbell provided little or no documentation for a number of expenses charged to the firm and its clients from 1988-92. Hubbell has denied any wrongdoing.

Hubbell, Hillary Clinton and two other Rose partners joined the administration last year. The other two partners were William Kennedy, an associate White House counsel, and Vincent Foster, the deputy White House counsel. Foster committ bility that Fiske may open a criminal inquiry into Hubbell's billings surfaced on Wednesday at a hearing on the appointment of Jamie Gorelick to take over the No. 2 job in the Justice Department, *The New York Times* said. At the hearing, Sen. Charles Grassley, R-Iowa, said he had discussed the issue with the FBI last week.

Grassley questioned whether federal investigators should examine the overbilling accusations.

Law-enforcement officials said Grassley's complaint to the FBI was referred to Fiske, who is now reviewing whether there are sufficient grounds to pursue a criminal inquiry and whether he could investigate the issue under his charter, which gives him a broad mandate to investigate possible wrongdoing involving Madison. These officials said they expected a decision in a few days.

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Reporter casts Whitewater line; Clinton throws it back

Washington Journal contains analysis and commentary by members of the Democrat-Gazette Washington bureau.

BY RANDY LILLESTON

WASHINGTON — The unbelievable almost happened Wednesday at the White House.

President Clinton almost got through a news conference without being asked about the Whitewater Development Corp. affair.

Clinton held a brief news conference Wednesday with Israeli Prime Minister Yitzhak Rabin. Ostensibly, such news conferences are held to give world leaders the chance to give their views on various issues.

In reality, that often doesn't happen.

Instead, the president gets asked about the news of the day because such news conferences provide the only opportunity for such questions.

In the past few weeks, Clinton has fretted out several world leaders, who stood calmly at an adjacent podium while the president answered questions about Whitewater.

Last week, Eduard Shevardnadze, head of the former Soviet republic of Georgia, came to the White House. He waited patiently as Clinton faced a barrage of questions about Whitewater. Georgian reporters occasionally asked foreign-policy questions, but those questions were overshadowed by the other news.

Shevardnadze tried to look statesmanlike during the ordeal, but one had to wonder what he was thinking.

Capitol journal

On Wednesday, the Clinton administration almost got its wish. Clinton and Rabin gave their views on a variety of topics. Rabin got to talk about the Israeli-occupied West Bank and the prospects for peace there. Clinton got to express U.S. hopes that Palestinians and Israelis would resume peace negotiations.

Then came a single question about Whitewater. It was a simple one: Was an accountant's report about Whitewater that came out during Clinton's 1992 presidential campaign accurate? That report said the president and his wife lost $68,000 on their Whitewater investment.

Clinton chose not to answer the question.

"I don't have anything else to say about that right now," he said. "We are cooperating fully right now with the special [illegible] set. I wish you would let them do their work."

It later was revealed that Clinton's private attorney in Washington, who has been compiling Whitewater documents and analyzing the finances of the failed real estate investment, will recommend that the president and first lady pay additional income taxes and penalties.

The president may have looked upon the lack of Whitewater questions as a respite. It is unlikely to last. More administration officials will testify before a federal grand jury today in Washington. Next week, Whitewater is likely to come up in congressional hearings.

If the president brings a foreign leader before the media next week, that leader is likely to face an experience similar to what Shevardnadze

Kill satellite, save billions, Bumpers urges colleagues

BY TERRY LEMONS

WASHINGTON — Sen. Dale Bumpers, D-Ark., called Wednesday for the cancellation of a military communications satellite program that critics have labeled a "Cold War dinosaur."

Bumpers and four Senate co-sponsors introduced legislation that would kill the Milstar system. The move could save $25 billion, he said.

The satellite is designed to guarantee military communications, particularly during an extended nuclear war lasting several months.

The end of Cold War makes many of the system's capabilities "meaningless," Bumpers said. "It is a clear relic of the Cold War."

The first Milstar was launched in February — seven years behind schedule — and a second satellite is scheduled to lift off in 1995. Bumpers wants to cancel four additional satellites scheduled for launch by 2002.

He said relying on existing satellites is preferable to relying on "exotic projects" such as Milstar.

About $9 billion has been spent on Milstar, with another $10 billion to $12 billion expected in the next eight years, Bumpers said. The project's cost would total $25 billion when interest from the added national debt is included, Bumpers said.

Bumpers' bill does not specify how the savings would be used. He said he would be open to using the money for reducing the federal debt.

The satellite project is the latest high-technology project Bumpers has attacked. He has criticized other projects ranging from the space station to the superconducting supercollider.

Capitol notebook

* * *

Bumpers and Sen. David Pryor, D-Ark., voted Wednesday in favor of a plan limiting the size of lawsuits that can be filed against light-aircraft manufacturers.

The Senate voted 81-9 in favor of a plan that would limit product-liability lawsuits involving crashes of older, smaller airplanes.

Light-aircraft manufacturers have favored the lawsuit limitations for years, but they had been unable to overcome opposition from the legal community. Manufacturers said crash-related suits have crippled the nation's light-aircraft industry in recent decades.

The Senate proposal would prohibit product-liability lawsuits in crashes involving noncommercial aircraft at least 18 years old and designed for fewer than 20 people.

The proposal goes to the House for consideration. A plan by Rep. Dan Glickman, D-Kan., has 281 co-sponsors, including two of Arkansas' four House members.

House officials said Democratic Rep. Ray Thornton and Republican Rep. Tim Hutchinson are co-sponsors, while Rep. Jay Dickey, a Republican, and Rep. Blanche Lambert, a Democrat, aren't.

The proposal has been unable to clear the House Judiciary Committee. But House supporters may try forcing a vote in coming weeks.

Clintons expect to pay more tax

BY RANDY LILLESTON

WASHINGTON — President Clinton and the first lady, Hillary Rodham Clinton, expect to pay more income taxes on their investment in the Whitewater Development Corp., an administration official confirmed Wednesday.

The Cable News Network earlier had reported the Clintons would pay an unspecified amount of back taxes on the advice of David Kendall, their private Washington attorney. Administration aides said the couple claimed deductions too large for losses associated with Whitewater, a 230-acre real estate venture along the White River in Marion County.

Meanwhile, several administration officials are to testify today before a federal grand jury in Washington about meetings between federal regulators and White House employees on Madison Guaranty Savings & Loan Association. Madison was owned by James McDougal, the Clintons' partner in Whitewater.

A White House official said Bruce Lindsey, a senior adviser to the president, will not be among those facing the grand jury today. Lindsey, a former Little Rock lawyer, was one of six administration officials subpoenaed earlier this month by Robert Fiske Jr., the special counsel.

Harold Ickes, a deputy White House chief of staff, may be among those testifying today, sources said Wednesday.

The president had little to say Wednesday about the controversy. At a news conference with Israeli Prime Minister Yitzhak Rabin, Clinton was asked about a Whitewater financial report issued by his 1992 presidential campaign. That report said Clinton and his wife lost $68,000 on their investment.

"I don't have anything else to say about that right now," Clinton said when asked if the figure in the report was accurate.

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NEWSDAY, THURSDAY, MARCH 17, 1994

Party



Democrats Rostenskowski, left, and Hamilton foresee Whitewate hearings

What's

By Susan Page
WASHINGTON BUREAU

Washington — A failed real estate investment Bill and Hillary Clinton made 16 years ago in the Arkansas Ozarks has, to their dismay, suddenly overshadowed the president's agenda and become the dominant issue at the White House.

What's all the fuss about?

Much of the current furor stems not from the Clintons' partnership in the Whitewater Development Co. a decade ago but from their aides' recent efforts in Washington to manage the fallout from the case.

Initially, the Whitewater probe now being conducted by special counsel Robert Fiske Jr. centered on whether the Clintons benefited from an illegal diversion of funds to the real-estate partnership. The funds in question came from Madison Guaranty Savings & Loan, a failed Arkansas thrift whose principal owner was their Whitewater partner, James McDougal. Also in question was whether Madison funds were illegally diverted to help retire a debt from Clinton's 1984 gubernatorial campaign.

But the inquiry has broadened. With grand jury appearances scheduled today by administration officials and subpoenas that have forced administration aides to search their garbage and their computer files, the president finds himself with a full-scale political disaster on his hands.

What did the Clinton administration do that's so controversial?

Senior White House and Treasury Department officials held at least two meetings last fall and a third last month to discuss an investigation into Madison Guaranty by Resolution Trust Corp., the federal agency charged with the S&L cleanup.

On Sept. 29, Treasury General Counsel Jean Hanson gave White House Counsel Bernard Nussbaum early notice that the RTC planned to seek a Justice Department investigation into Madison Guaranty; the criminal referral would list the Clintons as potential beneficiaries of an illegal diversion of funds. Hanson has said she was seeking guidance from Nussbaum on how to respond to a grand jury inquiry.

The referral was made on Oct. 8.

A few days later, on Oct. 14, Nussbaum convened a meeting in his office of three senior Treasury officials — Hanson, press secretary Jack DeVore and Josh Steiner, chief of staff for Treasury Secretary Lloyd Bentsen — as well as White House Communications Director Mark Gearan and senior Clinton adviser Bruce Lindsey. Lindsey said they discussed how to respond to reporters' questions about the RTC case.

Then, on Feb. 2, Deputy Treasury Secretary Roger Altman, who is also acting chief of the RTC, came to the White House for another meeting. The session included Nussbaum, Deputy White House Chief of Staff Harold Ickes and Margaret Williams, Hillary Rodham Clinton's chief of staff. Altman said he gave the White House a "heads-up" briefing on RTC procedures.

Were those meetings wrong?

At the minimum, the meetings violated RTC regulations governing the confidentiality of criminal referrals. Under federal regulations and proce-

Split Over Hearings on Hill

By Martin Kasindorf
[illegible]

Washington — In the latest breach of Democratic unity on Whitewater, House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) said yesterday that the congressional hearings demanded by Republicans are "inevitable."

Rostenkowski, after crediting a Chicago visit by President Bill Clinton as "pivotal" to his Tuesday primary win, said on NBC that Whitewater hearings could become a "circus" and he was "not enthusiastic" about that. But he added: "I think the congressional hearings are going to be inevitable."

Vice President Al Gore told reporters, "I don't agree."

Another Democrat, Rep. Lee Hamilton of Indiana, said Tuesday that a congressional forum on Whitewater might be the best way to make the facts public "quickly and completely."

House Speaker Thomas Foley (D-Wash.) waved off Rostenkowski's remarks, saying, "I don't think we're there yet."

Senate Banking Committee Chairman Donald Riegle (D-Mich.) is hewing to the administration's position: That only Whitewater special counsel Robert Fiske should probe the Arkansas business dealings of the president and first lady Hillary Rodham Clinton.

Riegle appeared to squabble with Hamilton by noting that he was chairman of the House investigation of the Iran-contra scandal. "I think the Iran-contra hearings, which he participated in, sort of blew up in our face" when monumental testimony prevented independent prosecutor Lawrence Walsh from securing criminal convictions, Riegle said.

Republicans say they would not grant immunity for Whitewater testimony.

Fiske has said he could finish within weeks a phase of his investigation concerning private meetings on Whitewater between White House and Treasury officials. But Foley said he opposes hearings limited to those meetings, fearing they could be "a method of barking into the fundamental questions involved."

Under subpoena from Fiske, White House communications director Mark Gearan and two aides of Hillary Clinton testified before a grand jury last week about the meetings. Four Treasury officials and at least one more White House aide go before the grand jury today.

The president reverted to a policy of minimal comment on the politically boiling issue yesterday.

"Look, I don't have anything else to say about that right now," he said during a news conference with Israeli Prime Minister Yitzhak Rabin. "We are cooperating fully with the special counsel . . . I wish you'd let them do their work."

James McDougal, owner of failed Madison Guaranty Savings & Loan and a former development partner of the Clintons, said the president did nothing wrong. When the White House returns copies of Whitewater Development Co. records, "I hope that I'll be able to make the same assurance about Mrs. Clinton," McDougal said on ABC's "Good Morning America."

the Whitewater Fuss All About?

doors, the White House shouldn't have been told that the Clintons would be named as possible beneficiaries of diverted funds — and thus possible witnesses. The referral did not accuse them of anything illegal.

"Any discussion of these, no matter what its content, was clearly improper given the putative involvement of people in the White House," former U.S. Attorney Joseph DeGenova, a court-appointed independent counsel pursuing an unrelated inquiry into the prosecution search of Clinton's passport files, said in an interview yesterday. "People who are going to be witnesses are not allowed to receive a 'heads up.'"

The meetings also appear to have violated written White House ethics guidelines, issued last year by Nussbaum, that generally bar contact between White House officials and regulatory agencies involved in pending investigations. The White House rules are designed to ensure that federal regulators can carry out investigations without special treatment for those in power.

At worst, the meetings could have amounted to an illegal obstruction of justice if the participants made some effort to impede or influence the federal investigation. The officials involved deny that, and criminal charges could be brought by Fiske only if they had a "corrupt motive," not if they simply violated regulatory procedures.

Nussbaum, blamed by other White House officials for failing to scotch the meetings, resigned earlier this month.

Was the president involved?

Clinton said he was told by an aide about the referral sometime in October — before it became public and perhaps before the Justice Department formally had decided whether to proceed with a criminal investigation.

Was there a White House cover-up?

While some liken the Whitewater controversy to the Watergate scandal that undermined President Richard Nixon's presidency, there is no evidence at this time that government officials tried to interfere in the investigation. The White House aides involved insist they didn't ask for or receive special treatment, and in fact the RTC criminal referral did go to the Justice Department.

Critics say that the meetings between the White House and Treasury Department in themselves have the appearance of impropriety and a possible cover-up. The Clintons concede the meetings shouldn't have occurred but say they are cooperating completely with Fiske's inquiry.

What's next?

Three of the White House officials known to be involved — Williams, Gearan and Lisa Caputo, who is Hillary Clinton's press secretary — were subpoenaed and testified before a federal grand jury last Thursday.

The four Treasury officials — Altman, Hanson, Steiner and former spokesman Jack DeVore — and possibly Ickes are expected to testify today. The others, Lindsey and Nussbaum, could appear next week.

Republicans on Capitol Hill are demanding congressional hearings on the issue once Fiske's investigation into the meetings is completed.

What about the death last July of Deputy White House Counsel Vincent Foster?

Fiske also has reopened the investigation into Foster's death, which has been ruled a suicide. Foster — a friend and former law partner of Hillary Clinton at the Rose Law Firm of Little Rock — had been handling some personal legal matters for the Clintons, including filing overdue tax returns for Whitewater Development Co.

After Foster's death, Nussbaum refused to allow police investigators to search Foster's office until he had screened Foster's papers. Nussbaum removed some Whitewater files from the office and sent them to the Clintons' personal attorney, David Kendall.

Six months later, the files were subpoenaed by the Justice Department. Those investigators have turned them over to Fiske.

A Whitewater Album



Bill and Hillary Clinton
Investors in the late 1970s in a vacation-home venture in Ozarks, the Whitewater Development Corp. The deal went bust, the Clintons sold their interest in 1982, but questions persist about how the investment was done and what losses they claimed.



James and Susan McDougal
Partners with the Clintons in Whitewater. James McDougal also owned Madison Guaranty, a failed Arkansas thrift that is under investigation on allegations that funds were funneled to Whitewater and to Clinton's gubernatorial campaign.



Robert Fiske
Former New York prosecutor named by Attorney General Janet Reno as special counsel to investigate Whitewater and Madigan. Fiske subpoenaed 10 White House and Treasury Department aides to testify about possibly improper Whitewater contacts.



Bernard Nussbaum
Nussbaum gave Hillary Clinton her first job as a lawyer on the staff of the House Judiciary Committee investigating Watergate. The furor over his contacts with regulators involved in the Whitewater inquiry caused him to resign as White House counsel.



Vincent Foster
President's childhood friend, first lady's Arkansas law partner, who committed suicide in July after six months as deputy White House counsel. Foster handled the Clintons' personal Whitewater matters.



Webster Hubbell
Clinton friend who resigned his post at the Justice Department because he is enmeshed in an overbilling controversy with his and Hillary Clinton's old law firm. One dispute: whether he overcharged the FDIC for legal work against Madison Guaranty.

Lloyd Cutler
Longtime Democratic superlawyer and Washington insider. Cutler was brought into the White House to replace counsel Nussbaum, impose discipline and make the Clintons' case in public.

Alfonse D'Amato
New York senator who has doggedly kept the heat on Whitewater, calling for congressional hearings and calling on both the President and First Lady to make full disclosure of their Whitewater role and finances.

Under Subpoena

Bernard Nussbaum, former White House counsel
Harold Ickes, president's deputy chief of staff
Bruce Lindsey, senior presidential adviser
Mark Gearan, White House comm. director
Margaret Williams, first lady's chief of staff
Lisa Caputo, first lady's press secretary
Roger Altman, deputy Treasury secretary
Jean Hanson, Treasury counsel
Josh Steiner, Treasury's chief of staff
Jack DeVore, former Treasury spokesman

NEWSDAY THURSDAY MARCH 17 1994

THU 1:42 BOSTON GLOBE

Time exacts its toll on Hillary Clinton's former law firm

By Adam Pertman
GLOBE STAFF

LITTLE ROCK, Ark. – Even by its own high-flying standards, the days after Bill Clinton's election victory in 1992 were heady ones for the Rose Law Firm.

Not only had one of its senior partners become an unusually powerful presidential spouse, but three others were also moving north to assume influential administration jobs. Business promised to be so good that the Little Rock firm even drew up plans to open a Washington office.

In short order, however, Rose's image has been transformed from that of a genteel breeding ground for the legal elite to one of a cauldron of back-stabbing and intrigue worthy of a John Grisham novel.

"There's quite a bit of turmoil over there, no doubt about that," said a prominent lawyer who has friends in the Rose firm. "I think they're real worried about how they look now to both the clients they've already got and, especially, to potential clients."

No one is predicting anything like the demise of Rose. But attorneys and people who do business here agreed in interviews this week that the firm's reputation and earning potential have been undercut, at least in the short term, by a soap opera of damaging publicity.

It has included the apparent suicide last July of one former Rose partner, Vincent Foster, and the latest installment was the resignation this week of Webster Hubbell from a top Justice Department post amid charges that he overbilled Rose when he practiced there. The time in between has been filled with accounts of couriers shredding documents at the firm and, of course, of the independent counsel's inclusion of Rose in his Whitewater investigation.

All those episodes have reportedly made Rose partners, who did not return repeated phone calls, angry and edgy. Sources said the partners were also nervous, though, because the ensuing examination of their firm also includes its other activities during Clinton's tenure as governor.

During that decade, critics allege, Hillary Clinton and her partners carefully but crassly cashed in on their ties to the state's top politician.

"I don't have any doubt that she was a major influence-peddler. In politics, influence is power and nobody had more influence with the governor than his wife," said Frank White, a Republican who beat Clinton in the 1980 gubernatorial race and is now a local bank vice president.

White said he could provide no specifics but added: "There wasn't any question in Little Rock that if you wanted to get anything done, you went to the Rose Law Firm, and that wasn't their reputation before Hillary joined."

Without denying such charges, Hillary Clinton's spokeswoman on Tuesday dismissed them as part of an orchestrated partisan attack.

"This is all part of the grand effort to pile on Hillary," Lisa Caputo said in a telephone interview. "When political foes of President Clinton can't knock the president down or off of his agenda, they go after his wife. It reminds me of the 1992 Republican convention."

Other than that response from Hillary Clinton's office, the only on-the-record remarks for this story came from Clinton detractors, some of whom pointed to examples they said demonstrated unethical or unfair behavior by Rose. Attorneys and others who had positive things to say about the firm agreed to interviews only on condition that they not be named, both because of their ongoing personal or professional relationships and because of the independent counsel's probe.

When Rose representatives have replied to the press in the past, it has been to deny any wrongdoing. Citing lawyer-client confidentiality, they have generally refused comment on their handling of specific cases.

The critics acknowledged that other law firms received more state business than Rose did while Clinton was governor through most of the 1980s, and that many firms around the country employ similar methods to lure clients. They contended, however, that it was incumbent on Rose to be more sensitive to ethical considerations because of the advantage of employing Hillary Clinton.

Instead, these critics – most but not all Republicans – asserted that the firm had made it known inside and outside Arkansas that it could pull important strings for anyone who needed to do business with the state.

As with so many aspects of the Whitewater controversy and its tangents, the evidence here is murky. For instance, the firm has said it tried to steer Hillary Clinton away from state-related cases and even paid her salary from accounts that included no payments for state-related work.

But one of the most-discussed questions in the Whitewater case is whether Hillary Clinton engaged in a conflict of interest when she represented her

partner in the land venture, James McDougal, before a state banking regulator appointed by then-Gov. Clinton. And William Kennedy, a Rose partner who is now associate White House counsel, last year called Hillary Clinton a "rainmaker" for the firm – someone who brings in a great deal of business.

There is also reason to think that Rose partners may have occasionally disguised their roles to deal with the Arkansas government.

In a little-reported 1988 case, documents show that Kennedy and perhaps other Rose members worked on a deal that would have allowed a Texas entrepreneur to qualify for tax-exempt state bonds here, part of a plan to buy failing nursing homes through a "shell" charitable organization. But neither Kennedy nor Rose show up as attorneys for Beverly Enterprises in papers filed before the Arkansas Development Finance Authority, whose chief was appointed by Clinton and which had to approve the arrangement before it could proceed.

Only through documents filed in a related court case in Iowa did Rose's participation come to light, and it was scarcely reported in Arkansas. Clinton ultimately killed the deal, which could have netted hundreds of thousands of dollars in fees for Rose, after it became an issue during his 1989 gubernatorial reelection campaign.

"My question is, how many other Beverly deals are out there that we don't yet know about?" said Roy Drew, a private stock analyst who discovered the Rose firm's connection while testifying as an expert witness in the Iowa case.

Several lawyers who compete with Rose said in separate interviews that they will be "shocked" if it turns out the firm did anything more than occasionally fudge a little. And even fudging, they contended, would be surprising for an establishment that portrayed and saw itself as impeccably ethical.

The firm was founded in 1820 and bills itself as the oldest law firm west of the Mississippi. It was a heavy-hitter in Arkansas well before Bill Clinton became governor and it continues to represent some of the state's biggest companies, including such national giants as Tyson Foods and Walmart.

"I think you'll find a consensus in the legal community here that the Rose firm is a solid, honest outfit, and nobody doubts they'll survive all this controversy intact and economically healthy," said a competing attorney. "Unfortunately for them, it looks like they're going to have to go through some pretty grueling times first."

North Korea's actions said to jeopardize talks

By Paul Quinn-Judge
GLOBE STAFF

WASHINGTON – US negotiations with North Korea set for next week almost certainly will not take place following Pyongyang's reported obstruction of an international nuclear inspection team, US officials said yesterday.

The setback raises the possibilities of United Nations sanctions and a confrontation with the unpredictable, well-armed, hostile regime in North Korea.

After an official announcement by the International Atomic Energy Agency that it had not been permitted to carry out some of the inspections it had requested, State Department spokesman Mike McCurry said that talks, due to begin Monday in Geneva, were now in doubt.

"I don't see how it's going to happen," he said.

McCurry made his remark after the Vienna-based IAEA announced that its inspection mission had not been able to carry out tests crucial to learning whether Pyongyang has violated international agreements by diverting plutonium to weapons production.

An IAEA delegation which returned to Vienna late on Tuesday reported that it had not been allowed to look at everything it wanted during its two-week visit. The IAEA was, therefore, "not in a position to verify that there had been no diversion of nuclear material at the facility," an agency statement issued yesterday said.

Western intelligence bodies believe Pyongyang has siphoned off enough plutonium to make the equivalent of two or three crude nuclear devices. The North Korean government denies this, and the West has so far been unable to provide conclusive evidence to back its suspicions.

The latest IAEA delegation was intended to carry out tests to help ascertain if any plutonium had been diverted. Among the objects of the delegation's interest was a so-called "glove box" at a nuclear reprocessing site. The box is used by nuclear technicians to handle radioactive material, and specialists believe it would indicate whether weapons-grade plutonium had been handled since the last inspection.

The North Koreans refused to let the inspectors look at the box. Unconfirmed reports in the South Korean press over the past two weeks have also said the inspectors found that seals they had placed on some key instruments had been broken.

The main object of the inspectors' attention was North Korea's Atomic Energy Research Center, located in a sprawling complex of reactors and other installations south of the city of Yongbyon.

The tightly restricted area is protected by a complex series of defenses. Some installations are built into the mountainside, while the whole area is secured by troops of the North Korean army and Ministry of State Security. Surface-to-air missiles and antiaircraft artillery have been deployed in the area, and a major North Korean air base is located less than 10 miles away.

Allegations of Pyongyang's obstructionism once again mean that sanctions – both economic and military – will rise to the top of the agenda as the international community tries to find a way out of the nuclear impasse.

Possible sanctions include an economic or military blockade or the resumption of annual US-South Korean military exercises that have been an aggravation to Pyongyang.

The problem with sanctions is that economic measures might have little impact on a country as isolated as North Korea. Military sanctions could provoke an unpredictable response.

Is Whitewater out of hand?

It does no one any good when rumors are sensationalized.

Just when it's tempting to think that maybe the Clinton Whitewater affair isn't that big of a deal, something happens to raise suspicions.

First it was the reluctance of the White House to release details of the case and to appoint a special counsel to investigate it. There were reports of Whitewater papers being removed from the office of the late White House lawyer Vincent Foster without knowledge of investigators looking into Foster's suicide. Then it was the story of inappropriate meetings between Treasury Department regulators and White House staff. Then came word that papers relating to Foster were shredded in Little Rock. Then it was the resignation last week of White House counsel Bernard Nussbaum, and the subpoenas that ordered White House staff to testify before a grand jury.

Now it is the resignation of the No. 3 official in the Justice Department, Webster Hubbell. That was a double blow for the administration. It not only has implications for Whitewater, but also is a setback for the Justice Department, left leaderless for much of last year and still weak at the top because of the earlier resignation of its No. 2 executive due to "personality" differences with Attorney General Janet Reno.

So despite the fact that there's been no evidence presented of any wrongdoing on the part of the Clintons, and despite the fact that their partner in Whitewater, James McDougal, was tried on several charges relating to his financial dealings and was found innocent, the Whitewater story builds.

There are complaints that it's all being whipped up by blood-thirsty Republicans eagerly assisted by the media. But Whitewater has generated some smoke, enough to justify looking for a fire, which is just what the special counsel is doing. To the extent that government agencies may have been affected, it would be proper for the appropriate congressional oversight committees also to investigate, so long as the special counsel's efforts aren't compromised.

Yet the affair may be getting out of hand. It does nobody any good when rumors about the Foster suicide are sensationalized. It does nobody any good, and in fact damages work on important public issues, when partisans in Congress blow Whitewater out of proportion just to undermine the president. It is not particularly helpful when Iowa Congressman Jim Leach talks loosely about forthcoming "blockbuster" revelations, without detailing what those revelations are.

It would be most helpful if special counsel Robert Fiske could expedite his investigation into Whitewater.

And it certainly would be helpful if members of Congress would remember that the country has concerns beyond Whitewater, and that it is their job to get to work on them.

The Des Moines Register

Poor, ailing Russia

Yet it has the resources for potential wealth.

Poor Russia! Loss of empire. Loss of pride. Loss of jobs and economic security. Almost worthless money. Soaring crime. Political turmoil. And now a rising death rate and a falling birthrate that population experts say will take at least a generation to reverse.

Life expectancy has fallen to levels not much better than those of Bangladesh. In five years the rate of childbirth per woman has fallen from 2.7 to 1.4. The net annual population loss is 800,000.

The causes are many: Horrible environmental pollution that the Communist government ignored; reluctance to create families when the future seems so bleak; a health-care system that was bad (except for the privileged few) even during the years of totalitarian stability; alcoholism (always a problem); and now even a sharp increase in suicides.

Some of this bad news probably is just the reporting of what the Communist regime kept hidden as it bragged that the Soviet Union was equal to the strongest of nations, if not superior. Others have happened only since the breakup of the Soviet Union, yet they are the results of earlier events.

But Russia is not a Somalia or a Haiti or even an India. Its natural resources make it potentially one of the richest countries in the world, and it has a well-educated population. The challenge, of course, is to make effective use of those resources. The Communist system failed; the failure of the present non-system is even worse.

The challenge for the United States and Western Europe is to do what can be done, through diplomacy, economics and education in workable government and social organization to help the Russians pull their shattered society together.

Whitewater and the Battle of Stalingrad

Politics & People

By Albert R. Hunt

Whitewater is taking on the elements of the Battle of Stalingrad: Both sides sometimes deserve to lose.

The congressional Democrats resist hearings out of deference to the special counsel. It's hard to recall such procedural politeness surrounding the Iran-Contra scandal or the failed Silverado Savings & Loan involving President Bush's son.

The pious pronouncement that the Iran-Contra congressional hearings killed successful prosecutions doesn't wash. The hearings did allow Oliver North and John Poindexter to escape deserved prison sentences. But it was better to inform the public on this ignoble affair than to wait five years for a report, by which time it was all a distant memory.

It's not clear that Whitewater will be nearly as sordid, but the same principles apply. Privately, Capitol Hill Democrats are horrified that Republicans will force a round on hearings. Democratic leaders want to immediately schedule hearings to start by early May. (The March 24 House Banking Committee oversight hearings will feature fireworks. But Republicans will complain, legitimately, that the scope is too proscribed.)

At the White House, Hillary Clinton has to stop the appearance of stonewalling. Analogies to Watergate are far-fetched, but, in a favorite phrase of that era, the first lady's short interviews with the news magazines typified the "modified limited hangout route."

Instead Ms. Clinton needs to brush aside the lawyers and do a Ferraro—a full-fledged, lengthy, no-limitations press conference or credible interview. Geraldine Ferraro did exactly that on her financial problems and supposed family mob ties in 1984. The Mondale-Ferraro ticket won only one state that year, but the press conference ended that issue.

The next day you can bet that the Bob Doles will complain about unanswered questions, but the public will see that as piling on. One caveat: This is a nonstarter if Ms. Clinton stays as testy as she was in Colorado on Monday. But, with the help of some outsiders, she's easily up to a no-holds-barred encounter.

The Democrats' efforts to whitewash Whitewater by impugning the critics won't work. Yet, just as the Republicans legitimately questioned Ted Kennedy criticizing Clarence Thomas for sexual harassment or Sen. Don Riegle of Keating Five fame railing against Silverado, so too are the character and motivations of the Whitewater critics legitimate fodder. (The Democrats' worst fear is the GOP effort will be spearheaded by Rep. Jim Leach and Sen. Bill Cohen, both credible and respected.)



Roger Altman

Leading the GOP charge has been Sen. Alfonse D'Amato, who calls various Clinton associates "political hacks" and demands that all information be released and the statute of limitations on criminal prosecutions be extended.

Let's, as the Fons might say, look at the record. In 1991 the Senate Ethics Committee typically went easy on the New York Republican but still found that he acted "in an improper and inappropriate manner," permitting his brother, Armand, to use the Senate office for defense lobbying; his brother now is in the federal penitentiary for those offenses. The Senate Committee also found grounds that Sen. D'Amato used his office to "financially enrich contributors, cronies and relatives."

The committee won't release the full record of these proceedings without Sen. D'Amato's consent. He won't give it. In a separate case earlier, three law school deans strongly suggested that Mr. D'Amato committed perjury when he said he was unaware of kickbacks, but the statute of limitations ran out on that offense. If the press wants to do its job fairly, every time Sen. D'Amato demands more information on Whitewater he should be pressed on when he's going to come clean and release the information on his ethical misdeeds, and asked if he supports extending the statute of limitations on perjury allegations against him.



Alfonse D'Amato

Senate Minority Leader Bob Dole is a much-higher-class hit man, representative of the breed that after a 12-year hiatus has discovered ethics. Sen. Dole careens from alleging that the most important issue is the Clintons' actions in Arkansas a decade ago, to the alleged coverup today, to Vince Foster's suicide last July. Everything Bob Dole does is with an eye on 1996, not much different from some Democrats during the Reagan and Bush years.

But he's getting a free ride from the press. Take, for instance, his insistence that Roger Altman be fired. As the deputy Treasury secretary and acting Resolution Trust Corp. head, Mr. Altman gave top White House aides a Feb. 2 briefing on the procedures the RTC was following in a possible civil case against Madison Guaranty, owned by the Clintons' Whitewater part McD gal. That was, as Mr. Altman subsequently acknowledged, a dumb act, creating an awful appearance.

But what Bob Dole and others neglect to note is that a) that meeting was cleared with the Treasury's ethics officer—Dennis Foreman, a George Bush appointee—and b) a similar procedural briefing was given a week earlier to Sen. D'Amato's staff. Some Republican critics say it strains credulity that more wasn't discussed. But Mr. Altman has a reputation for integrity, and there has been absolutely no evidence to the contrary.

Moreover, this was a civil case, and prosecutorial experts, asked about the situation, suggest it's very hard to conjure up a legal case against Mr. Altman here. By contrast, the Treasury counsel's briefing of White House counsel Bernie Nussbaum earlier on a possible criminal referral against Madison is potentially more serious, though there's no evidence this affected the case. But Sen. Dole isn't interested in what's serious; all he wants is to put a political coonskin on the wall.

White House counsel Nussbaum performed miserably and had to go, and the resignation this week of Deputy Attorney General Webb Hubbell was inevitable given separate ethical charges leveled against him. But if the president acquiesces to McCarthyite cries to dump innocent people, it'll be a far more serious long-term setback for his leadership than the continual sniping by critics.

Whatever he does, it's going to get uglier. There are Republicans who think this is merely payback time. But already some Democrats talk about delving into the ethics and past personal lives of GOP leaders like Newt Gingrich, and others eagerly await the 1996 candidacy of Bob Dole—"the senator from Archer Daniels Midland." Like Stalingrad, this battle will last a long time, and there are likely to be lots of casualties on both sides.

THE WALL STREET JOURNAL, THURSDAY, MARCH 17, 1994

Richard Nixon's Moscow blues

For a statesman as experienced as Richard Nixon, it was a surprisingly clumsy performance. Mr. Nixon's trip to Russia was off to a most rocky start last week and caused a mini-spat in Russian-American relations. It was entirely unnecessary, and counterproductive at what is needed at this juncture. Not only did Mr. Nixon meet with the leader of the Russian Communist Party, Gennady Zyuganov, he also chatted with the recently released Alexander Rutskoi, one of the architects of last fall's unsuccessful coup. According to sources in Moscow, the Russian state department wasn't even apprised of his intentions prior to Mr. Nixon's arrival.

President Yeltsin's initial reaction, refusing to meet with Mr. Nixon and snatching away his limousine, was perhaps somewhat extreme, but it was also understandable. Mr. Yeltsin has since relented and allowed members of his cabinet to meet with Mr. Nixon, but for a while there Mr. Nixon had all of Moscow in an uproar. Even Vladimir Zhirinovsky, on whom Mr. Nixon was planning graciously to bestow the unwarranted legitimacy of a meeting, was furious.

How could it be that a man of Mr. Nixon's foreign policy experience should act so clumsily? Perhaps the reason lies with the organizer of his trip, Dimitri Simes, a Soviet scholar at the Carnegie Endowment for International Peace. In his writings, Mr. Simes has generally been critical of the Yeltsin government for pursuing policies that have been too radical, and he has stressed to the need for the U.S. government to reach out to more "moderate" groups, such as the Civic Union, which is actually more old-fashioned statist than "moderately" reformist.

Mr. Rutskoi's name has tended to come up in this context in Mr. Simes' writings. Last summer, for instance, he wrote in The Washington Post that the U.S. administration "ignored the need to build bridges to the other Russian politicians whose views, while not as much in tune with U.S. policy, do not fundamentally collide. The neglect of Vice President Alexander Rutskoi has become a self-fulfilling prophecy encouraging him to suspect the United States of dark designs." Well, it appears that Mr. Simes decided to try out his own theory on this trip, ignoring the potential for insulting Russia's current government.

Certainly it would be irresponsible of the Clinton administration not to familiarize itself with Moscow's political scene. At a time of such instability as currently prevails in Russia, it's essential to know what players we might face when Mr. Yeltsin is not around anymore. However, such information can be gathered more provocatively or less provocatively. A public embrace of Mr. Yeltsin's enemies and rivals by a former American president would seem to be a rather crude way of going about it.

The Washington Times THURSDAY, MARCH 17, 1994

The first lady, speaking out

Last weekend marked a couple of milestones in the Clinton administration's exercise in Whitewater damage control. First of all, out trotted David Gergen (who has been largely invisible for some time now) to the television talk shows to mouth some sound-bite platitudes: "Whitewater isn't about cover-ups, it's about screw ups." And then out trotted Hillary Rodham Clinton for personal interviews with both Time and Newsweek.

Hillary has taken the national magazine tack before when her popularity or her husband's was on the low side: she got herself into the pages of Family Circle and Parade way back before Whitewatergate to try to counter her radical feminist image. This time, the stakes are a bit higher, what with all the questions about the Clintons' financial and political ethics. So, this time, Hillary's mission was to convey an impression of honesty and straightforwardness emanating from the White House.

It must be noted, first of all, that Time and Newsweek did their utmost to make the First Lady's task as easy as possible. Take this exchange between Mrs. Clinton and Time's Ann Blackman and Nina Burleigh:

"TIME: . . . as the First Lady, you have a responsibility to be candid about Whitewater . . .

"Clinton: We have been candid . . . But . . . we've been asked questions that we don't know the answers to. We did not run the company, we did not make its decisions, we did not have its documents or its record [sic]. . .

"TIME: Jim McDougal claims that your Whitewater contribution was $13,000, not the $69,000 cited in the 1992 Lyons report on Whitewater commissioned by your husband.

"Clinton: Jim didn't have any documents. He can recall only from his memory."

Now, don't we all seem to recall that Jim McDougal said he gave those records to Hillary Clinton? That he claims he had an agreement for their return by June 1993? That Vince Foster was supposedly working on that problem? That somehow, mysteriously, a lot of those records are missing? Doesn't Mrs. Clinton's response seem ripe for a follow-up question or two? Well, not, apparently, to the reportorial minds of Ms. Blackman and Ms. Burleigh.

And consider this interesting Q and A:

"TIME: How do you respond to questions of conflicts of interest raised by your representation of Madison?

"Clinton: I don't know of any charges other than this incident arising out of a limited representation I had of Madison in which a request for a legal opinion was made to the [Arkansas] securities commissioner. I don't know of any other legitimate claims . . ."

Did Mrs. Clinton answer the question? Not exactly. Did that bother Ms. Blackman and Ms. Burleigh? Not noticeably.

But soft as are the kid gloves with which Time's newshounds handled Hillary, they have nothing on the coziness of Newsweek's Eleanor Clift. In fact, here's a little quiz: Identify the speaker, Miss Clift or the first lady, for each of the following statements: "I guess the only thing I see comparable [between Watergate and Whitewatergate] is that a lot of people want to launch careers based on finding something"; "this White House has a different style than what the city is used to"; "Edward Bennett Williams used to say that Washington likes to burn a witch every three months."

Okay, it was a trick question: It was all Miss Clift. Here are some further samples of her interrogation of the first lady:

"NEWSWEEK: So, if there was nothing wrong, why were you so resistant to making records public? My theory is that you have a thing about privacy.

"CLINTON: I have a big thing about it. I really have been pulled kicking and screaming to the conclusion that if you choose to run for public office you give up any zone of privacy.

"NEWSWEEK: The attacks against you are really about more than Whitewater. They really go to the whole role that you're taking on and whether you can be the spouse of a president and a policymaker.

"CLINTON: People have been doing that to women in this position since Martha Washington . . . I look at what was said about Eleanor Roosevelt . . ."

Where were the questions about Webb Hubbell? About files being sneaked out of Vince Foster's office the day he died? About document shredding at the Rose Law Firm, Mrs. Clinton's alma mater? The first lady avoided a great many hardball questions by insisting — at least to Newsweek — that the interview "not touch on specific issues before a grand jury." And she undoubtedly and correctly counted on the sympathy of her interlocutors to take care of any others.

It seems unlikely, to say the least, that such tactics will be very effective when Hillary Clinton faces, say, Sen. Alfonse D'Amato, or Special Counsel Robert Fiske Jr. Somewhere, somehow, someone, in short, is going to get some straight answers from the Clintons about their financial and political doings. And maybe, when that happens, we'll get a chance to read about it in Time and Newsweek.

When the scandal monster strikes

When President Clinton averred that he had never known anyone with as strong a sense of right and wrong as Mrs. Clinton, it allowed Sen. Al D'Amato, New York Republican, to get off the stinging rejoinder: "That's the problem."

Before anything is proved about what happened or did not happen with the Clintons' Whitewater deals, one thing is becoming clear. These people who came to Washington proclaiming the dawn of the new Democrat are not just old Democrats (taxing, spending, endorsing quotas, weak on defense), they are practitioners, par excellence, of old politics (cash for influence, back-scratching, sweetheart deals, womanizing). Upon examination, Mr. Clinton is beginning to resemble not his hero, Thomas Jefferson, whose memory was heavy-handedly invoked during inauguration week, and not George Washington but George Washington Plunkitt, the Tammany Hall pol whose autobiography contained the memorable defense of "honest" graft: "I seen my opportunities, and I took 'em."

Read the March 21 edition of National Review. Rick Brookhiser provides a Whitewater primer that sketches the outlines of the Clintons' cozy business-government-friendship ties. To the constant refrain from the White House that there have been no allegations of wrongdoing by the president, there can be only one response. How many allegations do you want?

There is the allegation that then-Gov. Clinton asked his friend and business partner James McDougal to help out the family finances by hiring Hillary Rodham Clinton at $2,000 per month. It is not disputed that HRC received a $2,000 a month retainer to represent Mr. McDougal's savings and loan before the Arkansas Securities Department, the commissioner of which — one Beverly Bassett-Schaffer — had been appointed by Bill Clinton. Since Madison was taking on water save it. She petitioned the Securities Department to permit Madison Guaranty to sell preferred stock. In a letter addressed to "Dear Hillary," Mrs. Bassett-Schaffer (what do you know!) approved.

> *If a Republican had done that, the press would be echoing with words like "sleaze," and "abuse of power."*

Friends, if a Republican had done that, the press would be echoing with words like "sleaze," "conflict of interest," "greed" and "abuse of power." We would be treated to morality lessons, on the order of "This is why the S&L screw-up is costing taxpayers so many billions of dollars." James Carville, former campaign manager for the Clinton campaign, quoted Mrs. Clinton as saying, "We were never about money." So they say. But check the books. Even the evidence available now suggests otherwise. The Clintons spent the 1980s buying and selling and engaging in transactions whose complexity thwarts understanding even today — not the stuff of financial naifs.

But even if their claim to have lost money on the deal turns out to be true, it is amazing that some in the press are willing to accept this as evidence of moral virtue. When Republicans lose money, they are accused of excessive greed. When Democrats lose money, it's evidence of their moral superiority.

Chew on this. There is an allegation that, as governor, Bill Clinton leaned on David Hale, then running an arm of the Small Business Administration, to "help Jim and me out." The Clintons deny this. But it is a fact that the SBA, tasked with helping minority entrepreneurs, did make a $300,000 loan to Susan McDougal, former wife of James and partner in Whitewater Development Corp., and $150,000 of that sum was invested in Whitewater. That makes the Clintons the beneficiaries of a federal program aimed at helping struggling businessmen. Do you smell rotting fish?



It is true that Vince Foster was working on Whitewater matters before his death, then the Clintons and he were in violation of the law that forbids government employees from working on personal matters for their bosses. Remember the indictment of Sen. Kay Bailey Hutchison?

There is great bitterness among Democrats that the Clintons are being subjected to any scrutiny at all. They lament for the nation. But their cries ring hollow. They created this monster — the scandal machine — deploying it first against Richard Nixon, and then against Ronald Reagan, George Bush, Robert Bork, Clarence Thomas, Ed Meese, Richard Allen, Carol Iannone, Ray Donovan, Theodore Olsen, Elliott Abrams, Caspar Weinberger and dozens more. They created this monster —and now it has turned on its master.

Mona Charen is a nationally syn-

Only a few days ago President Clinton was telling us, apropos Whitewater, that "Nobody has even accused me of any wrongdoing." Now, Hillary Rodham Clinton has told Time and Newsweek that she would be "the first to say" that "mistakes were made" in that murky affair. Unless Ms. Rodham Clinton is making an altogether improbable (and implausible) distinction between her own behavior and her husband's, it seems clear that the White House position is getting ready to change.

Of course, neither the president nor his wife is admitting to any "wrongdoing" just yet: only "mistakes" (further softened, in one instance, to "missteps"). But you can be sure they aren't talking about spitting on the sidewalk. We are being prepared for some pretty [illegible] revelations.

All of which [illegible] caused many thoughtful observers to reconsider her husband's administration. She is obviously a smart woman, and a very good lawyer in her own right, and the first instinct of our liberal media, when it became apparent that Mr. Clinton was going to be the Democratic nominee for president, was to sell her to the voters as the feminist ideal: a fully equal partner in the public as well as the private aspects of Bill Clinton's life.

Mr. Clinton cheerfully went along with this, telling voters that it was a case of "Buy one, get one free." When they moved into the White House, he promptly put his wife in official charge of the major domestic initiative of his administration: health care. Beyond that, her influence was quickly perceptible in a dozen other fields, and she is now described by the media, in all seriousness, as "the second powerful person" in Washington.

But now the fumes rising from many people to take a second look at Ms. Rodham Clinton. It is being pointed out that — far from representing the feminist ideal of personal achievement — she is where she is, and wields the power she does, only because she happens to be married to the president of the United States. She is no Margaret Thatcher, or Golda Meir, or even Nancy Kassebaum. Nobody, even in Arkansas, ever elected her to anything.

Of course, she isn't the first presidential spouse, by a long shot, to have enormous influence. The historical woods are full of first ladies, from Edith Wilson to Nancy Reagan, who wielded great de facto power. But the power was actually vested in their husbands.

Similarly, there have been unelected presidential confidants, such as Wilson's Colonel House and FDR's Harry Hopkins, whose allegedly huge influence was roundly criticized. Once again, however, the power remained in the presidents.

But Ms. Rodham Clinton was entrusted by her husband with an official policy role entailing the independent exercise of political judgment and power. Not even this, though, was a "first" for a presidential relative: John Kennedy made his brother Robert the attorney general of the United States — a key post if there ever was one. In that case, however, the Senate approved the nomination, and Robert Kennedy was as accountable as any other public official.

Is accountability, then, the test? If so, why not simply say Mr. Clinton shall be held accountable for whatever Ms. Rodham Clinton does or fails to do?

The answer, of course, is that such "accountability" would be meaningless. For Mr. Clinton cannot, as a practical matter, get rid of his wife if she blunders (as, for example, he got rid of White House Counsel Bernard Nussbaum). For better or worse, she is there to stay. And that makes her position unique: unelected, unaccountable and unremovable. It is a very dangerous combination.

William A. Rusher, a senior fellow of the Claremont Institute [illegible]

The Washington Times THURSDAY, MARCH 17, 1994

Inside Politics



Feminist liability?

First lady Hillary Rodham Clinton has become the personification of the ideas and personal choices suggested by the label 'feminist," writes columnist Michael Barone of U.S. News & World Report.

Noting the cheers for Mrs. Clinton raised by the press — "of America's most pro-feminist institutions" — Mr. Barone said her involvement in Whitewater-Madison could undermine the ideas with which she identified.

"The last refuge of Mrs. Clinton's defenders is the suggestion that critics are motivated by a distaste for powerful women. . . . Intellectually, this is bankrupt — an admission that one has run out of arguments on the merits. . . .

"The people who had trouble with a powerful woman were the journalists and politicians who rushed uncritically over Mrs. Clinton, not those who have tried to judge her by the same standards we apply to others with similar power and responsibil-

"She has shown, at the least, dreadful judgment in what is now clearly a scandal.

"The question is how much this will damage the Clintons and whether it will discredit the [illegible] of which Mrs. Clinton is inevitably a symbol as much as Watergate discredited the ideas associated with Richard Nixon."

Pique at Pete

Rep. Pete Stark, California Democrat, angered Republicans yesterday by suggesting that Rep. Nancy L. Johnson, Connecticut Republican, was arguing from "pillow talk," the Associated Press reports.

Mr. Stark, chairman of the Ways and Means subcommittee on health, said during a [illegible] on controlling drug prices that Mrs. Johnson, who is married to a doctor, "got her medical degree through pillow talk."

Mrs. Johnson replied: "My [illegible] is a physician. He takes enormous responsibility for life-and [illegible]th issues day in and day out, working a lot harder than we do, but he keeps his business entirely to himself, and it is no part of our private lives because he respects his patients.

"I get my knowledge of the medical system from endless hours as a representative in this Congress, in hospitals and physicians' offices, talking with patients," she said.

After returning from a vote, Mr. Stark said: "The chair would like to begin by apologizing to Mrs. Johnson for personal characterizations that were not in order in a markup, and I had not intended to question her expertise in any area. . . . I apologize, fancy."

"Mr. Chairman, I accept your apology, and I would hope that you would believe that those comments were not in order at any time, not just in a markup," Mrs. Johnson responded.

"I believe that, and I think my wife would agree wholeheartedly with you," Mr. Stark said.

Later, Mrs. Johnson indicated the need for eternal vigilance: "It's the end of that incident. This is a pattern of behavior. We'll see if it's the end of that."

No frost on Rosty

Illinois pollster Richard Day observed to USA Today on the primary victory by Rep. Dan Rostenkowski: It "was the politics of power vs. the politics of change, and power won."

On top of all else

In addition to his Whitewater-Madison woes, President Clinton has an aching back. And it's interrupting his near-daily jogging routine, the Associated Press reports.

Accepting an Army cap at Ft. Drum, N.Y., on Tuesday, Mr. Clinton said: "I can run in that if my back ever gets well."

Later, he wore a lightweight back brace on Air Force One and walked stiffly as he returned from a three-day trip.

Presidential aide George Stephanopoulos said Mr. Clinton pulled a back muscle late last year. It's been hurting lately, and he hasn't been able to run for three or four days.

White House spokesman Arthur Jones said Mr. Clinton hasn't required medical treatment. "Runners kind of experience that kind of stuff," Mr. Jones said. "He'll be back out on the pavement before long."

Reality check

Bad Boy Furniture & Appliances hired a presidential impersonator to help Toronto's Blayne "Bad Boy" Lastman sell dinettes on television, the Wall Street Journal reports.

The White House wasn't amused. A stiff letter of rebuke followed: "Cease and desist."

Mr. Lastman wasn't impressed: "Last time I checked, this was Canada, not the 51st state."

Today's quote

National Journal's Congress-Daily gives today's final word to Rep. Louise M. Slaughter, New York Democrat, at a Rules Committee hearing on proposals to reduce the number of House committees: "I suspect if we had a committee on buggy whips, people would fight to maintain it."

Eyes of the world

To the dismay of the au naturel crowd, the Florida Senate Criminal Justice Committee expects to take up a plan this week to outlaw most types of public nudity, nude sunbathing, nude dancing and too-skimpy bathing suits.

A variety of activists are outraged, but state Sen. John Grant says his "decency bill" will return the streets and beaches to the people, although he is willing to consider some compromise for, say, nudist resorts.

Opposing is state Sen. Ron Silver, committee chairman, who worries about offending European vacationers who have their own standards in these matters, the Miami Herald reports. "It would wreak havoc on South Florida," he said.

"The Sunshine State has to allow people to get sunshine," declared Miami Beach Hotel owner Mel Schleaser. "We would be the laughing stock of the world."

Koop holds

Dr. C. Everett Koop, former surgeon general, asked on NBC's "Today Show" whether he supports the Clinton health care reform plan despite increasing opposition to it elsewhere: "I said that because of either the threat or the promise of health care reform, [Mr. Clinton] had accomplished more than all of his living predecessors, and I stand by that. And things are happening all over this country now that would never have happened if he hadn't taken the lead."

Give us (sales) taxes

Michigan voters made it clear they want to cut property taxes and would rather pay a higher sales tax than a higher income tax to help finance schools.

A proposal to increase sales taxes from 4 percent to 6 pe was approved Tuesday by a margin of more than 2-to-1. The increase, effective May 1, was the only measure on the special statewide ballot.

"It's a major commitment to bring down property taxes. We did that, and as a result we history in Michigan," said Gov. John Engler, a first-term Republican who campaigned in 1990 a promise to cut property taxes.

The plan is designed to provide $10.2 billion. The vote ended the school finance upheaval that erupted in July when the use of property taxes for school operations was wiped out with no replacement money in sight.

The Fiske schedule

Columnists Jack Germond Julie Witcover note the history of such inquiries as that of special counsel Robert B. Fiske Jr.'s: They "always take far longer anyone expected when they launched, and this one is unusually complex.

"Whenever they come, the findings may have much to do with Clinton's prospects for a ond term. Meanwhile, the president needs a hiatus long enough so that he can make himself heard over the din."

Hardball software

When it comes to traveling the information highway, conservatives drive fastest, Gerald F. says in the Wall Street Journal.

Mr. Seib notes the availability of Conservative Daily, a computerized daily planner, the Town Hall computer forum for conservatives, CompuServe's Rush Limbaugh Forum and the 24-hour National Empowerment Television.

Lamar Alexander, Bush administration education secretary producer of his own TV program, told Mr. Seib that in the 1990s Republicans are going to be organized "in their neighborhoods, hooked up by cable television."

There are several other high-tech opportunities for conservatives and Republicans. Mr. Seib suggests that they may have pushed out on the leading edge by feeling that they were cut of mainstream television, responding to the loss of the White House's bully pulpit and looking for a substitute for the advantage Democrats have in a sympathetic labor movement.

For the computer-averse, there is even the Palm restaurant's Rush room, where you can listen to the radiomeister and fax in a ditto-head comment.

Pundit Letterman

CBS's David Letterman asked: "Will the last Arkansas attorney leaving the White House turn out the lights?"

• *Compiled by Alan McConagha*

8C

Time to clean house?

Young top aides seen as liability for the president

By Paul Bedard
and Donald Lambro
THE WASHINGTON TIMES

President Clinton has rebuffed pleas for an immediate White House staff shake-up from top Democratic leaders who are concerned that youthful staffers and the "Arkansas armada" brought into the administration are flubbing the Whitewater-Madison affair.

Democratic leaders who served during the Carter and Reagan administrations have recommended changes at top levels — including the replacement of Chief of Staff Thomas F. "Mack" McLarty — and the hiring of veteran operatives with experience in presidential politics.

"I strongly support the belief that additional senior talent should be added to the White House at the earliest possible time," former Democratic National Chairman Charles Manatt said.



Photo by Don Pressler The Washington Times

Their master's voice: Clinton aides (from left) Anthony Lake, David Gergen, Thomas F. "Mack" McLarty and George Stephanopoulos listen to the president during a recent White House news conference.

"What we need are seasoned, experienced hands running the White House and we don't have that now," said another former Democratic Party boss. "And it's hurting the president and our party."

Other Democratic leaders, who spoke on the condition of anonymity and who say they are regular visitors to the White House, say they are concerned that Mr. Clinton's top staffers are both mishandling Whitewater-Madison and damaging the party.

One former party official who

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regularly advises the White House said that staff changes could come within two weeks and include the hiring of a new layer of top Clinton aides.

"Things are going to change," said the adviser. "They are going to add some senior people to the staff, and it will be done within the fortnight. The changes will be made at a pretty high level."

Senior adminstration officials disputed such talk, listing three reasons Mr. Clinton will stick with his current team:

- He has a deep sense of loyalty to his top aides.
- The administration is concerned that a staff shake-up would signal panic and confusion as the White House grapples with Whitewater-Madison strategy.
- The president believes that his team is shaping up despite its fumbling of the Whitewater-Madison affair.

"The president is satisfied with the team," said presidential spokeswoman Dee Dee Myers.

"I don't want to suggest that we have no problems," she added. Select staffers could change, she said, but only as part of the normal course of business in an election year — not as a staff shake-up.

White House Counselor David Gergen also said that no staff changes were planned. "I think we are doing better," he said.

One key current Democratic White House adviser said Mr. Clinton feels that some changes in his top staff are needed to help fine-tune the White House's policy, political and communications shops.

But the president is more inclined to stick with his current team than go to outsiders, especially after the loss of three longtime aides — ousted White House Counsel Bernard Nussbaum; Associate Attorney General Webster L. Hubbell, who resigned under fire this week; and White House Deputy Counsel Vincent W. Foster Jr., dead of what has been ruled a suicide.



Reuters

Democratic veterans are wondering if it soon won't be time for Chief of Staff Thomas F. "Mack" McLarty to ...

"With the insiders group nearly wiped out, he'll be reluctant to get rid of his buddies and bring in outsiders," said a regular White House adviser.

The adviser added, however, that Mr. Clinton is considering staff changes that would take place in late spring, when temporary White House Counsel Lloyd Cutler must be replaced. But changes would only come if the Whitewater-Madison affair has "cooled down."

Former House Majority Whip Tony Coelho, now a New York businessman, agreed. "I don't think right now is the time to do anything because the impression would be chaos," he said.

Mr. Coelho, who represented a central California district for 10 years before resigning from Congress in the face of an ethics-related investigation in 1989, ruled out joining the White House. And, he said, "they have not talked to me."

Since coming to Washington, Mr. Clinton has been criticized by longtime Democrats for appointing inexperienced outsiders and younger people to senior staff positions. Without major staff changes in the White House's West Wing, they argue, Mr. Clinton will not have the political experience in place to advance his ambitious agenda.

Mr. Manatt, along with other veteran party pros, is urging the president to bring in some of the party's old hands who have track records on Capitol Hill or in previous Democratic administrations.

Among names mentioned to beef up the White House staff: Kirk O'Donnell, who was the top staff adviser to the late House Speaker Thomas P. "Tip" O'Neill; Mike Berman, chief counsel to Vice President Walter Mondale during his time in office; Mr. Coelho; and Richard Moe, a pro who was Mr. Mondale's chief of staff.

White House staffers targeted by some Democrats for replacement: Mr. McLarty; Deputy Chief of Staff Harold Ickes, Mr. Gergen and Miss Myers.

"The president's problems stem from his style, which is trying to do everything himself," said a top party official. "He wants to be his own chief of staff, his own press secretary and his own personnel director, and that's the way the White House has been operating."

But a current Democratic Party official said the older officials who have been pushed aside by the regime "are jealous" and it by the new crowd "because we're doing it our way."

Another Clinton insider said: "The operative word you used describing the Democratic ... wanting change is 'former.' We're the new team."

And a key Capitol Hill adviser to Mr. Clinton added that "things are getting well under control. ... There just needs to be more of a breaking-in period."

Rostenkowski joins call for Whitewater hearings

After winning primary, he calls action 'inevitable'

By Paul M. Rodriguez
THE WASHINGTON TIMES

Rep. Dan Rostenkowski yesterday became the second senior Democrat in as many days to call for congressional hearings on Whitewater-Madison as Democrats remained divided over Republican insistence on the public airings.

"I think the congressional hearings are going to be inevitable," said Mr. Rostenkowski, the powerful chairman of the House Ways and Means Committee, who easily won renomination to a 19th term Tuesday with President Clinton's backing.

"I really believe that the American people are tired of all this, and that's one of the reasons why I got such a majority," the Illinois Democrat said on NBC-TV's "Today" show, adding that the probe into the Clintons' financial dealings was "all political football."

Mr. Rostenkowski followed Rep. Lee H. Hamilton, Indiana Democrat and chairman of the House Foreign Affairs Committee, in endorsing the hearings.

Rep. Charles W. Stenholm, Texas Democrat, and Rep. Paul McHale, Pennsylvania Democrat, this week have joined other junior Democrats, concerned about charges of a cover-up in an election year, in urging hearings.

Even with these cracks in opposition to the hearings, Democrats remained divided on the issue. House Speaker Thomas S. Foley, reiterated the Democratic leadership's opposition to Whitewater-Madison hearings.

"I certainly can't criticize their expressing their judgments, but I respectfully disagree with them," said Mr. Foley, Washington Democrat. "I do not think there is any evidence of any kind of any misconduct on the part of the president or the first lady."

Mr. Clinton, who has been besieged by reporters' questions about Whitewater-Madison this week, faced only one question yesterday during a news conference with Israeli Prime Minister Yitzhak Rabin — whether he still stood by a 1992 campaign statement that he and Mrs. Clinton lost $68,900 in Whitewater Development Corp.

Mr. Clinton snapped: "Look, I don't have anything else to say about that right now. We are cooperating fully with the special counsel, which is what all of you asked me to do. I wish you'd let them do their work."

Whitewater-Madison special counsel Robert B. Fiske Jr. is leading a federal grand jury investigation of Madison Guaranty Savings and Loan Association and its links to Whitewater, an Arkansas real estate partnership made up of the Clintons, Madison owner James B.

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HEARINGS

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McDougal and his then-wife, Susan.

The veteran prosecutor also is investigating reports of document shredding at Mrs. Clinton's former law firm, as well as the death of Vincent W. Foster Jr., former White House deputy counsel and personal lawyer to the Clintons.

Mr. Fiske has asked that Congress forestall hearings until his inquiry is completed. He has expressed concern that hearings would jeopardize his work — particularly regarding prosecutions — should congressional investigators wish to grant witnesses immunity.

Despite Mr. Fiske's request, talk of holding them continued on Capitol Hill.

"It's something on everyone's lips and it's causing a problem for many of us," said a Democratic lawmaker. "What do we do? How do we go about doing it?"

Overlapping authorities of so many committees in Congress and their vastly different roles make the answer difficult.

"I don't think I have the authority to conduct such hearings," said one Democratic chairman. "I think that that's something to be handled by one of the committees that has investigatory powers."

But when asked which one, virtually every one of a dozen members interviewed was not sure.

"Each committee [of several with jurisdiction] has some stake to this," said a second committee chairman, whose panel could claim a stake to some of the elements in the Whitewater-Madison affair.

"Maybe we should create a special committee and just get the damn thing over with," exclaimed a senior member of a Senate committee that could also lay claim to some portion of the controversy.

Remarks by members such as Mr. Rostenkowski and Mr. Hamilton have "squared the issue," said one senior House Democrat. "It's no longer are we going to do it, but when."

Mr. Rostenkowski seemed to caution yesterday that the format of such hearings will be a guiding force in determining when such hearings might occur. "It all depends on whether it becomes a circus or not," he said.

"You know, we're capable of doing that, of turning things like this into a circus," Mr. Rostenkowski said, without directly citing the Iran-Contra hearings conducted by a joint select committee on which Mr. Hamilton served as co-chairman.

The hearings have been strenuously opposed by Democratic Banking Committee chairmen — Rep. Henry B. Gonzalez of Texas and Sen. Donald W. Riegle Jr. of Michigan.

Mr. Riegle lashed out at Mr. Hamilton, who said Tuesday that Mr. Clinton "must get all the facts out" about Whitewater-Madison quickly, but that Congress should not impede Mr. Fiske's probe.

"I think the Iran-Contra hearings, which he participated in, sort of blew up in our face. ... They make the case for why you should not interfere with a special prosecutor," Mr. Riegle said.

His comments were supported by Sen. Paul Sarbanes, Maryland Democrat, who as a House member in the 1970s took part in the Watergate-inspired impeachment proceedings that drove President Nixon from office.

Democratic members of the Senate Budget Committee left a White House meeting with Mr. Clinton urging Republicans to hold off hearings.

"We ought to be talking about job creation. We ought to be talking about health care reform and a whole host of other issues rather than running down this rabbit track called Whitewater," said Sen. Jim Sasser, Tennessee Democrat and Budget Committee chairman.

At Mr. Fiske's behest, the Office of Government Ethics (OGE) yesterday abandoned its inquiry into secret Whitewater-Madison briefings given White House officials by Treasury Department personnel.

OGE Director Stephen D. Potts said his staff inquired about when it would be convenient to discuss its probe and was told by Mr. Fiske, in effect, "We'll let you know when our investigation is complete."

Mr. Potts disclosed the Fiske request and the postponement during questioning by Rep. Ernest Jim Istook, Oklahoma Republican, at a routine House Appropriations subcommittee hearing on the OGE budget.

"Now every other official inquiry into Whitewater has been squelched. ... Everybody has passed the buck to Fiske," Mr. Istook said.

"Although I am confident Mr. Fiske is pursuing this matter, I am appalled that nobody else — Congress especially — is doing their job," Mr. Istook said, charging Mr. Fiske with interfering in the work of others, including Congress.

The OGE investigation was requested March 3 by Treasury Secretary Lloyd Bentsen, who declined to probe his officials' actions.

Mr. Fiske is set to present more evidence to a federal grand jury today in Washington. Among those due to go before the grand jury were White House Deputy Chief of Staff Harold Ickes; the Treasury's top lawyer, Jean Hanson; and possibly Deputy Treasury Secretary Roger C. Altman, acting head of the Resolution Trust Corp., which is handling S&L bailouts.

An attorney representing senior presidential adviser Bruce Lindsey said his client probably would testify next Thursday.

• *Frank J. Murray and Paul Bedard contributed to this article, which is based in part on wire service reports.*

The Washington Times THURSDAY, MARCH 17, 1994

OPINIONLINE

What people are saying about the first lady

Hillary cooking on all burners

JACK GERMOND/JULES WITCOVER, syndicated columnists: "If Harry Truman were around today, he'd probably be advising First Lady Hillary Clinton: 'If you can't stand the heat, get back in the kitchen.' ... Republicans who hope to bring Bill Clinton down a peg or two before the 1994 congressional elections, and to make him more vulnerable before his expected bid for a second term in 1996, are not likely to be restrained by the fact that she is the first lady. Not only is she in the political kitchen, in Truman's terms, but she has been cooking on all burners."

CLARENCE PAGE, syndicated columnist: "It is not just her honesty and integrity that have come under question lately. As Michael Dukakis once famously said, it is her competence. Recent Whitewater developments have put Hillary Rodham Clinton in an awkward position; she looks either remarkably unethical or remarkably ignorant. Neither position is very flattering to a woman. *The Washington Post* said was 'replacing Madonna as our leading cult figure' only a few months ago."

MARIANNE MEANS, syndicated columnist: "We uppity women always knew that First Lady Hillary Clinton would have to take her lumps along with all the praise, and she no doubt knew it too. ... From now on, it is likely that she will be judged by the same unforgiving and unrelenting standards usually reserved for presidents, vice presidents, White House buddies, and Cabinets. In her case, it can be no other way."

HARRIETT WOODS, president of the National Women's Political Caucus, in a column for the *Los Angeles Times:* "There's plenty for everyone to learn from the handling of Whitewater — inside and outside the White House. Mrs. Clinton's role in that matter, and as a leader within the White House, ultimately will be judged by history and the American people. That controversy has nothing to do with gender."

ELLEN GOODMAN, syndicated columnist: "The pundits are talking ominously — again — about the dangers of having someone in power who can't be fired, just divorced. ... What should you do? First of all, stand up like a big girl and answer the questions about Whitewater all by yourself. ... Cut loose from the day-to-day internecine warfare of the White House. ... Treat health care reform as what it is — a tough job, but your job. ... Remember that there are two things you don't have to be. (1) You don't have to be a co-president. (2) You don't have to be everything to everyone."



By Sean Leahy, Courier-Mail, Brisbane, Australia. Cartoonists & Writers Syndicate

JAY LENO on his weekend: "My lovely wife, Mavis, and I, we stayed home and watched *The Fugitive* — but enough about Hillary Clinton."

JOAN BECK, syndicated columnist: "He (Clinton) must not try to save his administration by dumping all the blame on her, even by implication. She must not hide behind her staff and must answer charges for herself. ... This marriage has already survived enormous strains. ... It will survive Whitewater, too, but the health care plan and chances for a second term may not."

THE (BALTIMORE) SUN in an editorial: "Mrs. Clinton more than Mr. (Lloyd) Cutler is likely to determine whether Whitewater will prove a fatal or a passing distraction."

RICHARD COHEN, columnist for *The Washington Post:* "Her tendency to see her own motives as pure but to impeach those of others — partisan, sexist or whatever — is not one of Mrs. Clinton's attractive qualities."

GEORGIE ANNE GEYER, syndicated columnist: "From the beginning ... Hillary Rodham Clinton had the enormous burden of having no accountability, neither through the election process nor through an appointed, salaried position. Some thought it was cute, or nouveau-power, or just plain gutsy, for her to take top positions alongside her husband without benefit of political clergy. In truth, it never was. Indeed, it was inevitable that ... her unaccountability would eventually become a yoke around her neck."

Fine 'Bosnia,' victim of ABC schedule

While America Watched: The Bosnia Tragedy
ABC, tonight, 9 ET/PT
★★★★ (out of four)

TV PREVIEW
MATT ROUSH

Peter Jennings, in an uncommonly impassioned hour, [illegible]s and closes this important broadcast at two walls of remembrance: at the U.S. Holo- Museum, a photo gallery of genocide's victims; and at the Vietnam Memorial, a stark testament to the high human of military engagement.

Jennings sifts through history's legacies to try and explain how and why the U.S. failed to take direct action sooner toward the horror show in Bosnia, which for so many echoes the atrocities of Nazi Europe.

His conclusion: a "Vietnam syndrome" that inhibits military action unless "one could see at the beginning precisely how the conflict would end." There's also a "Powell doctrine" (as in Colin): "massive force or nothing." In this case, unlike the gulf war, nothing.

This provocative news special, expected to include fresh comment from President Clinton, is the latest edition of *Peter Jennings Reporting*, an umbrella title that hardly gives the ABC anchor enough credit.

Jennings, eyewitness to February's marketplace bombing in Sarajevo that spurred the world to action, goes beyond mere reporting. His critical perspective indicts U.S. foreign policy, Bush *and* Clinton style, in a wake-up call that may result in a few sleepless nights.

ABC, typically, has done its best to hide this, pitting it against NCAA action and a new *Seinfeld*. Why not try to regain dignity after last week's high-rated Manson sleaze and give this a higher profile, Wednesday at 10 ET/PT? (Wasn't the marketplace shelling an authentic *Turning Point?*)

The answer: This isn't sexy. Low numbers tonight will reinforce a priority system skewed toward junk news. And so we find a news division at its best and TV marketing at its worst.

Goldwater on Whitewater: 'Get off president's back'

From wire reports

Washington should knock off the clamor over Whitewater and let President Clinton do the job he was elected to do, former senator Barry Goldwater said Wednesday.

"I want to urge my Republican friends in Washington, and those Democrats who are participating, to get off his back and let him be president," the conservative 1964 Republican presidential nominee told a news conference at his Phoenix home.

Republicans led the call for a special counsel and have demanded congressional hearings into the Clintons' investment in the Whitewater land venture in Arkansas and its ties to the failed Madison Guaranty Savings & Loan.

Goldwater, 85, said he called the news conference because "it's something that has been kind of bugging me."

"The president needs our help more than he needs our stonewalling him all the time," he said. "If there's not more to it than what we've heard, I want those people in Washington that are giving the president a bad time to get off his back."

Meanwhile, in Washington, Rep. Dan Rostenkowski, D-Ill., became the second prominent House committee chairman to declare that Whitewater hearings may be necessary.

"I think the congressional hearings are going to be inevitable," the House Ways and Means chairman said, even though "the American people are tired of all this."

Tuesday, Rep. Lee Hamilton, D-Ind., who co-chaired congressional Iran-contra hearings, urged Whitewater hearings.

At Clinton's White House news conference Wednesday, the president was asked one Whitewater question: if he stood by a 1992 assertion he and his wife lost nearly $70,000 on the deal.

"I don't have anything else to say about that right now," Clinton said. "We are cooperating fully right now with the special counsel. I wish you would let them do their work."

Also, U.S. Park Police Chief Robert Langston told *The Boston Globe* that he had turned over to Fiske his report on the death of White House aide Vincent Foster. He said the case, "clearly a suicide," was closed.

House panel set to OK 'three-strikes' crime bi l

By Leslie Phillips
USA TODAY

A House panel today is expected to endorse the politically popular "three strikes and you're out" proposal that imposes a no-parole life sentence on criminals convicted of a third violent felony.

The House Judiciary Committee already has voted to lower sentences for non-violent drug crimes.

The committee is trying to forge 13 separate crime bills into a comprehensive crime-fighting package requested by President Clinton.

"The legislation before us has a useful blend of innovation and hard-nose reality to both prevent crime and punish the violent criminal," said committee chairman Jack Brooks, D-Texas.

The Senate passed a major crime bill last year.

The House committee rejected several bids to dilute the three-time-loser bill, including efforts to exempt drug felonies and to release prisoners over the age of 60 if they've served at least 25 years.

That would have been "the wrong message to send," said Rep. Dan Glickman, D-Kan. "It'll appear it's a three-strikes-and-25-years."

But the U.S. Judicial Conference, the directors of the federal prison system, doesn't support the three-strikes concept.

District Judge Maryann Trump Barry, chairwoman of the conference's committee on criminal law, told Brooks in a letter that the conference is opposed to "mandatory life sentences for persons convicted of a third felony offense."

The House committee agreed to ease sentencing for non-violent drug crimes as a "safety valve" — to open prison space for the most violent, repeat and predatory criminals.

The current mandatory minimum is five years for a first-time drug felony not involving a gun or bodily injury. Under the measure, sponsored by Reps. Charles Schumer, D-N.Y., and Henry Hyde, R-Ill., the minimum would be reduced to two years.

"What this says is we made a mistake and we're going to correct it," said Rep. Barney Frank, D "What we're doing is removing from prison people who don't belong."

On another anti-crime front, Clinton stars in TV and radio ads out today, urging people to work to "give our children back their childhoods."

Says Clinton in one ad: "As a ent, I want this violence to stop. As your president, I am committed to ending it."

Robert D. Novak

Backfiring Counterattack

Webster Hubbell's abrupt resignation as associate attorney general not only embarrasses the Clintons but is a direct hit against their counterattack strategy on Whitewater.

The wisdom of that strategy is questioned behind the scenes by Democrats outside the White House inner circle. Whatever credibility there may be in blaming Republicans and the press for President Clinton's problems, it clearly fails to explain what has happened to Hubbell. His fall was caused by former colleagues at the now-famous Rose Law Firm in Little Rock.

Hubbell is in such serious trouble that Republican strategists are salivating over future campaign use of film footage showing the two Arkansans, Bill and Webb, smiling and chatting on the golf course. But the silver lining for the president could be that the loss from government service of his old friend will reveal to him the futility and self-destructiveness of his Whitewater strategy.

Clinton startled loyalists in his own party Monday night at a Boston fund-raiser, when his propensity for lectern-pounding hit new heights as his fist loudly punctuated shouts that the Republican Party "just stands up and says, 'No, no, no, no, no, no, no, no, no!' " That reflected any beleaguered politician's reflexive desire to counterattack, and Clinton is especially tough when on the offense.

More than instinct was behind that outburst, however. Clinton's boisterous strategist, James Carville, the other night erupted in a Washington restaurant in what seemed to be the original script of what the president, Hillary Rodham Clinton and all their aides have been saying: Republicans, desperate because of the administration's success, are dipping into the sleaze bucket. Democratic National Chairman David Wilhelm, on a short leash from the White House, has assailed GOP Sens. Robert Dole and Alfonse D'Amato as unqualified to deal with moral questions.

Of several Democratic politicians not directly connected with the White House who talked to me confidentially, I found nobody who approved of the counterattack strategy. All had the same advice for the president: Govern, and stick to health and welfare reform while the Whitewater storms rage and perhaps die out.

The departure of Webb Hubble reveals the self-destructiveness of Clinton's Whitewater strategy.

The problem, say these Democratic outsiders, is that the influence of Carville and other campaign consultants creates a never-ending campaign. "They are acting as though Bill Clinton is running against Al D'Amato, and, of course, he is not," one such critic told me. "He is running against himself."

The emotional counterattack was reaching fever pitch just as Hubbell quit, not because of Republicans or the press but avowedly because the Rose firm accused him of double-billing the government. He denies the charges, but as number three official and chief operating officer at the Justice Department could not defend himself. That has caused Democrats to wonder why his former law partners turned against Hubbell.

The question is easily answered. The Rose firm is in danger of losing business with the Federal Deposit Insurance Corp. (about 40 percent of its total billing, according to legal sources)—and much more. Punitive action by the feds could prove fatal to the former monarch of Arkansas law firms. So, Rose seeks to clearly separate itself from a primary source of its troubles.

Hubbell is a man of great charm who made many friends in a year of running the Justice Department. His fall is seen by Democrats as part of a deepening tragedy in which Hubbell, Vince Foster and others from Little Rock arrived here in triumph and were beaten down by adversity.

But Republican staffers on the Senate Judiciary Committee view Hubbell's fate differently. In the confirmation process a year ago, the committee's GOP members shrugged their shoulders, did not follow up tips about Hubbell and did not challenge his claims about his legal career, which now appear bloated. The Republicans did not think they could deny a president the services of a trusted friend, but proper scrutiny could have sounded warnings.

In his present discomfort, Clinton might well look to the last two eight-year presidents, both Republicans, for the secret of their success. Dwight Eisenhower and Ronald Reagan avoided pals and cronies in staffing their administrations. And Reagan, for the last two years of his presidency, stuck to the business of governing amid the furor of Iran-contra.

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John S. Monagan

Erin Go Overboard

Why do we Americans make such a travesty out of Saint Patrick's Day?

Saint David's Day is observed with decorum. Saint Andrew's Day passes without excess. Saint Joseph's Day evokes measured observance. But when it comes to March 17, restraint is cast to the winds and we are overwhelmed with bathos, blarney and booze. Even the name of the day is trivialized with its frequent description as "Paddy's Day."

The purpose of the observance is to honor a great man who converted the pagan Irish chiefs and Christianized the Emerald Isle. This was an achievement comparable to that of Saint Paul in earlier days. In addition, however, the day is set aside to honor the Irish race itself and to recall the notable and checkered history of its people and the proud achievements of its sons and daughters.

Instead of achieving some recognition of these objectives, March 17 is seized as an excuse for a stupendous wassail accompanied by maudlin and puerile sentimentalizing. This is not to say that there should not be song and a "drop of the craytur" in celebration of the saint and his people, but some glimmer of the meaning of the observance should break through. The problem is much the same as that which we now find at Christmas.

A glance at the greeting cards on the shelves shows how shallow is the understanding of the observance by American stationers and their customers. It is impossible to find a respectable card. Instead of a sensible greeting or the invocation of past traditions, one finds leprechauns and magic wells, "top o' the morning's" and little men with green top hats and clay pipes. There is a cloying cuteness or a rib-nudging jocularity, both of which are essentially demeaning.

Old Patrick was one of the world's great achievers, and his Gaelic followers have compiled a notable history as practitioners of the arts and as fighters for liberty. Why can't we Americans celebrate him and them for their true worth instead of for a concept founded in Hollywood and Tin Pan Alley?

The writer is a retired member of Congress from Connecticut.

History Offers Inconclusive Record of Efficacy of Hill Hearings

By Helen Dewar
Washington Post Staff Writer

Behind the partisan wrangling on Capitol Hill over whether to hold hearings on President Clinton's role in the Whitewater affair lies a rich—and strikingly inconclusive—history of congressional efforts to find truth, justice and political profit in front of television cameras.

In 1973, the Senate Watergate Committee struck a vein of incriminating evidence leading straight to the Oval Office, contributing significantly to the resignation-in-disgrace of President Richard M. Nixon.

But 14 years later, special committees investigating the Iran-contra affair stumbled into a legal snare that led to reversal of criminal convictions of the person found to have run the illicit arms operations. That person was then-White House national security aide Oliver L. North, who is now a candidate to join the crowd that tried to exile him from public life.

Four years after that, several days of X-rated hearings before the Senate Judiciary Committee to explore Anita F. Hill's charges of sexual harassment against Supreme Court nominee Clarence Thomas resulted in putting Thomas onto the court and the committee into a "Saturday Night Live" parody.

The only enduring truth about congressional hearings may be that even Congress cannot repeal the law of unintended consequences. As often as not, hearings go down uncharted paths, producing high drama and low comedy.

But the risks do not stop Democrats or Republicans—depending on who's in power on Capitol Hill and out of power at the White House—from demanding hearings to probe chinks in the other party's political armor. In the Whitewater matter, the clamor for hearings brought special counsel Robert B. Fiske Jr. to Capitol Hill last week to suggest that congressional inquiries—such as a scheduled March 24 House Banking Committee hearing that Republicans intend to use as a forum on Whitewater—would only interfere with the ongoing criminal inquiry.

Senate Republicans yesterday were circulating a proposal calling for hearings on Whitewater, and Democrats were preparing a counterproposal, with a showdown possible as early as today.

Senate Minority Leader Robert J. Dole (R-Kan.), who has been stoking the Whitewater fires daily, responds to Democratic criticism of his tactics by noting that Democrats staged at least 20 hearings on alleged executive-branch wrongdoing while Republicans held the White House from 1981 to 1993. The list, compiled by the Congressional Research Service, included everything from the Iran-contra inquiry to an ambassador's gift fund.

"There has been only one change—a change in the political party in power at the White House," said Sen. Alfonse M. D'Amato (R-N.Y.).

Often, as Democrats are discovering to their dismay, the clamor for hearings serves a political purpose, regardless of whether hearings result. In the Whitewater matter, Clinton gets bruised, and Democrats appear to be invoking a double standard for hearings on Democratic and Republican presidents.

"Republicans have succeeded in placing a little cloud of doubt over the whole thing," said Sen. Daniel K. Inouye (D-Hawaii). "There's no question they're stirring it up for political gain," said Sen. John F. Kerry (D-Mass.).

At almost any daylight hour, hearings can be found on Capitol Hill, most of them routine committee reviews of departmental operations, personnel and spending that draw little public attention, the news media or even lawmakers themselves.

In a tradition that Congressional Quarterly traced back to 1792 and a probe into why troops led by Gen. Arthur St. Clair were routed by Indians on the Ohio frontier, Congress will also occasionally reach out to create special committees to investigate particular incidents.

Hearings—by regular or special committees—can turn into a blood sport when the political stakes get too high to ignore, which seems to have happened in the case of the Clintons' part-ownership of a land venture known as Whitewater with James B. McDougal, the former head of a defunct Arkansas savings and loan, and possible links between the two enterprises. The possibility of White House intervention in the federal probe of the case whetted Republican appetites even more.

While Dole talks increasingly of the "lessons of Watergate" and refers to things like "something unseemly lurking in the Whitewater bog," no one goes so far as to suggest that Whitewater is another Watergate in the making.

But Congress's difficulties with Whitewater are linked directly to the Iran-contra probe. An appellate court threw out the convictions of North and John M. Poindexter, saying their rights were violated by use of tainted testimony arising out of their testimony before Congress under a grant of immunity.

With Republicans having scored an early round in Whitewater by forcing Clinton to support appointment of a special Justice Department prosecutor, Democrats argue that congressional hearings, especially if immunity was granted to assure full disclosure, could jeopardize any convictions stemming from Fiske's inquiry.

Under these circumstances, Republicans run the risk of looking as though they are trying to have it both ways, while Democrats are in danger of looking as though they're grasping at legal straws to avoid public hearings.

As a result, both parties are hedging. Republicans are offering to hold off hearings for a while to accommodate Fiske, and Democrats are saying they would consider oversight hearings at the "proper time," in the words of Senate Majority Leader George J. Mitchell (D-Maine).

Politics aside, there is still the question of how truth and justice might be served by hearings in such a climate.

Hearings already have proved their worth in Whitewater, Republicans say, noting that it was in testimony before the Senate Banking Committee last month that Deputy Treasury Secretary Roger C. Altman, the acting head of the Resolution Trust Corp., acknowledged briefing White House officials on some aspects of the Whitewater matter. Since then, other conversations between White House and Treasury officials have been detailed, leading to the subpoenaing of 10 officials by a federal grand jury.

Even on Iran-contra, hearings helped keep the administration of then-President Ronald Reagan from being paralyzed, according to Sen. William S. Cohen (R-Maine).

"Hearings almost always reveal knowledge and perspective that is helpful to prosecutors," said Rep. Jim Leach (R-Iowa), the ranking Republican on the House Banking Committee who is spearheading the Whitewater inquiry. Not so, said a prominent lawyer who's been on both sides of the argument in cases of official wrongdoing. Hearings, said the lawyer, who requested anonymity, are a "defense lawyer's dream" because of what can be learned to combat the prosecution's case.

Success or failure of hearings rests largely on whether "they are fully bipartisan" and designed to "follow the facts wherever they lead," said former Senate majority leader Howard H. Baker Jr. (R-Tenn.), a Watergate committee veteran.

Inouye, the only veteran of both Watergate and Iran-contra panels still serving in the Senate, sees it differently. "I think it's virtually impossible [to hold worthwhile hearings] because you can't control members of Congress" from straying into areas that could jeopardize prosecutions, he said.

No hearing scripts can be written in advance, Inouye noted. Even the Watergate committee might not have earned such a niche in history but for a surprise, he added.

"I happened to be [there] at the time and the question was asked by one of the Republican staffers [Fred D. Thompson, minority counsel and now a Republican candidate for the Senate from Tennessee] . . . to one of the lesser witnesses [former White House aide Alexander P. Butterfield]," Inouye recalled.

Thompson asked, "Mr. Butterfield, are you aware of any listening devices in the Oval Office of the President?" Butterfield responded, "I was aware of listening devices, yes, sir." The rest, Inouye noted, was history.

THURSDAY, MARCH 17, 1994 THE WASHINGTON POST

Paul Hosefros/The New York Times

S. Gorelick, center, nominated as Deputy Attorney General, at start of her confirmation hearing yesterday. She was flanked by her sponsors, Paul S. Sarbanes and Barbara A. Mikulski, both Maryland Democrats.

Prosecutor May Check Billings of No. 3 Justice Aide

By DAVID JOHNSTON
Special to The New York Times

WASHINGTON, March 16 — The special prosecutor investigating President Clinton's real estate dealings in Arkansas is considering whether to examine the billing practices of Webster L. Hubbell, the Associate Attorney General, while he was in private practice in Little Rock, law-enforcement and Congressional officials said today.

If the prosecutor, Robert B. Fiske Jr., should decide to investigate the billings of Mr. Hubbell, who announced his resignation on Monday, it would draw another top Clinton Administration official into the widening criminal inquiry that had initially focused on Mr. Clinton's real estate dealings with James B. McDougal, the owner of Madison Guaranty, a failed savings and loan association in Arkansas.

Mr. Hubbell said when he resigned that his problems had no connection to questions surrounding the Whitewater Development Company, a real estate venture in northern Arkansas in which Mr. Clinton and his wife, Hillary, were once partners with Mr. McDougal and his wife, Susan.

Since then, Mr. Hubbell's former partners at the Rose Law Firm in Little Rock have tentatively decided to file an ethics complaint against him after their own examination of whether Mr. Hubbell improperly billed the firm for his time and expenses.

Broadening Investigation

Mr. Fiske substantially broadened his inquiry two weeks ago, when he ordered 10 officials at the White House and Treasury Department to appear before a Federal grand jury. That order was issued after news reports that Treasury officials met with Clinton [illegible] last fall as the Treasury Department was preparing to ask the Justice Department to investigate the collapse of Madison.

The possibility that Mr. Fiske may open a criminal inquiry into Mr. Hubbell's billings surfaced today at a hearing on the appointment of Jamie S. Gorelick to take over the No. 2 job in the Justice Department. At the hearing, Senator Charles E. Grassley, Republican of Iowa, said he had discussed the issue with the Federal Bureau of Investigation last week.

Senator Grassley questioned whether Federal investigators should examine an accusation made in news reports that Mr. Hubbell or others at the Rose firm may have overbilled the Federal Government when the firm represented it in a lawsuit against the auditors of Madison. The suit, accusing the auditors of failing to alert the Government to the severity of Madison's financial problems, was settled out of court.

"If there was an overbilling, it meant the taxpayers were defrauded," Mr. Grassley said at today's hearing.

Fiske to Weigh Complaint

Law-enforcement officials said Senator Grassley's complaint to the F.B.I. was referred to Mr. Fiske, who is reviewing whether there are sufficient grounds to pursue a criminal inquiry and whether he could investigate the issue under his charter, which gives him a broad mandate to investigate possible wrongdoing involving Madison. These officials said they expected a decision in a few days.

Mr. Hubbell has not said precisely when he will step down as Associate Attorney General, the No. 3 post in the Justice Department, but officials expect he will leave in a week or two.

Federal auditors with the Resolution Trust Corporation, the agency in charge of disposing of failed savings and loans, are already examining all of the Rose firm's fees for representing the Government, which some officials said could amount to as much as $2 million in past and current billings. That audit began a week ago, and no determination has been made whether the firm improperly billed the Government.

As Mr. Fiske proceeded with his inquiry, two prominent House Democrats, Dan Rostenkowski of Illinois and Lee H. Hamilton of Indiana, broke ranks with other senior Democrats on the Whitewater issue, saying Congressional hearings on the Whitewater venture may be unavoidable.

"I think the Congressional hearings are going to be inevitable," said Mr.

Another official is drawn into a widening inquiry into Whitewater.

Rostenkowski, chairman of the tax-writing Ways and Means Committee, who is himself the focus of a long criminal inquiry into his office-spending practices. But he added, "The American people are tired of all this."

Mr. Hamilton, the chairman of the House Foreign Affairs Committee, earlier expressed support for such hearings, saying they would be the best way to clear the air "quickly and completely."

Other Democratic leaders in the House and Senate have resisted demands from Republicans for hearings into the tangle surrounding Whitewater. Speaker Thomas S. Foley of Washington said lawmakers should defer to Mr. Fiske, who has said he would prefer that Congress postp[illegible] r-ings until he completes his investigation.

Senator Grassley's com[illegible]s on Whitewater were just a small part of today's hearing on Ms. Gorelick, who is now the Pentagon's top lawyer. After the hearing, it appeared likely that the Judiciary Committee would recommend her confirmation.

She was nominated to replace Philip B. Heymann, who resigned as the Deputy Attorney General in January, citing a lack of chemistry with Attorney General Janet Reno.

Senator Orrin G. Hatch of Utah, the Judiciary Committee's ranking Republican, praised Ms. Gorelick but said he was worried that the Justice Department "still has not settled down" more than a year after Mr. Clinton took office, a reference to vacancies left unfilled and the departure or announced departure of Ms. F[illegible]s top two aides.

Ms. Gorelick said she expected a "different reality" at the Justice Department, and added: "The Attorney General very much wants help in managing the department. She wants a right hand in managing the department."

Dismissal Over 19 Children

CHICAGO, March 16 (AP) — The state on Monday dismissed a social worker who twice gave up trying to check on a home where 19 children were later found living in squalor. Officials said that the worker for the Department of Children and Family Services, whose name was not released, should have called the police after she was turned away by residents. When the police raided the apartment for drugs on Feb. 1, they discovered children sleeping eight to a mattress and vying with a dog for scraps of food.

House Panel Backs Plan to Free Inmates

By KATHARINE SEELYE
Special to The New York Times

WASHINGTON, March 16 — In a move that might confound a public outraged about crime, the House Judiciary Committee today approved a proposal to let up to 16,000 inmates out of prison. The idea is to clear the Federal prisons of minor offenders and make room for violent ones.

The committee also debated a "three strikes and you're out" proposal, approving a complex array of qualifications. The bill would put away for life anyone convicted of three violent crimes. The first two crimes could be violent state crimes, and one of the first two "strikes" could be a drug offense involving large quantities. The third strike must be a violent Federal crime and could not be a drug offense. After protracted debate, the committee rejected an amendment that would have allowed "three strikes" inmates to get out of prison after serving 25 years if they had reached the age of 60. But the panel did approve amendments to exempt Indian reservations from the law and to increase the amount of drugs necessary to count as a "strike."

The committee still has 10 more amendments to consider on the three-strikes proposal, and is expected to vote on those measures on Thursday.

Possible Vote Next Week

Several other noncontroversial measures were approved today as the Judiciary Committee began considering a multi-bill crime package. The committee is expected to conclude its work this week and send the legislation to the full House for action next week.

The most unexpected action today came in an amendment to a bill that would give judges discretion in sentencing first-time, nonviolent offenders who had not previously been sentenced to more than 60 days in jail and who had not used a weapon in the incident in which they were involved. The current mandatory minimum sentence is five years. The bill passed today would reduce that to two years, at the discretion of the judge.

The amendment, approved by voice vote, would allow judges to apply the looser standards retroactively.

"We have a total of 16,000 inmates who are in the Federal system, under the mandatory minimum, who don't belong there, in many instances," said Representative William J. Hughes, a

Giving shape to legislation designed to fight crime.

New Jersey Democrat and former prosecutor, who introduced the amendment.

"I don't know how many," Mr. Hughes added. "But they have no prior record. They didn't use a firearm. They're not there because they were kingpins in any criminal enterprise. They had very little connection with a criminal enterprise. And any sentencing judge, without their hands being tied, would not have sent them to prison to begin with."

"If it's good policy for those coming into the system," Mr. Hughes said later, "it's good policy for those already in the system."

The amendment, approved after little debate, was supported by a few Republicans, including Henry J. Hyde of Illinois and Bill McCollum of Florida, both of whom acknowledged that some of their Republican colleagues were likely to challenge the proposal on the House floor.

"If you look carefully at the way it is structured," Mr. McCollum said later in an interview, "you're not letting any really bad guys out of jail." Mr. Hyde said it was "only fair" to treat such nonviolent inmates equally, regardless of when they were jailed. "'One size fits all' doesn't work in health care, and it doesn't work in the justice system," Mr. Hyde said.

Issue of Paper Work

Mr. Hughes said Justice Department officials opposed the amendment, mainly because they were worried "about paper work." The assertion prompted several committee members to express outrage at idea that paper work might impede justice.

Representative Barney Frank, Democrat of Massachusetts, declared, "I'm embarrassed at the Justice Department, of which I generally think highly, that the bureaucratic reflex seems to have caught them in so tight a grip."

Representative Jack Brooks, the Texas Democrat who heads the committee, said, "If it takes a little paper work, take it." He noted that it cost at least $20,000 a year to house criminals in Federal prisons, and that the trade-off in extra paper work was worth it.

Representative Charles E. Schumer, the Brooklyn Democrat who has sponsored most of the crime legislation, said he was ambivalent about the amendment because it was unclear how many people might be affected. The United States Sentencing Commission, which generally favors the move, estimated that only 4,000 inmates would be eligible, while the Justice Department said that up to 16,000 could be affected.

THE NEW YORK TIMES, THURSDAY, MARCH 17, 1994

bc-whitewater
INOUYE SAYS CLINTON RISKING
POLITICAL DAMAGE ON WHITEWATER
By KIRK SPITZER=
Gannett News Service=

WASHINGTON The only member of Congress who served on both the Watergate and Iran-Contra investigating committees said Wednesday President Clinton must resolve the escalating Whitewater scandal within the next two weeks or risk serious political damage.

But Sen. Daniel Inouye, D-Hawaii, stopped short of calling for congressional hearings.

Inouye said allegations against Clinton are politically motivated and bear no resemblance to the Watergate scandal, as some Republicans have claimed.

Nonetheless, he said Clinton has failed to rally Democrats to his side or to explain his version of events to the public.

``At this point you can say it is an image problem,'' said Inouye. ``But if this is permitted to fester for, say, a week or two more, then it will hav an impact on his ability to get certain important measures passed (in Congress) because his clout will be affected.''

One of the most senior Democrats in the Senate, Inouye was chairman of the Senate select committee that investigated the Iran-Contra affair in 1987 and served on the Senate select committee that investigated the 1972 Watergate break-in.

Two Democrats broke party ranks this week by voicing qualified support for hearings on the Whitewater scandal. But Inouye remained opposed, saying it would be ``almost impossible to hold meaningful hearings'' while special counsel Robert Fiske investigates the matter.

Fiske was appointed in January to investigate Bill and Hillary Rodham Clinton's involvement in a questionable Ozarks land deal 15 years ago and allegations that White House officials interfered with a police investigation of the death last year of White House Deputy Counsel Vincent Foster.

Fiske has asked Congress to postpone any hearings until after he finishes the investigation, expected within several months.

``What the president should pray for is the special prosecutor to come out with periodic reports,'' Inouye said.

He said Clinton may have contributed to a ``feeding frenzy'' by failing to explain the allegations to the public and failing to call on Democrats to speak on his behalf.

Inouye said he's been surprised no one from the White House has contact ed him since the scandal broke.

``No one has come to me and asked me to say a few words (on Clinton's behalf),'' said Inouye. ``I'm flabbergasted. I thought it would be routine.''

Inouye accused Republicans of exaggerating the allegations against Clinton and said they bore no resemblance to earlier scandals. He said there are no allegations of criminal conduct in the White House as in Watergate and Clinton has not invoked executive privilege, as did former President Richard Nixon during the Watergate affair and former President Ronald Reagan during Iran-Contra.

``Privately, most Democrats are quite incensed to the extent to which the Republicans are going after the President,'' Inouye said. ``We didn't do this with Reagan. We didn't do this with Nixon. It wasn't us who raised executive privilege.''

He said he expects Clinton and members of his Cabinet, and senior Democrats, to go on a media blitz in the next few weeks to tell Clinton's side of the story and to drum up popular support.

``There's no question it has hurt the president. So constant a pounding must have done some damage, but I'm not sure how much,'' he said.

``I've seen this kind of crisis come and go. In the end, the people will begin to pause and reflect and come out and say the president is being unjustifiably picked on.''

Rep. Lee Hamilton, D-Ind., said Tuesday congressional hearings might be the best way to resolve the Whitewater matter ``quickly and completely.'' On Wednesday, Rep. Dan Rostenkowski, D-Ill., said hearings might be ``inevitable.''

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BC-WHITEWATER-FIRM

ROSE LAW FIRM SQUIRMS IN UNACCUSTOMED SPOTLIGHT

By Arthur Spiegelman

LITTLE ROCK, Ark, March 16 (Reuter) - The Little Rock phone book is crammed with page after page of advertisements for lawyers with preening photographs making pledges of ``immediate action and aggressive representation.''

But the state's oldest, most prestigious firm -- the one that makes the deals for tiny Arkansas's movers and shakers, the one that sent its most famous partners, Hillary Clinton, Webster Hubbell and Vincent Foster to Washington amid high hopes -- has only a one-line notation of its name, address and phone number.

That's the way the firm - the Rose Law Firm - likes it, low key, out of the public eye and that's the way it is not getting it these days.

Rose's 56 law partners are in turmoil as the Whitewater land development controversy besmirches not only the reputations of President and Mrs Clinton but of ``the oldest law firm west of the Mississippi.''

TV camera crews from as far away as Sweden are besieging its front gates and on Wednesday morning an ABC television helicopter hovered over its block-long, three-story red-brick headquarters taking pictures.

The firm's ethics and behind-the-scenes ways of doing business for big companies like Tyson Foods and Stephens Inc, for government agencies like the Federal Deposit Insurance Corporation and for millionaire takeover artists have been attacked or analysed in minute detail on almost a daily basis in the press.

Some critics have even tried to paint it as a non-lethal version of the corrupt law firm that dominated John Gresham's bestseller, ``The Firm,'' and some prominent local lawyers say that Rose's clients, disturbed by the bad publicity, have quietly approached them about doing business elsewhere.

``When I get home I am going to recommend to my company that it switch from Rose to another law firm because I don't know with all its problems whether it will have any time to work for us,'' said one visiting Mississippi businessman the other day.

Local lawyers joke about how people go up to Rose lawyers these days and say, ``I know who you are, you're the people that shred'' -- a reference to the firm's shredding of files allegedly belonging to its late managing partner Vincent Foster, who committed suicide while working as an assistant White House counsel.

The clerks that did the shredding were called before a grand jury investigating the Whitewater controversy which Foster worked on for President Clinton. The shredding led Special Prosecutor Robert Fiske to serve a subpoena on the firm.

The firm's managing partner and spokesman, Ronald Clark, has insisted that the documents shredded had nothing to do with Foster or with the Whitewater Development Corporation, which Clinton formed with Madison Guaranty Savings and Loan President James McDougal to buy riverfront property.

But his comments represented a rare surfacing for Clark who is winning a reputation these days for being bunkered down, not returning press calls or being available for comment.

He told the Arkansas Democrat Gazette Sunday, ``We'd love to get our names out of the paper, but we've got a lot of support from our clients. They know all this stuff is a bunch of malarkey. We're not obstructing justice.''

But the firm is in an angry controversy with another former managing director, Webster Hubbell, whom it says overbilled clients and stuck the firm with a bill for $1 million for representing a company owned by his in-laws.

Hubbell had to quit his job as the number three man in the Justice Department this week so he could go home to fight with Rose, which is reportedly planning to bring ethics charges against him before a state judiciary committee.

While the fight with Hubbell has nothing to do with Whitewater, some

lawyers in Arkansas s e it as a sign that Rose wants to cut its ti s with the Clinton administration.

``They must be asking 'What's it going to cost to get out of all this?' The Rose firm has always had the money and the power and now it is getting attention it doesn't want,'' said local criminal lawyer John Hall.

Others see it as a sign of Rose's fracturing. ``They are not a firm but an association of lawyers who don't want to lose money and they are willing to turn on each other to do it,'' said one lawyer, who asked not to be identified.

The firm's troubles have raised questions in Little Rock about whether it can survive despite an illustrious history.

Rose is named after U.M. Rose, who was a founder of the American Bar Association and whose statue stands in the U.S. capitol's Statuary Hall.

Past partners have included six former members of the Arkansas Supreme Court, including three chief justices, one of them a man named Webster Hubbell.

REUTER

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BC-GOLDWATER national editors
Goldwater to GOP: Get off Clinton's back on Whitewater
(HAS TRIM)
(EDITORS: Karan English is CQ.)
By Jonathan Sidener
Arizona Republic

PHOENIX Former Sen. Barry Goldwater has chastised his Republican colleagues for fanning a controversy over the Whitewater affair that has dogged the Clinton administration for weeks.

``The people elected Bill Clinton president, and I urge my Republican friends in Washington to get off his back and let him be president,'' Goldwater, the 1964 Republican presidential nominee, said Wednesday morning at a news conference on the lawn of his home in Paradise Valley.

Goldwater, 85, who represented Arizona in the Senate for more than 30 years, said he summoned the media to his home because the brouhaha over Whitewater has been ``bugging me for the last week.''

``I haven't heard anything yet that says this is all that big of a deal,'' he said. ``It's making it awful hard for him to be president. I just wish they'd get off his back.''

Goldwater has, in recent years, repeatedly strayed from the party line when voicing his opinions. He supported Clinton's policies on gays in the military, endorsed Rep. Karan English, a Democrat, in the 1992 6th District congressional race and spoke out in favor of a Phoenix gay-rights ordinance.

The former senator said he made his comments of his own volition. Clinton had not asked him for support, nor had he spoken to the president, he said.

``I don't have their phone number, and they haven't called me,'' he said of the Clintons.

``I haven't talked to them for months.''

He said he does not believe that Hillary Rodham Clinton has done anything unforgivable.

Hillary Clinton once pointed out to Goldwater that, in the formative years of her political career, she had worked as a volunteer in his 1964 presidential campaign as a Goldwater Girl.

``She's a good woman,'' Goldwater said. ``I think the president is smart enough to listen to her.''

Arizona's elder statesman said Whitewater critics are holding Clinton to an unrealistically high standard.

``Not many presidents could meet that standard,'' he said. ``I know I couldn't.''

Goldwater said that a time comes to set politics aside for the country's best interest.

``This country is a damn sight more important than the Republican Party or the Democratic Party,'' he said. ``It's time to stop nitpicking this thing called Whitewater.''

Goldwater said his views might put him at odds with Sen. John McCain, the Republican who succeeded him in the Senate, and other leaders of his own party.

``You know something? I don't give a damn,'' said the man who once advised President Richard M. Nixon to resign.

``I've been in the leadership of my own party, too. I think it's time for some of the senior voices in the party to speak up.''

(EDITORS: STORY CAN END HERE)

He did say that he would not endorse English again because ``she hasn't voted the right way.''

Goldwater said he has no plans to leave the Republican Party, even if his views sometimes stray from the mainstream.

``Hell, no,'' he said. ``I've been a Republican all my life, and I don't plan to change. I think this (the comment on Whitewater) is a very conservative position.''

Goldwater said his comments were directed at politicians, not the media.

The latter were beyond redemption, he implied.

``Now, don't get me started on the media,'' he told the lawnful of reporters.

Goldwater emphatically limited his comments to Whitewater. He was asked repeatedly about the recent appearance of his grandson, Ty Ross, in the premiere issue of POZ, a national magazine for people infected with the AIDS virus or who have full-blown acquired immune deficiency syndrome.

``That's none of my damn business,'' Goldwater responded each time he was asked.

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B -Editorial Rdp, 2nd Add,1028
U DATED: that works.

March 16

The Independent, London, on Whitewater:

Even if the Clintons emerge vindicated (in the Whitewater case), or, as is more likely, technically innocent but foolish, their hopes of enacting an ambitious domestic reform program are gravely damaged. As in the Nixon White House at the time of Watergate, all the energy and effectiveness of the president and in this case also the first lady may be monopolized for months by the struggle for political survival. ...

A weak president means a weak America, and the West needs America to be strong. President Clinton was promising to be a good, even, in context, a great president (foreign policy apart). He had squared up to issues U.S. politicians had avoided for years: health care, education, guns, falling middle class living standards. He has spoken honestly about race, to whites and blacks.

The destruction of President Clinton would bring joy to zealots of the Right both in the U.S. and here. But it would raise the question whether, in this all-seeing, little-forgiving media age, the U.S. is governable at all.

March 14

Gulf Daily News, Manama, Bahrain, on Whitewater:

U.S. first lady Hillary Clinton's admission ... that she had made mistakes in handling the Whitewater affair should take the heat out of a potentially explosive scandal.

For the Clinton administration is daily facing bizarre new accusations of a cover-up that included moving bodies, destroying evidence and maintaining a ``safe house'' in a Washington suburb.

The affair is beginning to seriously cast clouds over what many regarded as rising White House stars and it is grossly debilitating for Clinton himself, consuming his energies and eroding support for health and welfare reforms.

Next in line could well be the very able deputy Treasury secretary Roger Altman, widely tipped to succeed Lloyd Bentsen.

There is clearly no comparison between the Whitewater affair and the Watergate scandal which rocked the Nixon White House, and hopefully overblown media allegations can be debunked over coming days.

For the affair is basically just politics despite minor nagging concerns over the conduct of the Clintons.

March 15

Asahi Shimbun, Tokyo, on human rights in China:

How China's affairs develop is of serious concern to the Japanese. Now that China is Japan's second-largest trading partner and Japan is China's largest, Japan will be seriously affected if China falls into confusion. Nor is it desirable for the ties between the United States and China, both of which have friendly relations with Japan, to be strained. Seen in that light, particular attention will have to be paid to developments in China and its relations with the United States. ...

China's insistence that the right to existence and development is the foundation of human rights is not beyond comprehension. The American manner of twisting Chinese arms to extract concessions by using democratization and human rights problems as leverage is also
a little too impetuous.

However, respect of human rights is a universal value in any country and is a global trend of the times. It is only natural that as the economy advances, the people's political demands grow louder. If China seeks long-term stability, it must honor democratization and human rights and tap popular will in its politics.

March 16
Maariv, Tel Aviv, Israel, on Israeli-PLO talks:

The message that (PLO Chairman Yasser) Arafat is sending to the Washington administration and to the Jerusalem government is this: Don't pressure me to return to the negotiating table, because if I fall, the entire peace process will tumble into an abyss. I have to prove to the PLO leadership and to the Palestinians in the territories that I collected a reasonable price for the blood spilled in the Tomb of the Patriarchs. And you should know that this is not a put-on. The Palestinians are really afraid of the settlers and now you also understand why. (President) Clinton and (Israeli Prime Minister Yitzhak) Rabin are reacting to the message with understanding, thus the readiness for the Security Council decision that will condemn the Hebron massacre and outlawing the Kach groups.

But, it is doubtful if ... Rabin has the power to agree to Arafat's demand to clear the settlers out of Hebron and to disarm the settlers in every point of friction.

This is an extraordinary demand, that even a strengthened coalition will not be able to withstand.

March 16
Le Dauphine Libere, Grenoble, France, on the trial of Paul Touvier:

After a long wait, justice has finally caught up with history. The appearance of Paul Touvier before a criminal court in Versailles (France), for the execution on June, 29, 1944, of seven Jewish hostages, constitutes a judicial event without precedent. . ..

It is the first time that a Frenchman is tried for complicity in crimes against humamity. ... Some see it as a history lesson, hoping to better understand a somber period of our past. ...

Touvier could be not only the first Frenchman to answer for a crime against humanity, but also the only one.

March 15
El Pais, Madrid, Spain, on South Africa:

In South Africa, the path toward the first multiracial elections is steeped in blood, with apartheid leaglly done away with, the return to normality, not just politically but also ethnically, is turning out to be extremely cruel.

The events of Bophthatsuana ... sum up the horror ... and illustrate the climate of violence and political uncertainty in South Africa.

The horrible episode, once again the result of the senseless violence of racists, has had two consequences that could be considered favorable: firstly the resignation of a terrified Constand Viljoen, the charismatic leader of the Afrikaner Volksfront and his announcement to form a new movement that will take part in the elections; and secondly, the reintegration of Bophuthatsuana in South Africa, allowing this old ``homeland'' to partake of the normalization process.

End Editorial Roundup

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PM-MO--Whitewater Namesake,240
Whitewater, Mo., Residents View Controversy With Amusement

WHITEWATER, Mo. (AP) The residents of this tiny southeast Missouri village are adjusting to seeing their namesake in the headlines, but it has taken some getting used to.

``When I first saw it, I said, `Wow, Whitewater's in the news,''' said 15-year-old Susan Dunning.

Even village trustee and former Mayor Sharon Hale was fooled at first. ``It's odd to turn on the news and hear Whitewater. You think it's your town, you think you've made it big. Then you have to realize they're not talking about us.''

What people are really talking about is a failed Arkansas land deal that cost Bill and Hillary Rodham Clinton money and continues to cause them grief. The Clintons and their partners invested in Whitewater Estates, a planned 230-acre retirement and vacation community in Arkansas.

``I guess people are a little amused because of the name,'' said Whitewater's Melvin Pope, who owns the town's only store Whitewater Grocery Store. The village, about 17 miles west of Cape Girardeau, was incorporated in 1898 and is now home to 130 people.

Pope said he doesn't dwell on the Whitewater controversy because he has other things on his mind.

``I want to know when the fishing's going to be good ... whether there'll be a flood next year. These are the things we worry about.''

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bc-whitewater - a1830
(ndy) (ATTN: National editors) (Includes optional trims)
Rosty Says Whitewater Hearings Inevitable; Gore Disagrees (Washn)
By Martin Kasindorf= (c) 1994, Newsday=

WASHINGTON In the latest breach of Democratic unity on Whitewater, House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., said Wednesday that the congressional hearings demanded by Republicans are ``inevitable.''

Rostenkowski, after crediting a Chicago visit by President Clinton with playing a ``pivotal'' role in his Tuesday primary win, said on NBC that Whitewater hearings could become a ``circus'' and he was ``not enthusiastic'' about the prospect. But he added: ``I think the congressional hearings are going to be inevitable.''

Vice President Al Gore told reporters, ``I don't agree with that.''

Another Democrat, Rep. Lee Hamilton of Indiana, said Tuesday that a congressional forum on Whitewater might be the best way to make the facts public ``quickly and completely.''

House Speaker Thomas Foley, D-Wash., joined Senate Banking Committee Chairman Donald Riegle, D-Mich., in hewing to the administration's position: that only Whitewater special counsel Robert Fiske should investigate the Arkansas business dealings of the president and first lady Hillary Rodham Clinton.

Riegle appeared to squabble with Hamilton by noting that he was chairman of the House investigation of the Iran-Contra scandal. ``I think the Iran-Contra hearings, which he participated in, sort of blew up in our face'' when immunized testimony prevented independent prosecutor Lawrence Walsh from securing criminal convictions, Riegle said.

Republicans say they would not grant immunity for Whitewater testimony.

Fiske has said he could finish within weeks a phase of his investigation concerning private meetings on Whitewater between White House and Treasury officials. But Foley said he opposes holding hearings limited to those meetings, fearing that they could be ``used as a method of backing into the fundamental questions involved in Whitewater issues in Arkansas.''

Under subpoena from Fiske, White House communications director Mark Gearan and two aides of Hillary Clinton testified before a grand jury last week about the meetings. Four Treasury officials and at least one more White House aide is scheduled to go before the grand jury Thursday.

(Begin optional trim)

The president reverted to a policy of minimal comment on the politically boiling issue Wednesday.

``Look, I don't have anything else to say about that right now,'' he said during a news conference with Israeli Prime Minister Yitzhak Rabin. ``We are cooperating fully with the special counsel, which is what all of you asked me to do. I wish you'd let them do their work.''

James McDougal, owner of the failed Madison Guaranty Savings & Loan and a former land-development partner of the Clintons, said the president did nothing wrong. When the White House returns copies of Whitewater Development Co. records to him, as he is demanding, ``I hope that I'll be able to make the same assurance about Mrs. Clinton,'' McDougal said on ABC-TV's ``Good Morning America.''

(End optional trim)

In other Whitewater-related developments Wednesday, sources at Little Rock's Rose Law Firm said a decision on filing an ethics complaint with the Arkansas bar association against former Associate Attorney General Webster Hubbell was ``imminent'' but had not yet been finalized.

Hubbell resigned earlier in the week, citing the need to focus on his dispute with Rose over billing practices as a member of the firm before he

became the Justice Department's third-ranking official.

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Hype & Glory

By NED ZEMAN

Beer and loathing in Arkansas: Whitewater comes to a head at the Capital Hotel bar

"*The New York Times* is not a supermarket tabloid." The voice belonged to R. W. "Johnny" Apple Jr., the seasoned *New York Times* Washington-bureau chief, and he was responding to a query as to whether the paper of record would be reporting on two Arkansas state troopers' lurid charges about Bill Clinton's gubernatorial years—a story that swiftly became known, in journalistic circles, as Fornigate. A few days later, in step with countless "Eyewitness News" teams and the British tabloids, the *Times* dispatched first-string reporters Michael Wines and Sara Rimer to Little Rock.

But, really, who could blame them? Every other paper and network had hightailed it down South, and then along came all that Whitewater unpleasantness and soon reporters were all over Little Rock—skulking after bureaucrats and scoundrels, trolling for purported "Bill Babes." But at night they all returned to their hub, the sumptuous Capital Hotel, a 114-year-old landmark with vaulted ceilings, huge rooms, and a staff that memorizes every guest's name—all for just over $100 a night. It's what the Caravelle was to war-torn Saigon, what the Al Rashid was to Baghdad—a journalist's sanctuary. "Also," notes Rex Nelson, the seasoned political editor of the Arkansas *Democrat-Gazette*, "I think they like the bar." Ah, yes: the hotel houses the legendary Capital Bar, which is the prime watering hole for local and visiting muck-a-mucks. "Used to be a whorehouse, you know," Nelson adds, as if the media needed another reason to be there.

Anyway, it's the place to be. In just a few days at the hotel, one might spot representatives from *Time*, ABC, CNN, *Newsweek*, NBC, the *Los Angeles Times*, and the BBC. Not to mention all the tabloid reporters. But these are journalists. Which is to say that no matter how nice their setting may be they always find the underbelly. *Time* writer Richard Behar, an engaging sort who, like most of his colleagues, has nevertheless been known to launch into tirades when the hotel fax machine screws up, thinks there's a ventilation problem at the hotel. "There's no air here. I took a tool and started chipping away at the window, but we're *trapped*." Behar is *Time*'s point man on Whitewater, so everyone at the Capital knows him, including the competition. He was recently awakened late at night by loud pounding on his door. Then a voice demanded, "Go home! There's no story here, you bastard." Dazed, Behar figured it was a source coming for a little payback. But no. It was Alan Frank, an ABC producer with a flair for the dramatic.



Still life with martini and pilsner glasses: The Capital Hotel bar, Little Rock, Arkansas.

MATT BRADLEY

This frat-house gamesmanship is typical. For example, all faxes can be found in one area at the front desk, which means they're available on a first-come, first-swipe basis. There's plenty of superficial professional courtesy, but when one alleged Clinton mistress dined in the hotel restaurant, "everyone was suddenly running down the hallways," recalls a CNN staffer, "jockeying for position." Meanwhile, it's become routine for reporters to greet new arrivals with the message "Welcome aboard. Your phone is tapped." (Even better is the fact that hotel staffers will cheerfully read you that message, adding, "Have a nice day.") The bugged-phones theory has been propagated because reporters always seem to know who called whom and because the Capital is owned by Stephens Inc., a financial holding company with close ties to the Clintons. (Needless to say, the hotel denies employing any Big Brother tactics.)

Spend some time in the Capital Bar and a complicated journalistic ecosystem becomes evident. Most reporters are happy to chitchat with one another, particularly after hours

PM-Hubbell-Mrs Clinton, Ark Bjt,580
Mrs. Clinton Worked with Hubbell on Case Now in Dispute With Firm
tp2wdc
By JULIE STEWART= Associated Press Writer=

LITTLE ROCK (AP) Hillary Rodham Clinton did less than a day's work in a case reportedly at the center of a law firm dispute that forced Associate Attorney General Webster Hubbell to resign this week, her spokesman said.

The case involves a parking meter company, P.O.M. Inc., owned by Hubbell's brother-in-law Seth Ward II that had sued a competitor in federal court over a patent dispute and lost.

Hubbell took the case on a contingency basis, and when the suit was unsuccessful the Rose Law Firm reportedly was stuck with the legal bill. The Wall Street Journal reported this week that the case cost the firm about $1 million.

Hubbell resigned Monday as the No. 3 official at the Justice Department, citing a controversy over ``private issues'' involving his work at the Rose firm, where Hubbell and Mrs. Clinton used to be partners.

The New York Times reported that law partners at the firm have tentatively decided to file an ethics complaint against Hubbell, citing unidentified attorneys involved in the inquiry.

Senior partners decided to act after others at the firm threatened to file individual complaints against Hubbell if the firm failed to act, the Times reported in Wednesday's editions.

Hubbell previously acknowledged the firm had questioned him recently about billings to past clients and had asked him for documentation for certain expenses. He did not specify which cases were involved.

Three documents on file at the federal courthouse in Little Rock listed Mrs. Clinton along with Hubbell and Amy Lee Stewart, another Rose lawyer, as ``attorneys for'' P.O.M.

Two of the documents are amended complaints against the company's competitor. A third is a factual statement document supporting one of the complaints.

``To the best of our knowledge, Mrs. Clinton billed less than seven hours of work to a case in which the Rose Law Firm devoted thousands of hours and lasted several years,'' said Neel Lattimore,
a spokesman for Mrs. Clinton.

P.O.M., based in Russellville in central Arkansas, lost the suit against Duncan Industries Parking Control Systems Corp. of Harrison.

``I don't believe she (Mrs. Clinton) had any significant involvement. I was in the case from the outset and never encountered Mrs. Clinton,'' James Ryther, an attorney for Duncan Industries, said Tuesday.

``Webb was the one that we encountered on a regular basis,'' said Ryther, a Chicago attorney.

Several newspapers reported this week that the dispute between Hubbell and Rose, which led to his resignation, involved the firm's unhappiness about the P.O.M. case.

The Journal reported that the Rose firm absorbed $500,000 in unbilled time charges and got stuck with another $500,000 in outstanding litigation expenses that the firm thought P.O.M. would pay.

Some of Hubbell's partners did not learn of the fee arrangement until after he left to join the Clinton administration, the newspaper reported.

Ron Clark, a Rose spokesman, did not return telephone calls Tuesday seeking comment.

A federal jury in Little Rock decided in 1991 that Duncan Industries did not violate antitrust and patent laws in its competition with P.O.M. The U.S. Circuit of Appeals in Washington upheld the jury verdict last year.

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PM-MO--First Lady Visit, Bjt,0600
First Lady Says Whitewater Won't Distract Her From Health-Care Reform
With AP Photo
By CONNIE FARROW= Associated Press Writer=

ST. LOUIS (AP) First Lady Hillary Rodham Clinton says nothing and that includes Whitewater is going to disrupt her push for health-care reform.

``I just want to put anybody who thinks this will derail health care on notice,'' Mrs. Clinton said Tuesday in an interview with the St. Louis Post-Dispatch. She predicted that Congress would pass health-care reform this year.

She called Whitewater ``a non-event.'' And, the first lady accused the media of exploitation and sensationalism.

``I think what has happened is that the business aspects of journalism have overwhelmed a lot of the other considerations and roles,'' she said.

The Clinton administration has been under fire for an investment the couple made in 1978 in the Whitewater Development Corp., an Arkansas land deal that went sour. At the president's request, following calls from some members of Congress, a special prosecutor has been appointed to investigate the matter.

Despite the controversy, Mrs. Clinton said she would never step aside as a policymaker in the White House.

The policy she is probably best known for is health-care reform, and Washington University students and faculty got a primer on that subject from the first lady Tuesday.

Mrs. Clinton spoke to about 2,700 gathered at the school's field house. She outlined the program's main points and emphasized the importance of making health care available to everybody.

Mrs. Clinton said she wanted to clear up two major misconceptions about the plan.

``First, the president's not proposing a government program,'' she said. ``He wants to build on the system of private insurance, guaranteeing comprehensive coverage for all.

``There's also been misinformation about what choices will be available to you'' under the plan, she said. She said the Clinton plan would provide freedom to choose one's doctors and medical facilities.

Mrs. Clinton said she believes private insurance companies are the cornerstone of health care reform, but she said the practice of discriminating against people who have pre-existing medical conditions must be stopped.

``There are more than an estimated 80 million people who are unable to get insurance because they have a pre-existing condition,'' she said to applause.

Some in the audience said they were worried about making sure reform was paid for equitably.

``She spoke well and she explained it, but the financial question still has me concerned,'' said student Broderick Lee.

A small band of protesters outside the field house combined allegations of impropriety tied to Whitewater with criticism of the president's health plan.

``Shred Hillary's plan,'' one placard said.

Earlier in the morning, Mrs. Clinton visited a research program on exercise and aging at the university's medical center. She visited with participants working out on rowing machines, stationary bicycles and weights.

The 5-year-old program is funded by the National Institute on Aging. Researchers are measuring the extent to which exercise reverses the deterioration of functions that come with aging and whether exercise can reverse such conditions as osteoporosis.

Mrs. Clinton said she was impressed with the program and that it illustrated the importance of preventative health care.

Later, Mrs. Clinton visited the St. Louis Altenheim Retirement Center. There, she talked with eight residents about the president's proposals to help the elderly pay for long-term care and prescription medicines.

Herman Telthorst said he is on a fixed income and pays $12 a day for medication for him and his wife. He told Mrs. Clinton that he believed all Americans should be guaranteed medical care, just like they are education.

``For some, it's a choice between food or medicine. I think that's a crime,'' he said.

Telthorst and the others seemed relieved when Mrs. Clinton explained that their plan would put a cap on prescription drug costs.

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PM-MO- Missouri Today,0780

First Lady Says Whitewater Won't Distract Her From Health-Care Reform

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Man Calls TV Station To Confess to Murder; No Charges Yet

JEFFERSON CITY, Mo. (AP) A Holts Summit man confessed to killing a man whose body was found outside a furniture store, saying the dead man had allegedly raped a family member four years ago.

Paul Neeley was arrested Tuesday afternoon after he claimed to have killed Tony ``Mike'' Terrell, 37, of Jefferson City. Neeley called KRCG-TV and said he wanted to give a taped confession to Terrell's murder.

In an interview with the station, Neeley said he was motivated to commit the killing because Terrell had allegedly raped a relative of Neeley's four years ago.

No charges were filed Tuesday, and Cole County Sheriff John Hemeyer said the Mid-Missouri Major Case Squad will investigate Neeley's broadcast comments about the case.

Police began searching for Terrell on Monday after members of his household reported they had not seen him since he left home at 1:30 a.m. Sunday.

Terrell's body was found outside Missouri Furniture on Highway 54 about 12:30 a.m Tuesday. He had been shot several times with a .22 caliber pistol, the sheriff said.

Member Of Missouri Basketball Team Faces Possible Suspension

COLUMBIA, Mo. (AP) Missouri basketball player Paul O'Liney faces a possible suspension of at least one game following his arrest for misdemeanor assault, coach Norm Stewart said.

Police arrested O'Liney, 22, for allegedly punching a woman in the face several times outside a downtown Columbia nightclub around 1:30 a.m. Tuesday, said Sgt. Eric Meyer.

O'Liney will accompany the Missouri basketball team to Ogden, Utah, for the first round of the NCAA West Region tournament.

``We learned of this incident at 6:30 a.m., and since that time we have been trying to get all of the details,'' Missouri head coach Norm Stewart said in a news release late Tuesday afternoon.

``What I have been able to find out, though, leads me to think that we'll suspend Paul for at least one game until we can determine all of the facts.''

The victim, who was not identified, told officers she suffered minor injuries and wanted to pursue charges against O'Liney, Meyer said.

O'Liney was released on signature bond and issued a summons to appear in Municipal Court.

The Tigers play the U.S. Naval Academy on Thursday in a first-round game.

Youth Questioned In Texas Slayings

LIBERTY, Mo. (AP) A 16-year-old youth pulled over for a routine traffic

stop was being held for questioning in the stabbing deaths of three people in Beaumont, Texas.

The youth was being held Tuesday by Clay County juvenile authorities and was expected to be returned to Texas, said David Sirinek, director of court services for Clay County Circuit Court.

Police in Beaumont had been looking for the youth since Sunday, when they found the bodies of David Travis, 46, his wife, Kathleen Travis, 40, and a family friend, Todd Thompson, 16, in the Travis home. A 1984 Chevrolet Suburban was missing from the home.

About 10 a.m. Tuesday, Missouri State Highway Patrol Cpl. Kyle Marquart reported seeing a 1984 Suburban driving erratically as it headed north on Interstate 35. Marquart pulled the vehicle over and ran computer checks on it and the driver, and learned the youth was wanted in Beaumont.

Investigators said they found a pistol and a bloody towel in the vehicle.

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bc-germond-witcover 03/16 GERMOND
RELEASE: 03/16/94
TAKE 1 OF 1
FOR USE BY TRIBUNE MEDIA SERVICES CLIENTS ONLY
CHOKING OFF BIPARTISANSHIP
By Jack W. Germond and Jules Witcover

WASHINGTON President Clinton wants the Republicans to know that his tirade against them in Boston the other night was no mere angry outburst, but ``deliberate'' on his part. In charging their party with being ``committed to a politics of personal destruction,'' he told a New Hampshire audience the next morning, ``I wanted to tell those people how I felt.''

Clinton accused the Republicans of ducking the nation's ``profound problems,'' calling the GOP ``an opposition party that just stands up and says No''' he said the word nine times and would ``rather take off after'' First Lady Hillary Clinton.

The cause of the outburst, obviously, is the Republicans' drumbeat demand for congressional hearings on the involvement of the president and his wife in the Whitewater affair. It has grown louder in spite of his insistence that he is turning over all relevant material to the Justice Department's special investigator in the case, and has signaled that he wants all White House staffers to cooperate fully.

The remarks may have been deliberate, but they clearly convey an emotional unravelling that is infecting other Democratic leaders as well notably Hillary Clinton herself and Democratic National Chairman David Wilhelm.

The First Lady recently labeled the attention to Whitewater ``a well-organized and well-financed attempt to undermine my husband, and by extension myself, by people who have a different political agenda or have another personal and financial reason for attacking us.''

Wilhelm last weekend at a national committee meeting in Cleveland charged the Republicans with ``wallowing in whatever sleaze and mud they can create,'' preferring to ``see the country fail than Bill Clinton succeed.'' In unusually strident, personal references, the party chairman singled out three GOP senators, saying: ``Being attacked on ethics by Al D'Amato is like being called ugly by a frog. Being accused of ethics violations by Phil Gramm is like being called low by a snake. Being attacked on ethics by Bob Dole is like being called a tax cheat by Leona Helmsley.''

This latter harangue was too much for the Democratic leaders in Congress. Senate Majority Leader George Mitchell, who has had a smooth working relationship with Dole, the Senate minority leader, said Wilhelm's remarks did not ``contribute to the dialogue.'' House Speaker Tom Foley said he did not ``agree with any characterization of Bob Dole that doesn't hold him to the highest esteem.''

Mitchell and Foley know all too well that with some Democrats disenchanted with key elements in the president's health-care reform package, the administration is going to need Republican votes to enact any significant compromise plan this year. Mitchell particularly knows that there are a number of moderate GOP senators who want a health-care bill, and that assailing the character of the Republicans
particularly the Senate minority leader is not the way to encourage bipartisanship.

While it is clearly evident that some Republicans like the flamboyant D'Amato are hoping to turn Whitewater into a raging flood that will engulf the Clinton presidency, it is quite a jump to assume that the demand for more light on the controversial Arkansas land development deal to which the Clintons were parties is no more than a bare-knuckle attempt to knock out health-care reform.

Presidents often are given to believing that their way is the only right way, and that anyone who disagrees with them, and says ``No'' even once must have a dishonorable motive. The previous Democrat in the White House, Jimmy Carter, comes to mind.

But Clinton as an artful practitioner of political compromise should know better. If his outburst was the result of personal pique and frustration, it would be easier to accept than his insistence that he was deliberately taking on the opposition party a party that last year bailed him out on the North American Free Trade Agreement when enough Democrats turned against him to scuttle it.

The Clintons have confessed to having lost their shirts in the Whitewater deal. Losing their cool could in the long run be more damaging to them, and their political goals.

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bc-kaul 03/16 DONALD KAUL
RELEASE: 03/16/94
TAKE 1 OF 1

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WHITEWATER CLEAN STUFF BESIDE THE STAIN OF WATERGATE

By Donald Kaul

The White House keeps throwing people off the sled, but the wolves keep gaining on them anyway.

Last week, it was Bernie Nussbaum, the White House counsel; this week Webster Hubbell, associate attorney general. And who knows, really, whether Vince Foster jumped or was pushed?

No, wait! Stop! I didn't mean that. The Republicans are starting to get to me. Their tireless efforts to raise this Whitewater deal to the level of the bad things they did when they were in office Watergate, Iran-Contra, Teapot Dome is beginning to pay off. I'm becoming Limbotomized, a condition characterized by an inability to say anything about the President and first lady without a snigger.

The Republican effort reached some sort of crescendo last weekend with the rumor that Foster, deputy White House counsel, had not died where his body had been found, an apparent suicide, but instead had been transported there (ital) after (end ital) his death. Rush Limbaugh, America's Blowhard, then upped the ante by suggesting the possibility that Foster had died in a Virginia apartment kept by Hillary Clinton.

Whew! Even for a third-rate balloon-head like Limbaugh that was extreme. Maybe Martians have implanted transmitters in Rush's molars and are controlling his mind.

It was nonsense, of course, as ABC proved with some particularly grisly photos of Foster's body.

But it had its effect, as did the Nussbaum and Hubbell resignations. The image created was that of an administration disintegrating under the weight of its sins.

The Republicans have been quick to play the Watergate card. Bob Dole, for example (who, as I remember, did not think Watergate all that big a deal), has chastised the White House for not learning the lessons of that scandal. Sen. D'Amato of New York, who is to ethics what a chain saw is to the wilderness, has set himself up as a moral arbiter of all things concerned with Clinton. Of the Arkansan Hubbell's resignation, he said:

``Good riddance. ... He has certainly tainted the Justice Department. The stench that started in Little Rock has made its presence felt here.''

My favorite comment about the affair, however, was delivered by my favorite Watergate conspirator, G. Gordon Liddy. The Wall Street Journal asked a number of public figures with some connection to that business Charles Colson, Robert Bork, Elliot Richardson to compare it and the Whitewater matter. Liddy, who is a little wacko but not without a sense of irony, addressed his remarks to the departed Nussbaum, saying:

``Despite our political differences, Bernie, I offer this letter of encouragement and urge you to do the right thing. ... What is important is that you remain loyal, keep your mouth shut and (ital) don't give up Hillary! (end ital)

``The feds will be angry when you refuse to turn rat. They will threaten you with a long prison term. They sentenced me to 21 1/2 years. Don't let that scare you. Hell, I did only five. They'll let you out shortly after the Clintons are run out of town. Be strong, Bernie.''

Vintage Liddy.

You'd better get used to reading about Whitewater because it's going to be around for a while.

We're going to have the special counsel's report, we're going to have congressional hearings, we're going to have every Clinton press conference on every subject begin with a version of, ``What did you know and when did you know it?'' It is written.

I still think there's not much there. It is not Watergate, which directly implicated a sitting president in the abuse of executive power, involving him in a conspiracy that encompassed burglary, perjury, bribery and the misuse of the CIA, FBI, IRS and most other initials.

Even less is it Iran-Contra, the greatest scandal of our time, which went directly to the issue of separation of powers. It was a profound violation of the Constitution.

This, at worse, is going to turn out to be a case of petty greed undone, with overtones of questionable behavior. I think.

The only thing that gives me doubt is the Vince Foster thing. His death hangs over the Whitewater matter like mood music in a movie. You know, someone walks into an empty room and suddenly the music takes on an ominous coloration. It changes the context of the scene.

Foster's death is like that. Suicide or not, coupled with the shredding of his files that has gone on it reverberates through the affair and sends chills up the spine.

Stay tuned.

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BC-SAVVYREADER education, lifestyle editors:PD

We'll be hearing about Whitewater for a long time to come

(EDITORS: The Savvy Reader gives more information about stories in the news. It is distributed each week by the Knight-Ridder Tribune News Wire.)

By John F. Morrison

Knight-Ridder Newspapers

DIVERT (Say it di-VURT): To move something in a different direction.

X X X

Whitewater.

You've seen this word in newspapers and heard it on TV for some time. And you're going to see it and hear it for a long time to come.

Whitewater is short-hand for some business dealings that happened in Arkansas in the 1980's. President Clinton and his wife, Hillary, were part of it.

Whitewater is being investigated by a special counsel (lawyer). He was appointed by the U.S. attorney general, Janet Reno.

Reno is head of the Justice Department. The Justice Department enforces the country's laws.

The special counsel is Robert B. Fiske Jr. His job is to find out if any federal laws were broken in the Whitewater dealings.

Whitewater is the name of a company that was supposed to build and sell vacation homes in Arkansas. It was started in 1978.

Bill and Hillary Clinton and a man named James McDougal and his former wife, Susan, were partners.

Clinton was attorney general of Arkansas at the time. But he was elected governor later that year.

The housing project went bust. The Clintons said they lost $68,900 in the deal.

McDougal ran a savings and loan bank called Madison Guaranty. It went bust in 1989.

Because Madison's funds were insured by the federal government, its failure is costing taxpayers $60 million.

Hundreds of other savings and loans around the country went bust at about the same time. The total cost to taxpayers is more than $100 billion.

Hillary Clinton was a lawyer in Little Rock. Her law firm represented Madison Guaranty.

Fiske will try to find out if McDougal's bank got special treatment because he was a friend of the Clintons.

He will ask whether funds were diverted from Madison Guaranty to Whitewater or to help Clinton pay election debts.

He will also look into the suicide of a White House lawyer named Vincent W. Foster. Foster was in the same law firm with Hillary Clinton.

The Justice Department had been investigating Whitewater since November. But Clinton wanted someone from outside the administration to do it.

(The president and the people who run the different departments of government are called the administration.)

Getting an outsider to investigate Whitewater does away with possible conflict of interest.

Janet Reno was named to her job by Clinton. Could she investigate the man who gave her her job?

Fiske is using grand juries to make his investigation. That means he will have information given to groups of men and women sitting as jurors.

One grand jury is sitting in Washington. The other will be sitting in Little Rock, the capital of Arkansas.

The grand juries have subpoena (say it sub-PEEN-a) power. That means they can force people to testify, give them information. The juries can also subpoena records.

Federal grand juries have the power to issue indictments (criminal charges) against people after their investigations.

There won't be much news out of the grand jury hearings. Grand juries work

in secret.

That's why the Republicans in Congress would like to have congressional hearings about Whitewater. Congress can hold its own hearings into possible wrongdoing. They would be open to the public and press.

Republicans want to keep Whitewater in the news. They would like to make Clinton look bad. Clinton is a Democrat.

X X X

QUESTIONS 1. The Whitewater special counsel is (a) Reno, (b) McDougal, (c) Fiske.

2. The Whitewater company was started to (a) build houses, (b) run a savings and loan, (c) pay Clinton's election debts.

3. The grand jury hearings will be open to the public and press. (a) True. (b) False.

ANSWERS

1. (c)
2. (a)
3. (b)

TALKING POINT: Do you think President Clinton has anything to hide about Whitewater?

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bc-roselaw-up
INSIDE THE ROSE LAW FIRM:
`WE'RE AS SOLID AS ... EVER'
UPDATE: Recasts third graf
By DEBORAH MATHIS=
GNS White House Reporter=

WASHINGTON When Phillip Carroll left his Little Rock office Monday evening, across the street were the television cameras camped out to record lawyers, couriers and clients, secretaries and clerks coming and going from the Rose Law Firm where Carroll is a senior partner.

The encampment of journalists has been there for weeks, but Carroll still is not used to it. He is, he says, ``aghast.''

But Carroll declares news reports are dead wrong that his venerable firm is on the ropes because of Whitewater, the apparent suicide of one former partner, and the resignation of another from a key Justice Department post.

Even as the federal grand jury is taking testimony and reviewing documents, as a special prosecutor is probing and questioning, even as Congress is debating whether to hold special hearings, the toll mounts. The Whitewater affair already has claimed casualties aplenty.

Rose Law Firm's reputation appears to be one of them; lately, the firm's old, proud name has taken on a new, discordant ring.

Rose's ties to several top officials in the administration including former Rose partner Hillary Rodham Clinton and its role in the dispensation of Madison Guaranty Savings and Loan have brought scrutiny, suspicion and innuendo raining down on the long-respected firm.

More fell Monday, when Deputy Attorney General Webster Hubbell, a former partner, resigned because of questions about his billing practices and possible conflicts of interest during his years at Rose.

``We're in the eye of the hurricane right now,'' Carroll said, citing the barrage of camera crews, reporter inquiries that typically number 50 to 60 a day, and a torrent of critical news stories.

More than once, Carroll and his colleagues have seen or heard Rose compared to Bendini, Lambert and Locke, the eminent but ultimately corrupt law practice in writer John Grisham's fictional best-seller, ``The Firm.''

Several writers have speculated the adverse publicity may be hurting Rose in the legal community and eroding its client list. Others have reported some of Rose's 55 lawyers are spitting mad over the notoriety befalling the firm over Whitewater, Hubbell and the suicide last summer of deputy White House counsel and former Rose partner Vincent Foster.

To all of those stories, Carroll a tall, gray, bow-tied man of old-world courtliness says: Not so.

``There is absolutely no internal combustion here,'' he said. ``We're as solid as we've ever been. We're not enjoying this, but we know that the people who know us best are still with us, and I believe that.''

Carroll said support and encouragement come daily in letters, calls and telegrams, casual contacts on the street and in the courthouses and corporate conference rooms where Rose lawyers do business.

``Many people make it a point to come up to you and tell you how badly they feel about these efforts to besmirch us,'' said Carroll. ``But, we can't go out and talk about ourselves that way. It would be ... what's the word?''

He accepts ``braggadocious.''

Some of Carroll's brethren in law are less reticent to defend Rose.

In a letter to The New York Times, as yet unpublished, former Arkansas legislator David Matthews complained about an article about Rose's alleged shredding of files bearing Foster's initials.

Foster handled some of the Clintons' personal legal matters, including their involvement in the Whitewater land development. Special Prosecutor Robert Fiske has vowed to investigate Foster's death in his probe of Whitewater.

``If I were a client of the Rose Law Firm, I would insist that they use a

shredder, given the fact that the press has been caught rummaging through the law firm trash!'' Matthews wrote.

``The Rose Law Firm is made up of some of the best, most skilled, most honest, and most decent men and women in the country. (Fiske) will further find that reckless reporters, self-serving politicians, and shameless publicity seekers have done immeasurable harm to a group of innocent people who did nothing to deserve the unfair treatment they have received. I can only hope that Mr. Fiske or his minions will see fit to leak that also.''

Still, Carroll has mixed emotions about the media's convergence upon Rose.

For four decades, he represented the now-defunct Arkansas Gazette, often in freedom of information cases.

``I guess I'm getting what's coming to me,'' he said, chuckling.

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BC-WHITEWATER-MCDOUGAL 1STLD
LAND DEVELOPER SAYS HE WILL CLEAR CLINTON
(Eds: Adds details, edits)
By Arthur Spiegelman

ARKADELPHIA, Ark, March 15 (Reuter) - The land developer at the heart of the Whitewater controversy said Tuesday he plans to exonerate President Clinton ``totally and absolutely'' of any wrongdoing in the 16-year-old deal that has cast a major shadow over his administration.

But in an interview with Reuters, developer and failed Savings and Loan bank operator James McDougal declined to extend that guarantee of vindication to Hillary Rodham Clinton, who he said handled all of the family's finances.

Referring to a difference he had had with Mrs Clinton he said ``anytime Miss Hillary doesn't get her way, it makes her furious,'' and he also disputed the amount of money the Clintons lost in the Whitewater land deal.

He said they suffered $13,500 in losses at most and not the $69,500 they have claimed.

If their tax statements were wrong, he said he blamed Mrs Clinton because ``I know more Hebrew, Greek and Latin than Bill Clinton knows about business procedure.''

McDougal spoke in a rambling three-hour interview in this town 60 miles (95 km) southwest of Little Rock. He made and lost millions of dollars in banking and property deals and now lives in a trailer on the estate of old friends.

He said he planned to hold a press conference in two weeks that he vowed would clear up the Whitewater matter.

But when pressed for details of what information he had that hasn't already been made public in the deal that forced a reluctant Clinton to appoint a special prosecutor, McDougal said, ``You don't ask a magician to show how he does his tricks.''

With the Clintons, McDougal and his ex-wife Susan bought 200 acres (80 hectares) of riverfront property in the Ozark mountains for sale as sites for summer homes in 1978. It was one of several deals that he made with friends, many of them politically connected, over the years and the only one he said that didn't work out.

The property venture failed and 16 years later the Clintons find themselves fending off accusations of an improper relationship with McDougal.

Other accusations include one that Clinton, who was then the governor of Arkansas, pressured McDougal to give Mrs Clinton's law firm a $2,000 a month retainer for doing legal work for his embattled savings and loan bank, Madison Guaranty, and that some of the bank's money somehow wound up in the Whitewater account.

``Bill Clinton is not guilty of any illegal, immoral, unethical, dishonest or dishonourable action in regard to Whitewater or in anything else that I know about,'' McDougal said.

``There is nothing wrong with Whitewater and nothing in it to embarrass the president,'' he said, adding the money from his bank was never put in the Whitewater account.

He also disputed accounts that Clinton had pressured him into giving Mrs Clinton a job representing his bank saying that he made the offer one morning in 1986 when Clinton had jogged over to his Little Rock home.

``We talked for a half hour and he sat in a brand new leather chair my wife had bought me. I said 'Would it help Hillary if we gave her some work' and he said 'Yes.' She came by later in the day and that was the last time I saw her or talked to her on the phone,'' he said.

He added that there was a witness to the meeting, whom he would not identify and that the thing he remembered most about it was that Clinton, perspiring from his jogging, left a sweaty impression on his brand new chair.

McDougal said he was not happy about Mrs Clinton's decision to seek state approval for a sale of stock in his bank. She has come under intense criticism for alleged conflict of interest for bringing the matter to a state regulator

appointed by her husband.
    But McDougal said the stock plan was never implemented because his bank ``was making money hand over fist'' and he opposed the idea which he said was broached without his knowledge.
    The plan led to his break with Mrs Clinton, he added.
    Bank regulators have said that Madison Guaranty was in financial trouble at the time, but McDougal claims that he was set up by a powerful Republican in the state with a score to settle with him.
    McDougal was later tried and acquitted on 13 counts of bank fraud, charges that he said were politically motivated and were disposed of by a jury after 30 minutes of deliberations.
    As to charges that he received favours from Clinton when he was governor, McDougal said, ``I never got anything from the state and didn't ask for anything. He (Clinton) did not have anything I wanted. I had friends all over the state. I was around before anyone ever heard of Bill Clinton.''
 REUTER
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bc-whitewater-tv - a1854
(ndy) (ATTN: National editors) (Includes optional trims)
`Donohue' Brings Whitewater Debate to Mainstream America (Washn)
By Charles V. Zehren= (c) 1994, Newsday=

WASHINGTON Sen. Alfonse D'Amato brought his Whitewater case to mainstream America Tuesday.

And while some applauded his criticism of President Clinton and Hillary Rodham Clinton, D'Amato was also roundly hooted by the studio audience of the ``Donohue'' show, broadcasting live from Washington.

In her preshow pep talk, Executive Producer Patricia McMillen told the 200 people in the studio that ``enthusiasm is really important.'' Then goaded on by Phil Donahue's pointed questions about D'Amato's own brushes with ethics investigators and the talk show host's thinly veiled contempt for New York's junior senator they took McMillen's advice to heart, enthusiastically engaging in a boisterous display of eyerolling and catcalling.

``Yeah, right,'' one member of the audience called out as D'Amato defended his own actions and criticized the White House.

``Gimme a break,'' shouted another.

And even one of the other guests, Sen. David Pryor, D-Ark., abandoned the gentlemanly decorum of the Congress to take potshots at his colleague.

``Da-MAH-toe, look at the een-YU-enn-DOE,'' Pryor drawled, accusing the Republican of making unsubstantiated charges against administration officials.

``Cheap shot,'' repeatedly cried D'Amato, whom ethics investigators never charged with breaking any rules.

``I thought I did well,'' D'Amato said afterward. ``This isn't the audience that you are trying to win over. If you respond to the handclapping and the booing, you will not be giving your statement ... you are not going to win.''

D'Amato was joined by Rep. Jim Leach, R-Iowa, who has launched his own investigation into the Whitewater affair, and Pryor, a close friend of the Clintons, was accompanied by Sen. Jay Rockefeller of West Virginia, who is gaining stature as a Democratic counterpuncher on the issue.

The Democrats and Donahue dismissed Whitewater as a non-issue and a waste of time and said that the Republicans are raising it to harm the president politically. At one point, playing the sympathy card, Rockefeller leaned toward his Democratic colleague and told the audience that Pryor was the man who informed Deputy White House Counsel Vincent Foster's family that he died, an apparent suicide.

``What are we doing here?'' Rockefeller asked, comparing the Whitewater flap to the travails of Tonya Harding and Nancy Kerrigan.

(Optional add end)

``McCarthyistic tactics,'' Donahue shouted at Leach, who has promised major revelations against the administration but withheld the details pending banking committee's hearings.

``Apologize,'' demanded Leach.

The program is to be followed Wednesday by a taped segment on the media's role in the affair.

Whitewater has already been shoved into the realm of popular culture by, among others, disc jockey Don Imus, whose syndicated morning radio show has featured funny but nevertheless blistering attacks by hyperbolic Republican-partisan Roger Ailes, said Curtis Ganns, director of the non-partisan Committee for the Study of the American Electorate.

``Every exposure is harmful,'' Ganns said. But ``ultimately, (Clinton's) urvival depends on whether there is anything in all this.''

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Clintons' Investment Loss Is Disputed

By STEPHEN ENGELBERG
Special to The New York Times

WASHINGTON, March 12 — When questions first arose in early 1992 about Bill and Hillary Clinton's Ozark real estate venture, the Clinton Presidential campaign hired a Denver accounting firm that concluded that the couple had lost $68,000 on their investment.

The firm's report put questions about the Whitewater Development Company to rest during the campaign. And it has been the cornerstone of the Clintons' defense against allegations stemming from the investment. How could they be criticized, they argue, for a deal in which they had significant losses?

But a tax return prepared for Whitewater last year at the direction of Vincent W. Foster Jr., the deputy White House counsel who committed suicide last July, suggests that the enterprise was closer to breaking even than the 1992 report asserted.

The discrepancy is not evidence of wrongdoing or that the Clintons are mistaken in calling the venture a losing proposition. But just how much money the venture lost — and how much of that loss was borne by the Clintons — are central questions in evaluating Republican charges that Whitewater was a sweetheart deal.

Back Income Tax Returns

The 1990 tax return was prepared last June. Mr. Foster, a longtime friend of the Clintons, was overseeing the preparation of back income tax returns that the company had failed to file and which the Clintons agreed to clear up when they sold their share in Whitewater shortly after Mr. Clinton was elected President.

Douglas R. Carmichael, a professor of accounting at Baruch College in New York City and a former vice president of the American Institute of Certified Public Accountants, said the disparity between the report released by the Clintons and the Whitewater tax filing could not be attributed to differences in accounting methods.

"They just don't seem to be looking at the same project, the same entity," Mr. Carmichael said. "It's difficult to understand how they could possibly have been based on the same facts."

The Clintons regularly allude to the 1992 report, which was put together in three weeks by a Denver firm then known as Patten, McCarthy & Associates Inc.

[On Monday, Hillary Rodham Clinton told reporters, "When this is all over, it's going to be the same story we've been telling for two years: we made a bad investment, we lost money and there's really not much more to add to it."

[But while Mrs. Clinton referred in December to the $68,000 loss as "provable by the accountants," on Monday she said the White House "was trying to get an exact figure" for the venture, indicating that the Clintons may be moving away from their steadfast adherence to the report.]

Still, the White House has declined to answer questions about it, referring questions to James M. Lyons, a Denver lawyer and a friend of the Clintons who commissioned the report. In interviews over the last month Mr. Lyons generally defended the report's accuracy, but declined to make public its underlying documents.

In the report, the firm said incomplete records had hampered its work and, where necessary, it filled gaps with judgments based on "experience" in other similar projects.

Billed as a reconstruction of Whitewater's finances, the report is centered on a two-page balance sheet and income statement that says the Whitewater partners lost a total of $157,000 — $68,300 by the Clintons and the rest by the their partners, James B. McDougal and his wife, Susan.

> Trying to see whether Whitewater was a sweetheart deal.

The special prosecutor in the Whitewater matter, Robert B. Fiske Jr., is examining charges that Mr. McDougal bore a disproportionate share of its risk at a time when his savings institution, the Madison Guaranty Savings and Loan Association, sought favorable rulings from state regulators appointed by Mr. Clinton, who was then Governor of Arkansas, or whether Mr. McDougal improperly used Madison to prop up the venture.

Mr. McDougal has said that he paid for most of the losses, and that the Clintons lost no more than $13,500. Before his campaign issued the report, Mr. Clinton contended that he had lost $25,000.

Whitewater had its roots in a 1978 investment by the two couples. They purchased land along the White River in the hope of riding a boom in vacation and retirement homes along the White River in the Ozarks of northern Arkansas. But while other investors who bought similar land at the same time made quick profits or broke even, Whitewater was left with most of its lots unsold when the real estate market soured in the early 1980's.

The Clintons finally ended their involvement in Whitewater in December 1992, selling their stake to Mr. McDougal for $1,000.

Importance of Tax Returns

As part of the sale, the Clintons agreed to file tax returns that the company had neglected in previous years. Mr. Foster, who had been a partner of Mrs. Clinton's at the Rose Law Firm in Little Rock, Ark., took on the work and brought it with him when he moved to Washington.

Accountants generally give great weight to tax documents because the filing of a knowingly false return is a crime under Federal law.

The Patten report paints Whitewater as an indisputably failed investment. It puts the company's cumulative losses as of May 31, 1991, at $118,000. On the tax return, cumulative losses — listed as an entry for retained profits or losses — as of the same date are reported at $58,000.

Laurence Goldfein, head of litigation services at Richard A. Eisner & Company, a forensic accounting firm based in New York City, said that judging by the tax return, it appears that if the company was able to collect the money it was owed — its receivables — and sell its remaining land, the cumulative loss on the Whitewater deal falls to only $15,000.

Disparities in Land Holdings

The two documents are even at odds over the company's land holdings. On the tax return, the company owns $27,000 worth of land as of May 31, 1991. On the 1992 Patten report, it had none as of the same date.

Whitewater did not file tax returns for several years. Returns for 1990-1992 were drawn up last June by a Little Rock accounting firm hired by Mr. Foster. The Clintons agreed in December 1992, when they sold their interest in Whitewater, to arrange for filing of the missing returns, and the 1991 return is dated June 21, 1993.

Mr. Goldfein said a complete set of Whitewater records might yet explain the disparities between the return and the Patten report. Financial statements and tax returns can differ, he and the other experts said, but should agree on basic data, such as how much land is owned.

"They don't reconcile in any fashion whatsoever," said Daniel Beneish, professor of accounting at Duke University. "I don't see the link."

Departing Aide Expected to Face Ethics Complaint From Law Firm

By DAVID JOHNSTON
Special to The New York Times

WASHINGTON, March 15 — One day after the abrupt resignation of Webster L. Hubbell, the third-ranking official at the Justice Department, his former law partners in Little Rock, Ark., have tentatively decided to file an ethics complaint against him, lawyers involved in the inquiry said today.

Mr. Hubbell announced on Monday that he was resigning as Associate Attorney General, saying that he was stepping aside to avoid embarrassing his longtime friends, President Clinton and Hillary Rodham Clinton, as he faces an inquiry into whether he improperly billed his former law firm for his time and expenses.

Justice Department officials said today that they expected his former partners at the Rose Law Firm to take action but insisted that Mr. Hubbell had not received formal notification that firm would file a complaint with the Arkansas Supreme Court Committee on Professional Conduct, a seven-member panel that investigates ethics violations.

Nonetheless, lawyers who have closely followed the internal inquiry at the law firm where Mr. Hubbell and Mrs. Clinton were partners said senior partners at the firm had decided to go forward. That came after prodding by others at Rose who had threatened to file individual complaints against Mr. Hubbell if the firm failed to act.

Some See Small Dispute

The firm held a meeting on Monday night to consider what action, if any, to take against Mr. Hubbell, but it was not clear whether lawyers reached a decision during the two-hour discussion or sometime later. A spokesman for the firm did not return a reporter's telephone call today.

Officials at the Justice Department said senior officials were still stunned today by Mr. Hubbell's decision to step down. He attended a senior staff meeting where colleagues applauded him, but made no mention of the reason for his departure. The officials said no list of possible candidates to replace him had yet been drawn up.

Friends of Mr. Hubbell have portrayed the inquiry into his billing practices as an effort by disgruntled former partners to pressure Mr. Hubbell into persuading Seth Ward, his father-in-law, to pay legal bills amounting to nearly $1 million that were left unpaid after Mr. Hubbell represented his parking meter company in an unsuccessful lawsuit in 1991.

But other Administration officials have suggested that Mr. Hubbell's problems are more serious. They said the billing inquiry had expanded to include scrutiny of Mr. Hubbell's time charges and expenses in several matters, including one in which he represented Federal regulators in a case involving the Madison Guaranty Savings and Loan Association, the failed institution owned by the Clinton's former business partner in the Whitewater real estate deal.

Link to Madison Guaranty

That inquiry threatens to draw Mr. Hubbell into the tangle of financial and legal issues related to Whitewater that are now being investigated by Robert B. Fiske Jr., the special prosecutor looking into the Clintons' real estate dealings in Arkansas and their business relationship with James B. McDougal, the owner of Madison Guaranty.

Mr. Hubbell represented Federal regulators in a case against the private auditors who had examined the financial condition of Madison Guaranty. The case, which was settled out of court, accused the auditors of failing to notify the Government that the institution was heading toward collapse.

TREASURY OFFICIAL URGED 2D INQUIRY

Regulator's Request for Look at Failed S.& L. Is Said to Have Been Rejected

By STEPHEN LABATON
Special to The New York Times

WASHINGTON, March 15 — Clinton Administration officials last year rejected a recommendation by a senior regulator to open a Treasury Department investigation into the failed savings and loan association owned by President Clinton's former partner in the Whitewater venture, Government and Congressional officials said today.

The request to open a broad investigation of the savings institution was made by Brian McCormally, the top enforcement official for the Midwestern division of the Office of Thrift Supervision, which is part of the Treasury Department.

At the time another Federal agency, the Resolution Trust Corporation, had already been investigating the institution, the Madison Guaranty Savings and Loan Association.

The two agencies have overlapping jurisdictions and often conduct separate investigations into failed savings associations. But the thrift supervision office has a larger staff and greater enforcement powers, and has handled many of the most significant investigations of savings associations and their lawyers and accountants.

New Questions Likely

The decision to reject the request for an investigation by the thrift supervision office is likely to raise new questions in Congressional hearings scheduled for next week about whether officials in Washington tried to narrow potentially embarrassing inquiries into Madison. Before it failed, Madison had been owned by James B. McDougal, the Clintons' business partner in the Whitewater Development Company, a 200-acre real estate venture along the White River in northern Arkansas.

Government officials and Congressional aides said the request was turned down last fall by Mr. McCormally's supervisors in Washington, Carolyn Lieberman, acting counsel to the thrift supervision office, and Jonathan Fiechter, acting director of the office. They report to senior political appointees at the Treasury Department, and rarely make major decisions without high-level consultations.

William E. Fulwider, the spokesman for the Office of Thrift Supervision, declined to discuss the case or to say whether its officials had consulted the Treasury Department.

Michelle Smith, a spokeswoman for the department, said: "There was no involvement by Treasury. Treasury would only be involved on policy matters, not specific cases."

White House Contacts

In the last three weeks the White House has found itself engulfed in controversy as it struggled to defend meetings between Treasury and White House officials seeking to discuss the Resolution Trust Corporation's investigation into Madison.

Those contacts are now being examined by an independent counsel, Robert B. Fiske Jr., who is trying to determine whether the trust corporation's investigation was improperly impeded by Administration officials. Ultimately, the trust corporation decided last fall to refer questions about Madison to the Justice Department to investigate for possible criminal violations.

Mr. Fiske has also been examining whether Madison improperly funneled money into Whitewater or into Mr. Clinton's re-election campaign in 1984, when he was Governor of Arkansas.

As enforcement director for the Midwestern region of the Office of Thrift Supervision, Mr. McCormally oversees enforcement efforts against savings associations in 23 states, including Arkansas. He is best known as the Federal regulator who supervised the inquiry into Neil Bush, a son of former President George Bush, who settled charges of conflict of interest over his role in the Silverado Banking, Savings and Loan Association in Denver.

Reached in Chicago today, Mr. McCormally said he could not comment about the Madison matter.

Questions Raised in 1992

Officials said that Republican appointees in the Treasury Department initially instructed Mr. McCormally to look into the Madison case after news reports about the savings institution appeared in the 1992 Presidential campaign. But the officials said it was not until last year, after the Clinton Administration had taken office, that Mr. McCormally believed he had enough information to warrant a request to open a formal investigation.

Officials said Mr. McCormally asked his superiors in Washington last fall for permission to look into the collapse of Madison. It is unclear whether he made the request before or after the meetings between Treasury and White House officials concerning the Resolution Trust Corporation's inquiry.

The Office of Thrift Supervision regulates the savings industry, and the trust corporation handles savings institutions that have been seized and bailed out by the Government. The thrift supervision office, created in 1989, also has many records from its predecessor agency, the Federal Home Loan Bank Board, and officials said it had many of Madison's files from the 1980's.

The House Banking Committee is scheduled to hold a hearing next week that is supposed to be a semiannual review of the trust corporation, but Republicans are hoping it will wind up as a showcase for problems in the Madison case.

Republicans on the committee have asked regulators at the trust corporation and the thrift supervision office for files about their handling of the Madison case. But the chairman of the committee, Representative Henry B. Gonzalez, recently wrote to the heads of the two agencies ordering them not to comply with the Republican reques

THE NEW YORK TIMES, WEDNESDAY, MARCH 16, 1994

Inquiry Into Double Agent to Examine Several Top C.I.A. Officials

By TIM WEINER
Special to The New York Times

WASHINGTON, March 15 — Some senior officials of the Central Intelligence Agency are under scrutiny in a sweeping internal investigation to determine how an accused Soviet mole flourished at the agency for at least nine years, the head of the C.I.A. and other Government officials said today.

The investigation, by the agency's Inspector General, will focus in part on "a relatively limited number of people" whose "behavior needs to be scrutinized carefully," the Director of Central Intelligence, R. James Woolsey, said in his first public comments since the arrest last month of Aldrich H. Ames, the career C.I.A. official accused of spying for Moscow.

Other Government officials said the investigation would focus on top officials of the agency's directorate of operations, at its counterintelligence division and at its office of internal security.

Mr. Woolsey said he wanted to avoid the kind of paralysis that counterintelligence investigations created within the C.I.A. from the mid-1950's to the mid-1970's and that in his view unfairly ruined the careers of several senior officers. The agency also wants to avoid a different kind of paralysis, one which followed the Iran-contra affair in the late 1980's, which ruined the careers of officers who were subjected to intense Congressional investigation.

Feeling of Betrayal

Discussing the implications of the case in controlled tones from his seventh-floor office at the intelligence agency's headquarters in Langley, Va., Mr. Woolsey said thousands of C.I.A. employees felt betrayed by Mr. Ames.

Officials of the Federal Bureau of Investigation have said that the veteran intelligence official and his Colombian-born wife, Rosario, betrayed at least 10 foreign agents working for the United States in exchange for some $2.5 million from Moscow.

Mr. Ames has been accused in court proceedings of receiving hundreds of thousands of dollars a year in payments from Soviet intelligence and improperly obtaining C.I.A. information on intelligence operations to sell to his contacts from Moscow.

Several in-house investigations have already begun at the agency and may take years. But it is already clear that "there were some systemic things wrong with C.I.A. security," Mr. Woolsey said.

Lie Detectors Criticized

Among them, he said, was an overemphasis on the lie-detector test and an inability on the agency's part to examine its employees' finances. Mr. Woolsey made it clear by implication that although he believed the polygraph had limited uses, he considered it an essentially medieval instrument that could not serve as the basis of a modern security system.

He said several modest reforms in the agency's internal-security apparatus, like requiring financial disclosure statements from employees, would help to prevent future cases like the one against Mr. Ames.

At root, Mr. Woolsey said, he wants to know why "it took from 1985 to early 1994 for an arrest to be made." That was the first acknowledgement from the C.I.A. that the mole-hunt at the agency had lasted for so long.

"I'm absolutely determined to get to the bottom of what happened, to make sure that those things that are wrong with respect to the agency's policie and procedures get fixed," Mr. Woo sey said. He said he sought "to unde stand clearly what individual or indi viduals, if there are any, made mistakes, misjudgments, and see that they are appropriately dealt with."

Mr. Woolsey, who met today with the Director of the F.B.I., Louis H. Freeh, acknowledged that there had been tensions between the C.I.A. and the F.B.I. in counterintelligence cases.

"There is natural friction and there always has been between law-enforcement agencies and intelligence agencies on counterintelligence matters," he said. But he played down the F.B.I.'s anger over the Ames case, said the cooperation during his 13 months at the C.I.A. had been good.

Mixed Reviews in Congress

Mr. Woolsey's efforts to cope with the damage done by the Ames affair thus far have won mixed reviews from his agency's Congressional overseers.

Senator Dennis DeConcini, the Arizona Democrat who heads the ate intelligence committee, is skeptical of Mr. Woolsey's commitment to change.

"He's got people who are culpable in the negligence sense out there," Mr. DeConcini said. "He's the guy who's got to take up on the job of finding out who promoted this guy Ames, who reviewed the lie-detector tests he supposedly passed and what's being done, if anything, to review their procedures."

Representative Dan Glickman, a Kansas Democrat who heads the House intelligence committee, said he had confidence that Mr. Woolsey would see the Ames case as an opportunity for change.

"It's critically important to the future of the C.I.A. that Jim Woolsey correct these problems," Mr. Glickman said. "The history of the intelligence community shows it does not reward leaders who want to break with the traditions of the past. Since none of this happened on his watch, he is freer, if necessary, to break with the past. We are looking to him for bold leadership. The jury's out."

More national news, pages B6 to B8.

White House Memo

A Traveling President Trailed by Whitewater

By GWEN IFILL
Special to The New York Times

NASHUA, N.H., March 15 — As Bill Clinton floated into Boston Harbor aboard a ferry named Beacon, fireboats sent plumes of water into the air and supporters cheered on the dock, dancing to a Dixieland band. But Mr. Clinton was out of sight for much of the short ride on Monday, hunkered below deck on a secure mobile telephone where he could talk to his Associate Attorney General, Webster L. Hubbell, who had just quit.

Despite his efforts to get away from the distraction of the Whitewater investigation, Mr. Clinton has found that escaping from bad news in Washington is not so simple. As he traveled through Michigan, Massachusetts and New Hampshire this week, he was forced to cope with the fallout at every turn.

Mr. Clinton did not try to persuade Mr. Hubbell, a longtime friend and golfing partner who has become enmeshed in an overbilling dispute with the Rose Law Firm in Little Rock, Ark., to stay on. And he has said he remains calm about all the Whitewater publicity.

But by the time Mr. Clinton exploded in fury at Republicans in Congress at a Democratic Party dinner in Boston on Monday night, he appeared to be fed up with every setback he had ever endured since arriving in Washington.

Stinging Attack on Critics

He raged, red-faced, about what he called "the politics of personal destruction" and complained that Republicans had decided to "take out after" his wife, Hillary.

Today Mr. Clinton said he was "determined," not angry, when he launched into the tirade at a $1,000-a-plate fund-raising event. But he was in considerably better spirits at a town meeting here where most of the questions from the friendly Democratic audience concerned health care, not real estate deals and subpoenas.

He laughed delightedly when Betty Winberg, a 68-year-old Nashua resident, said that Whitewater was "for canoeing and rafting" and that she wanted to talk about mental health coverage.

"Shame on those who would detract and distract from the important work you're doing with universal health coverage and jobs," she said.

"Bless you," Mr. Clinton said.

Mr. Clinton later said that he was happy to be somewhere in which the discussion was about what he wanted to talk about, for a change.

"I wasn't angry," he said of Monday night's outburst. "I was happy. What I said last night, I was not angry, but I was determined. That was deliberate — I wanted to tell those people how I felt."

"I'm very happy being here today," he added. "This is America. This is where they are."

Mrs. Clinton stuck with that approach as well, traveling to Boulder, Colo., on Monday and to St. Louis today to talk about health care. Asked whether she owed the public a fuller explanation of the Whitewater matter, she responded with the equivalent of a verbal shrug, "Well, the public doesn't ask me about it."

Threat to Policy Initiatives

Mr. Clinton attributed the mounting questions about Whitewater — the umbrella term used to describe the questions that have arisen concerning a real estate venture that the Clintons say ended up losing money — to a coordinated and partisan attempt to derail his other policy initiatives.

"Make no mistake about it, some of the people who are giving me hell in Washington are doing it so I can't give you health," he said at the junior high school gymnasium.

The President's trip to New Hampshire echoed his 1992 primary campaign, where questions about his marital fidelity and his avoiding the draft obliterated much of his effort to distinguish himself from other Democrats. Walking through the lobby of the hotel where the President stayed, one aide pointed to a spot in the carpet where Mr. Clinton stood as he fended off persistent questions on more than one occasion in that campaign. Mr. Clinton said he did not remember it.

Then, as now, Mr. Clinton deemed his political opponents, and news organizations, as the enemy. Today, in a departure from the stand taken by Democratic leaders, Representative Lee H. Hamilton of Indiana suggested that Congressional hearings might be a way to deal with questions about Whitewater. Asked about Mr. Hamilton's remarks, Mr. Clinton responded, "You guys didn't learn anything from the town meeting."

Lessons of New Hampshire

But Mr. Clinton did learn valuable lessons from his first, fractious New Hampshire experience, including: always go on the attack when cornered.

"It shows he's strong in his convictions and he feels he's doing the right thing," said George Stephanopoulos a senior policy adviser who joined the President today to reprise his campaign role as troubleshooter.

"You need a mix," he said when asked about the President's alternating moods.

THE NEW YORK TIMES, WEDNESDAY, MARCH 16, 1994

The Whitewater Fallacy ✓

By Ernest Dumas

LITTLE ROCK, Ark.

Reliable sources tell me that the word "incestuous" is coded into the computers of all news media people writing about Arkansas and Whitewater. Press the F1 key and a reflexive sentence will describe the illicit political and financial culture from which the President of the United States sprang.

So long have Arkansans endured the hillbilly caricature that defensiveness is part of their genetic code. They know why the incest metaphor seems so natural to Washington reporters, whose picture of Arkansas is of an ethical Dogpatch where savings-and-loan schemers bed their sisters and then get their idiot spawn appointed to the state regulatory agencies.

Ernest Dumas is a columnist for The Arkansas Times.

The coziness of Arkansas politics, government and finance has been a staple news theme since reporters came to Little Rock in the Presidential campaign and discovered what a small place it was. You could stroll down the sidewalk and see all sorts of local big fish. In a little plate-lunch cafe a block from campaign headquarters you could see bankers, Supreme Court Justices and what passed locally for big-time lawyers forking down meat loaf and tossing jolly ripostes across the tables.

Much of the reporting has focused on the connections of the staid old Rose Law Firm, where Hillary Rodham Clinton and three other Clinton Administration officials worked — including Webster Hubbell, the now-departed Associate Attorney General.

The political-incest theory, in which the Rose firm plays a large part, might appear to be a reasonable explanation of why the fumbling White House would create a genuine crisis from a pathetic little investment fiasco and one of the smallest S. & L. belly-flops in the country — in neither of which does the known record suggest any wrongdoing by the Clintons.

Or by anyone else in the government in Arkansas. And that is the trouble with the explanation. There is no doubt that Mr. Clinton hired cronies like Mr. Hubbell and that the White House sprang into a defensive crouch when questions began to be asked about the Clintons' financial dealings. But the idea that the wreck of Madison Guaranty Savings and Loan and the scheming of its erstwhile chief, James McDougal, were shielded by friendly state officials is a myth. Despite Mr. McDougal's support for Mr. Clinton, the government's demeanor toward him was anything but friendly.

A former aide to Senators John L. McClellan and J. William Fulbright, Mr. McDougal had been Governor Clinton's economic development adviser in his first term, in 1979 and 1980. He believed that hidebound Arkansas bankers — who invested in U.S. securities rather than lending to local entrepreneurs who might have created jobs and growth — were at the root of the state's woeful poverty.

When Mr. McDougal left the government and went into the banking-and savings-and-loan business, he set out to prove his theory. Everyone (or at least every good Democrat) deserved a loan, whether needed or not; from that would flow abundance for all.

A couple of years later, with Mr. Clinton back in office, his Bank Commissioner, Marlin Jackson, drove up into the Ozark woods to tell the directors of Mr. McDougal's tiny bank to curb his free-wheeling lending outside its territory, specifically including loans to the Clintons for the Whitewater development project.

Political incest: a nice theory that explains nothing.

And it was Mr. Clinton's Securities Commissioner, Beverly Bassett Schaffer, who along with the Federal Home Loan Bank Board forced Mr. McDougal's removal from control of Madison Guaranty after an accounting firm's examination condemned its lending and investment practices in 1986. She petitioned for a Federal takeover of the company in 1987.

It is widely accepted that in 1985 Mrs. Schaffer approved an unprecedented issuance of preferred stock in after a plea from Hillary Clinton on Madison's behalf. But this "approval" was a little different from the way news accounts have painted it.

The Dallas regional office of the Federal Home Loan Bank Board had encouraged the troubled savings and loans in the region to recapitalize. Madison talked about issuing preferred stock, and a lawyer at the Rose firm wrote a memorandum asserting that state law did not bar such an issuance by a state-chartered savings and loan. The memo noted at the bottom that a copy had been sent to Hillary Rodham Clinton.

Mrs. Schaffer replied, in a now famous "Dear Hillary" letter, that preferred stock was not barred by state law. But an issuance would have had to be approved by Mrs. Schaffer, and Madison never proposed one — either because it could not have withstood the disclosure requirements or because it could not have found buyers.

The caricature of an incestuous government seems to be based on Mr. Clinton's practice of hiring friends, some of whom turn out to be competent, others knaves. But no example comes to mind of a contrary policy anywhere in this country. That too many people know each other and have business and social relationships is an indictment of small cities everywhere. But the real difference is that in small places the little secrets are known, while in places like Washington, Chicago and New York they are unknowable. □

THE NEW YORK TIMES, WEDNESDAY, MARCH 16, 1994

Standing Up to China

When dealing with China, it sometimes helps to see matters through Chinese eyes. As Beijing views it, a great power must always insist on being treated with due respect. To behave otherwise is to acknowledge inferiority and therefore to forfeit influence.

During Secretary of State Christopher's weekend visit to Beijing, Chinese leaders aggressively asserted what they see as the prerogatives of China. They deliberately humiliated America's highest-ranking diplomat by temporarily rounding up some of the country's most prominent dissidents, and by detaining several Western correspondents trying to report on the crackdown.

The purpose of the roundup was to prevent Mr. Christopher from hearing any independent views on the human rights issues he is required to evaluate before making a recommendation by June on renewing China's access to the most favorable American tariff schedules.

For the sake of a healthy U.S.-China relationship, Washington is now obliged to respond with equal firmness. To kowtow to Chinese bullying would be to repeat the mistakes of the Bush Administration, which squandered American influence by its consistent refusal to press human rights issues. That was what first provoked Congress to force annual showdowns over linking continuation of China's trade privileges to progress on human rights.

The Clinton Administration needs instead to be forthright about its continued determination to insist on human rights progress. It especially needs to dispel China's impression that it can exploit differences between various policy makers in the Administration, Congress and the business community. Such miscalculation can only increase the likelihood of a rupture both sides would prefer to avoid.

China, despite its pose of cool indifference, desperately needs the $20 billion hard currency surplus it earns from its trade with the U.S. to carry on with its ambitious economic development plans. And U.S. business frankly wants to maintain access to one of the world's largest and fastest-growing economies. For their part, human rights advocates recognize that China's continued economic growth and openness contribute to domestic pressures for more responsive, less dictatorial government.

Even so, the Clinton Administration has a clear right under international law, and an obligation under U.S. law, to link China's trade status to minimum human rights goals. The Administration has demanded nothing unreasonable or demeaning, for the most part asking only compliance with international agreements to which China already subscribes. Washington seeks an end to the export of goods produced by slave labor, freer emigration for relatives of exiles and detainees, humane and lawful treatment of prisoners, and respect for the cultural traditions of Tibet. On most of these issues it has not set rigid benchmarks but is looking for "overall significant progress."

The Administration can use the remaining two and a half months provided by last year's executive order to give China the greatest possible incentive to demonstrate progress. But Mr. Clinton must make clear that if Beijing continues to try to blow past the whole issue with deliberate human rights provocations, it will be making a very big mistake.

Mr. Hubbell's Necessary Departure

Webster Hubbell's decision to leave Washington to deal with a nest of angry hornets at his old Little Rock law firm is good for the Justice Department, good for the public and probably good for his very dear friends and principal patrons, President and Mrs. Clinton.

The immediate beneficiary is Attorney General Janet Reno, who now has a chance to show that her department is truly independent of White House influence. Mr. Hubbell had undertaken major responsibilities and, by Ms. Reno's account, was acquitting himself well. Still, the presence of the President's old golfing partner in the number three post has long created the impression that the interests of Justice were subservient to the political requirements of the White House.

Further, his value as an administrator would surely have declined if he had tried to do his job and also defend against accusations wafting from the Rose Law Firm and elsewhere. So far, these allegations seem to bear only an indirect relationship to the larger Whitewater mess. But they are serious enough to require Mr. Hubbell's full-time attention.

One is that he shortchanged his partners in a case involving his in-laws, costing them substantial sums in billings and expenses that they now challenge. Questions have also been raised involving his representation of the Resolution Trust Company in a suit against the auditors of Madison Guaranty, a failed savings and loan run by the Clintons' business partner, James McDougal. The issue is whether Mr. Hubbell properly disclosed to the R.T.C. that the Rose Law Firm had previously represented Madison and that Mr. Hubbell's father-in-law had been involved in tangled litigation with Madison.

Mr. Hubbell has not been formally accused of anything. Still, each allegation carries the suggestion that at various moments in his career he may have been insensitive to standards of fair dealing and full disclosure. Since the Justice Department is sworn to uphold such standards, his presence there would have increased the political risk to an Administration already reeling under charges of ethical insensitivity.

Although the Clintons' comforting circle of Little Rock cronies grows smaller by the day, Mr. Hubbell had no choice but to leave. His departure gives the President's critics one less target to shoot at — and Ms. Reno a chance to make a more credible claim that she runs her own shop.

For Cutler, Only 124 Workdays Left

By Al Kamen
Washington Post Staff Writer

New White House counsel Lloyd Cutler, having signed on as a special government employee (SGE), legally can only work for the White House for about 130 days. The way he's going, working every day since he came on board, he'll be out of there by mid-July.

Cutler punches his own time clock, but we'll help him keep track. (The rules governing part-timers aren't iron-clad-only a good-faith estimate is required.) Any part of a day counts as a work day, according to the White House, so Cutler's Sunday morning talk show stints get chalked up to a full-day's work.

As an SGE he is not subject to Clinton's 5-year ban on lobbying the White House, nor is he subject to certain prohibitions on lobbying the agencies. But Cutler says he's going to abide by them anyway. (His firm, however, doesn't have to change its name like it did on his last White House tour.)

Nor does Cutler necessarily have to disclose his finances within 30 days as other employees do, but he has said he will do that as well. (Should make some interesting reading.)

By our count, he's got 124 days left from today.

Rumors of War Room Move

■ Latest word at the Pentagon is that **Jeff Eller**, White House director of media affairs who more recently has been working in the health care war room, is supposed to move over as a fourth deputy to Pentagon spokesperson **Kathleen de Laski**.

This has raised some eyebrows on a number of fronts at Defense. First, it puts the press shop 'over-strength' as they say across the river—meaning there is no budgeted slot for him to fill (and perhaps no office for him either). Another reason is that it was long thought that Eller wanted de Laski's job, not a deputyship.

"I have not accepted a job at the Pentagon," Eller said yesterday—although he said he has been in contact with folks there.

Meanwhile, former assistant secretary **Vernon A. Guidry Jr.**, now ensconced with former boss **Les Aspin** in a Pentagon "transition" office in Rosslyn, is heading back to the Pentagon after Easter to do some work for deputy secretary **John M. Deutch**. What work and for how long are still to be defined.

Guidry, who had been chief spinmeister for a time, pledges no interference or even communication with de Laski's shop. He says "any interaction, if at all, will be as its servant."

Aspin, meanwhile, is putting together a little package for himself as he prepares for a brave new world in the private sector. Word is he's cashing on a little speechmaking, considering some academic and think tank possibilities, maybe a corporate board here or there and then a spot on the newly created Pentagon Roles and Missions Commission, which was set up by Congress to review operations within the services.

If Aspin doesn't run that commission, there is an opening as head of the President's Foreign Intelligence Advisory Board when Chairman **Admiral William Crowe** finally takes off for London.

Another Clinton Classmate

■ Also at the Pentagon, Detroit lawyer **William T. Coleman III**, a law school classmate of Clinton's, is said to be in line for Army general counsel.

There are *a few* members of Clinton's college and law school classes who are not yet working for the administration.

Also on the foreign policy front, former Pentagon assistant secretary for public affairs **Thomas B. Ross** is coming back to government as special assistant to Clinton and senior director for public affairs at the National Security Council.

Ross had been at the Chicago Sun-Times before going to the Pentagon during the Carter administration. Since then he has been a senior vice president at NBC News and a senior vice president at RCA. Ross, now a senior vice president at Hill & Knowlton in New York, is 64 years old but said to be in good enough shape to handle the often grueling hours at the NSC.

Echo of an Earlier Voice

■ Baseball team owner, author, law professor and Emmy award-winner **Geoffrey Cowan** is in line to be director of the newly restructured Voice of America.

Cowan, co-founder of the country's first public interest law firm and founding director of UCLA's communication law program, would be following in the footsteps of his father, **Louis G. Cowan**, who was the third VOA director.

Cowan, the author of "See No Evil," a critically acclaimed book on television censorship and another on **Clarence Darrow**, won an Emmy as executive producer for the television show "Mark Twain and Me." He was also the principal owner and board chairman of Stockton Ports baseball team, a class A farm team of the Milwaukee Brewers.

It's Official

■ Washington lawyer **David E. Birenbaum** has been named to be the U.S. representative to the United Nations for U.N. Management and Reform. His will be a commuting situation now: his wife, **Vanessa Ruiz**, is the new D.C. corporation counsel.

Trip nort i reinvigora es Clinton

By John Aloysius Farrell
GLOBE STAFF

NASHUA, N.H. – Feeling renewed among voters who once rescued his candidacy in perilous times, President Clinton toured New Hampshire yesterday, rejoicing at the chance to be "where America is."

After wading into a friendly crowd at a "town hall" meeting here, Clinton returned to his tormenters in the media, brandishing a photograph he had been given by a member of the audience. It was proof, he said, that the Whitewater controversy was an insider's game.

"Let me show you something. This is what people care about. Here is a child with a preexisting condition, who can't get health insurance," Clinton said. "The mother gave me a picture.

"That's where America is," said Clinton, "with these people.

"They want us to work on the real issues that affect them. They want public life to be about them and their lives and their futures, jobs and health care and education and the future of this country," said Clinton.

After leaving the meeting at the Elm Street Junior High School here, Clinton stopped in Keene to tour a high-tech printing plant. For the president and his staff, there were reminders throughout the day of the hard times during the 1992 New Hampshire primary when his front-running candidacy was crippled by news accounts of an alleged affair with Gennifer Flowers, and of his draft record during the Vietnam War.

With the help of New Hampshire's Democratic voters, Clinton and his aides persevered, struggled and survived those rocky days, allowing him to proclaim himself the "Comeback Kid" after he scrambled to finish second to former Sen. Paul E. Tsongas of Massachusetts.

The audience was admittedly partisan yesterday, and the state's Democratic voters, including one woman who called herself a "recovering Republican," greeted him warmly, applauding even his talk about taxes in the "Live Free or Die" state. They gave the president several standing ovations, most notably when he promised "to provide comprehensive health care to all of our citizens."

Sympathetic members of the crowd scolded reporters, taunting the press with cries of "You just don't get it," and applauding when one questioner, referring to the Senate Republican leader, Bob Dole of Kansas, warned "Mr. Dole and his friends in the media" and other Washington insiders that "we're very focused; the people are very focused . . . on jobs and health care."

The president told the audience that the Whitewater controversy was generated by Republicans and special interests who fear the political and financial loss they may suffer if Clinton's health care reforms are adopted.

Later yesterday, Clinton traveled to Fort Drum, N.Y., where he told US soldiers recently returned from Somalia that they did not serve in vain, or watch their friends die for a worthless cause.

"You answered the call, you did your job, you served your country wonderfully well. More than that, no one can ask," Clinton told family members and soldiers from the 10th Mountain Division.

Clinton stopped at Fort Drum for several hours before heading back to Washington and a meeting today with Israeli Prime Minister Yitzhak Rabin. The president said all US troops would be out of Somalia by March 25, a week ahead of schedule.

'he N.H. Whitewater word: Hang in there

By John Milne
GLOBE STAFF

KEENE, N.H. – Tom Britton was one of Bill Clinton's first political supporters in New Hampshire, and yesterday he sat in the presidential limousine and delivered the same message that he did in that bleak February before the 1992 primary: Hang in there.

"All of us who sat in the limousine with him told him that America out there wants you to stick to your guns," Britton said last night.

Clinton said he got the message. In a conversation with reporters at Dillant-Hopkins Airport, he reacted to a day of applause and enthusiastic crowds in the Granite State.

The Whitewater debate, he said, "is a diversion, to divert the American people and the political people from doing their jobs. We hired on to move this country forward. That's what I heard all up and down the street in Keene today. . . . They're telling us to go to work on their problems."

Clinton's New Hampshire trip had the atmosphere and verve of a campaign swing. Clinton spoke to about 1,200 at Elm Street Junior High in N hua, toured the Markem factory in Keene, shook hands with an estimated 1,000 in Keene's Central Square, and shook more hands before about 500 at an airport rally.

The president even delivered an $82,000 Rural Business Enterprise Grant to rehabilitate an abandoned Sears store.

"He's a natural politician," said Richard Dashbach, a former state representative and early Clinton backer. "He's like Lyndon Johnson, only with confidence. He plunges in. He won't stop shaking hands."

Patricia Russell, a Keene city councilor and a former member of the Democratic National Committee, is Cheshire County's den mother for presidential activists. Candidates have visited her home since the 1960s. She has the voting lists, the phone numbers to call.

She listed to one side yesterday with the weight of cellular phones and Secret Service walkie-talkies, but she worked through the last event of the trip: two dozen early 1992 Clinton activists lined up in front of Air Force One to shake the president's hand.

These Democrats in 1992 picked Clinton because he was moderate. They were the loyal ones, those who rejected the advice of Washington consultants. They told Clinton to stay in the primary race when he faced criticism about his draft status during the Vietnam War and allegations that he had not been faithful to his wife.

The Boston Globe

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GOP asserts Clinton lied about party

By Jill Zuckman
GLOBE STAFF

WASHINGTON – Republican leaders accused President Clinton yesterday of lying about their party's record after the president, in an address in Boston on Monday, blasted his GOP critics in the Whitewater controversy.

Referring to the speech, the House minority whip, Newt Gingrich of Georgia, told several reporters: "The president lied and I'm furious about it." He called Clinton's speech a "conscious decision to mislead the American people."

While in Boston, Clinton charged that the Republican Party is bereft of vision and is relying solely on attacks to thwart his policies. "Why," Clinton asked, "are we confronted in this administration with an opposition party that just stands up and says no, no, no, no, no, no, no, no?"

The Senate minority leader, Bob Dole of Kansas, standing beside Gingrich at a news conference yesterday, pointed to a brightly colored chart that said: "Republicans say YES to" a long list of issues such as health care reform, crime legislation and welfare reform.

"We're prepared to work with the president," Dole said. "At the same time, we're not going to sit still for blatant political attacks."

Meanwhile, Rep. Lee H. Hamilton, Democrat of Indiana, said yesterday that details of the Whitewater affair should be aired quickly, suggesting congressional hearings might be one way to do that.

"One possibility for getting this information out would be through congressional hearings," Hamilton said. "There may be others. Whatever the format, it must be in-depth."

The statement by Hamilton, who cochaired the congressional Iran-Contra investigation when Ronald Reagan was president, aided Republicans under attack for partisan politics. "He's somebody who has a lot of integrity and a lot of seriousness about issues," Gingrich said.

Gingrich held out copies of GOP bills on health care, welfare reform and immigration reform to suggest that his party is not watching from the sidelines. Indeed, Gingrich last year delivered the winning margin on the North American Free Trade Agreement, one of Clinton's top priorities.

Gingrich described the president as "out of control emotionally," and called his comments "insulting to all Republicans. . . . The picture I saw on television was a frighteningly emotional person to have as commander-in-chief of the United States," he added.

Dole said Clinton had gone "right to the edge" in delivering his remarks. "We're being the responsible opposition party," Dole said. "The president is the one out there losing his cool."

For the most part, the Whitewater attacks have come from two Republicans, Sen. Alfonse M. D'Amato of New York, and Rep. Jim Leach of Iowa. Dole has stepped in to call for a special prosecutor and to demand congressional hearings.

Last week, Gingrich and Minority Leader Robert H. Michel of Illinois met privately with Democratic leaders to make the case for congressional hearings.

With the president's attack on Republicans, the party leaders said they could not let his words go without rebuttal.

Yet Clinton only said what his allies in Congress have been saying all along. For weeks, Senate Majority Leader George J. Mitchell of Maine has been accusing Republicans of "acting for purely political reasons."

And Sen. Tom Harkin, Democrat of Iowa, said what Republicans are doing "is forestalling health care reform, welfare reform and a jobs program. That's what they're all about."

Republicans asserted yesterday that they care about issues affecting Americans. Dole speculated that people inside the White House were just feeling cranky after a long, cold winter. "Go outside. Take a walk. Enjoy the sun," Dole said.

But his underlying message to the administration was less light and breezy: Until Republicans are allowed to hold hearings on Whitewater, the administration will not be able to put this behind them.

The Boston Globe

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New counse s ead es Wh e I ou se staff

Brutal honesty clears the air

By Michael Kranish
GLOBE STAFF

WASHINGTON – Shortly after he was named White House counsel last week, Lloyd Cutler issued the kind of insightful but grim declaration that has given him a reputation for brutal honesty.

"We all love conspiracy theories," Cutler told an interviewer on public television last Friday. "If you think of the way the Vince Foster suicide has lived on and all the different stories that are being bruited about, it's going to be like the Zapruder film and whether there was a single bullet that killed President Kennedy or not."

With that comment about the death of Foster, the former deputy White House counsel, and by other less public means, Cutler has made it clear to his new clients that Whitewater is not going away.

For months, Hillary Rodham Clinton said she saw no reason to respond to the Whitewater controversy or to questions about the suicide of her friend Foster. But Cutler's arrival to replace counsel Bernard Nussbaum, who had sought to shield the Clintons, has brought a new sense of reality about Whitewater to the White House.

Cutler's warnings, including the analogy with the amateur film of President Kennedy being shot, have been deeply disturbing to White House officials. But senior presidential aides said they have also brought a new, more sober and legalistic mindset to the staff.

"For months, the attitude was 'protect the president and first lady,' " one official said. "That probably got us in trouble in the first place. Now, the attitude is, let's face reality and get everything out, even if it's bad at first. No more drip, drip, drip."

Some observers believe that approach may have played a role in the sudden resignation of Associate Attorney General Webster Hubbell on Monday. For days, stories had been seeping out about questions related to Hubbell's billing practices when he was a private lawyer. Hubbell, a close friend of the president, had insisted that he would remain in his job. But on Monday he resigned, saying the charges were harming the president.

Notably, Clinton said in Boston on Monday that Hubbell "did the right thing" in resigning, a comment that has been interpreted by some as an indication that the president wanted Hubbell to leave.

Sen. William Cohen, the Maine Republican, said he believed Cutler's strategy played a role in Hubbell's exit. "I think it is Lloyd Cutler's doing," said Cohen, who talked with Cutler on Sunday. "Cutler understands 'get the bad news out now. Let's not wait.' "

But Cutler, in an interview last night, denied he played a role in Hubbell's resignation. An administration official said Hubbell conveyed his desire to resign through his longtime friend, US Trade Representative Mickey Kantor.

As for other matters, Cutler said he preferred not to go beyond his televised comments in recent days about his role in the White House. But in a White House that puts a premium value on television, Cutler's appearance on major news shows in the last week has sent an unmistakable signal about his influence.

In contrast, the White House officials who usually appear on television have been largely out of view, including Communications Director Mark Gearan and White House counselor David Gergen.

For White House aides who are veterans of Clinton's campaign, it has been sobering to watch Cutler, a Carter administration alumnus, suddenly become one of the most visible advisers to the president. Once, such aides expressed disdain for people with Washington experience. Now, they call the 76-year-old Cutler one of the administration's "designated grown-ups."

In one revealing comment, Cutler sent a stern message last week in a television interview to the younger Clinton staff members who had served on the campaign. Cutler said that former campaign aides may have problems shifting to managing the White House.

"They're not accustomed to working with one another or fitting into the transition from a campaign, where everything is reasonably helter-skelter and where the critical thing is to get a response out today to this morning's story and forget about whether it's 70 percent accurate or 93 percent accurate," Cutler said.

After the campaign, he added, "along comes the election, and it's over, no records, no nothing. In the government, once you have won and you're in the White House, you have got to be right. You are the government, you're spending government money, you're responsible for what you do."

That message – some might call it a rebuke – is finally getting through at the White House, Clinton's aides said. They may only hope it is not too late.

The Boston Globe

Seeking a Comeback

Clinton on the stump in N.H.

By Martin Kasindorf
WASHINGTON BUREAU

Nashua, N.H. — New Hampshire citizens concerned with jobs and health care yesterday gave President Bill Clinton, the Comeback Kid of the state's 1992 Democratic primary, a boost toward a changed-subject comeback from his Whitewater troubles.

"Whitewater is for canoeing and rafting," scoffed Betty Winberg, 68, a mental-health activist, at a town meeting carefully arranged by local Democratic officials.

As Clinton joined in the appreciative laughter rocking the Elm Street Junior High School gym, Winberg continued: "Shame on those who would detract and distract from the important work you're doing with universal health coverage and jobs."

Less than two years before Clinton would have to face the Democratic voters of New Hampshire again, the White House staged political events on jobs and health in the Granite State and a patriotic military homecoming at upstate Ft. Drum, N.Y.

With a show of presidential business as usual, Clinton was battling the same elements he weathered two years ago: Snow under his feet and clouds over his head.

In 1992, Clinton finished second in New Hampshire, stemming a slide caused by Gennifer Flowers' allegations of marital infidelity and by questions about his Vietnam War draft record. He dubbed himself the Comeback Kid.

In Washington now, Clinton is beleaguered by Whitewater, a complex matter involving a failed Arkansas savings and loan that may have engaged in questionable financial dealings with a real estate venture in which the then-Arkansas governor and his wife, Hillary Rodham Clinton, were partners. Robert Fiske, a Justice Department special counsel, is investigating.

On Clinton's second visit to New Hampshire as president, Nackey Loeb, publisher of the conservative Manchester Union Leader, greeted him with a front-page column calling his troubles "Charactergate." By and large, however, New Hampshire was tolerant.

Ken Perry, a politically independent Manchester taxi driver, dismissed Whitewater in an interview as "just another rich guy doing his own thing."

Perry said he'll probably vote for Clinton again, "unless they find him guilty."

At the Nashua event, three of the 10 who questioned Clinton in his customary talk-show format urged him not to let Republicans and the news media get him down. Rep. Dick Swett (D-N.H.) distributed most of the 1,400 tickets to supporters. Winberg said she got her ticket from the office of Mayor Rob Wagner, a partisan Democrat who billed President George Bush $20,000 for holding a 1992 rally in Nashua. Bush ignored the bill.

Clinton responded to the Nashuans' encouraging words by waxing nostalgic about the New Hampshire town meetings he attended during the campaign.

"They were so different from the tenor and tone of political debate and discussion in the nation's capital," he said. "Not because there were no debates, no arguments, but because they were about big things. They were about you, your future and your children."

Later, Clinton countered reporters' queries on Whitewater by citing the audiences's emphasis on health insurance. Americans know Whitewater is "a diversion," and that he is fully cooperating with Fiske, he said.

Clinton's delivery yesterday lacked the fire he displayed Monday night at a Democratic fund-raiser in Boston, where he counterattacked fiercely on Whitewater.

Pounding the podium, Clinton said that the Republican Party, "committed to the politics of personal destruction," has become "an opposition party that just stands up and says, 'No! No! No! No! No! No! No! No!'" Clinton followed the town meeting with a tour of a Keene, N.H., printing-equipment plant. No worker brought up Whitewater.

After shaking friendly hands in Keene's town square, Clinton flew to Ft. Drum to welcome 10th Mountain Division soldiers home from peacekeeping duty in Somalia.

With the last U.S. troops due to pull out of Somalia by March 25, their service cut short by domestic reaction to a Sept. 3 Mogadishu firefight in which 28 Americans were killed, Clinton lauded those who served for "a mission accomplished, a mission to be proud of."

Newsday

Hootin' and Hollerin'

D'Amato booed on Donahue Whitewater debate

By Charles V. Zehren
WASHINGTON BUREAU

Washington — Sen. Alfonse D'Amato brought his Whitewater case to mainstream America yesterday.

And while some applauded his criticism of Bill and Hillary Clinton, D'Amato was also roundly booed by the studio audience of the "Donahue" show, broadcasting live from Washington.

In her pre-show pep talk, Executive Producer Patricia McMillen told the 200 people in the studio that "enthusiasm is really important." Then goaded by Phil Donahue's pointed questions about D'Amato's own brushes with ethics investigators — and the talk show host's thinly veiled contempt for New York's junior senator — they took McMillen's advice to heart, enthusiastically engaging in a boisterous display of eyerolling and catcalling.

"Yeah, right," one member of the audience called out as D'Amato defended his own actions and criticized the White House.

"Give me a break," shouted another.

And even one of the other guests, Sen. David Pryor (D-Ark.), abandoned the gentlemanly decorum of the Congress to take potshots at his colleague.

"Da MAH too, look at the cen YE run DOE," Pryor drawled, accusing the New York Republican of making unsubstantiated charges against administration officials.

"Cheap shot," repeatedly cried D'Amato, whom the Senate Ethics Committee in 1991 cleared of nearly all accusations of misconduct.

"I thought I did well," D'Amato said afterward. "This isn't the audience that you are trying to win over. If you respond to the handclapping and the booing, you will not be giving your statement. . . you're not going to win."

D'Amato was joined by Rep. Jim Leach (R-Iowa), who has launched his own investigation into the Whitewater affair, and Pryor, a close friend of the Clintons, was accompanied by Sen. Jay Rockefeller of West Virginia, who is gaining stature as a Democratic counterpuncher on the issue.

The Democrats and Donahue dismissed Whitewater as a non-issue and a waste of time and said that the Republicans are raising it to harm the president politically. At one point, playing the sympathy card, Rockefeller leaned toward his Democratic colleague and told the audience that Pryor was the man who informed Deputy White House Counsel Vincent Foster's family that he died, an apparent suicide.

"What are we doing here?" Rockefeller asked, comparing the Whitewater flap to the travails of "Tonya and Nancy."

"McCarthyistic tactics," Donahue shouted at Leach, who has promised major revelations against the administration but withheld the details pending his banking committee's hearings.

"Apologize," demanded Leach.

The program, which aired in New York yesterday, will be followed today by a taped segment on the media's role in the affair.

One of the last times the Donahue Show — a key synapse in Middle America's socio-political central nervous system — did two days on a single subject was when the host zeroed in on Amy Fisher and Joey Buttafuoco, helping to thrust that tawdry tale to the forefront of the nation's consciousness.

Whitewater has already been shoved into the realm of popular culture by, among others, Don Imus, whose morning radio show has featured funny but nevertheless blistering attacks by hyperbolic Republican-partisan Roger Ailes and Curtis Gans, director of the non-partisan Committee for the Study of the American Electorate.

"Every exposure is harmful," Gans said. But "ultimately, (Clinton's) survival depends on whether there is anything in all this."

Although yesterday's show generated more heat than light, you could almost see the sparks fly as the director cued Donahue and the Whitewater media monster was brought further to life.

"These shows like Donahue reach a segment of the American populace that does not tune into regular television news," said Larry Sabato, a University of Virginia political scientist. "Whitewater is now reaching another layer of the American public or getting completely out of control. Take your pick."

Whitewater is "not just a Washington story anymore," said Albert Lewitinn, the Donahue [illegible] a senior producer [illegible]. It's what everybody in the world is talking about. I think it's better than Amy [illegible] Joey!"

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GOP may push vote on Whitewater

Indiana Democrat joins in, says sessions would get facts out

BY TERRY LEMONS
AND JANE FULLERTON
Democrat-Gazette Washington Bureau

WASHINGTON — Congressional Republicans on Tuesday considered the possibility of holding votes in an attempt to force hearings into the Whitewater Development Corp. affair.

The move came as the first top House Democrat split ranks with party leaders by saying congressional hearings are an option for answering Whitewater questions.

"One possibility for getting this information out would be through congressional hearings," House Foreign Affairs Committee Chairman Lee H. Hamilton, D-Ind., said. "There may well be others."

Hamilton, House chairman of the congressional investigation into the Iran-Contra affair, parted with other Democrats, who have resisted Republican calls for a congressional Whitewater inquiry.

House Minority Whip Newt Gingrich, R-Ga., said GOP leaders may try to bring the hearing issue to a vote "on the House side in the next couple of weeks."

Senate Minority Leader Bob Dole, R-Kan., also has been studying the option of getting a Senate vote on Whitewater hearings. He plans to discuss the option with Senate Majority Leader George J. Mitchell, D-Maine, in the next few days.

"We may as well have a vote," Dole said.

Dole and Gingrich want special congressional hearings to examine Whitewater and Madison Guaranty Savings & Loan Association.

President Clinton and his wife, Hillary Rodham Clinton, once were partners with James and Susan McDougal in Whitewater, a Marion County real estate development.

James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least $47 million.

Allegations that money was illegally transferred between Madison and Whitewater are among the issues being investigated by special counsel Robert Fiske Jr.

Democrats have opposed GOP calls for congressional hearings, saying an inquiry would interfere with Fiske's investigation.

"What we want to do is what Mr. Fiske wants to do. ... We're not trying to stifle anything," Sen. David Pryor, D-Ark., said.

Hamilton said conflicts between a congressional hearing and Fiske's work "would be inevitable."

"If congressional hearings are held, Congress must figure out a way to conduct legitimate inquiries without impeding the special counsel's investigation," Hamilton said.

He said there may be other alternatives to congressional hearings.

"Whatever the format, it must be in-depth," Hamilton said. "It must allow for comprehensive inquiry into the complex Whitewater allegations."

He added that Clinton "must get all the facts out quickly and completely." Hamilton was among those considered as Clinton's vice-presidential nominee in 1992.

In New Hampshire, the president said of Hamilton's suggestion, "That's a discussion he ought to have with the special counsel. We have all cooperated."

Gingrich called Hamilton's move on congressional hearings "significant." He described Hamilton as someone who has "a lot of integrity."

A Gingrich aide said Republicans may try to hold a House vote on Whitewater hearings before the congressional Easter break, which begins March 25.

"It's definitely our intent to seek a vote on the floor of the House so members will have to go on the record," Gingrich's aide said.

Another supporter of House hearings into Whitewater is Rep. Jim Leach, R-Iowa.

Leach hopes to raise Whitewater issues during a House Banking Committee meeting March 24. Leach has asked Democrats to invite 40 Arkansans, White House aides and other federal officials to appear at the hearing.

Banking Committee Chairman Henry B. Gonzalez, D-Texas, has refused to invite the 40, saying that is outside the scope of the March 24 hearing — a stance Leach criticized as "preposterous." The meeting will officially review the work of the Resolution Trust Corp.

Dole summed up the situation this way: "Sooner or later there will be congressional hearings."

Activist puts Whitewater files on platter for GOP, press, others

BY JANE FULLERTON
Democrat-Gazette Washington Bureau

Washington journal

WASHINGTON — Do you need a copy of Bill and Hillary Clinton's income tax returns for the past decade?

Or perhaps you are looking for some obscure documents from land transactions involved in the Whitewater Development Corp. controversy.

Or maybe you simply want to review some of the bond activities of the Arkansas Development Finance Authority.

To obtain any of these documents, just call Floyd Brown.

He'll be happy to provide them at no cost.

Brown is the conservative activist best known for producing the infamous "Willie Horton ad" that generated controversy during the 1988 presidential campaign.

He followed that with another controversial ad campaign in support of Clarence Thomas' nomination to the Supreme Court.

Now Brown has turned his attention to Whitewater.

For months, Brown and his organization, Citizens United, have been funneling information and documents to reporters and Republican congressional aides researching the Whitewater affair.

His operatives have made several trips to Arkansas to unearth the financial and legal documents surrounding the Marion County land venture of Bill and Hillary Clinton and James and Susan McDougal.

Brown's group attracted attention in the president's home state when one of his associates accompanied an NBC News crew in Fayetteville that confronted Beverly Bassett Schaffer, the former state securities commissioner.

So Tuesday, Brown decided to make it easier for reporters interested in covering the growing Whitewater controversy.

He held a "Whitewater press briefing" at the National Press Club in Washington and offered his opinions about what angles reporters might examine.

But the real attraction was the documents — huge stacks of them.

Brown and his associates gladly handed out reams of documents as thick as the Little Rock telephone book to eager reporters who grabbed them up like goodies.

For reporters, what Brown provided was a treasure trove of information — information they could not readily obtain without great effort and expense.

Here were the Clintons' tax summaries and tax returns from 1980-92.

Here were "Whitewater Related Documents" that included land deeds and canceled checks and loan agreements.

Here were hundreds of sought-after documents that would take weeks to accumulate, not to mention having to make a trip to Arkansas.

Brown even included a handy chronology of Whitewater-related events, a breakdown of all the potential criminal violations that could be involved and suggested questions for reporters to pursue.

Brown's service is not cheap. Photocopying each set of documents costs $11.

Brown said his money comes through his organization's annual budget, which comes from the $25 annual contributions of 175,000 members.

The reporters on hand were more than a little skeptical about Brown's motivation, given his partisan predisposition.

"This is not a personal campaign at all," he insisted. "It's just a desire for the American people to have the truth."

Brown plans to continue disseminating his Whitewater information. He acknowledged that he has briefed numerous news organizations and hundreds of congressional Republicans.

But he said he would be happy to share his information with some key Democrats as well.

"I have made, and continue to make, my documents available to anyone — whoever would like to be briefed," he said.

"I will brief the White House on my documents. I will brief any reporters. I will brief any Democrats on Capitol Hill. ... I'm more than happy to sit down and spend time with them and share with them what limited knowledge I have about Whitewater."

But he said he doesn't plan any Whitewater television ads — at this time.

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Donahue referees partisan bout over Whitewater

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — The Whitewater Development Corp. affair turned into an hour of political theater Tuesday when Sen. David Pryor, D-Ark., and two Republicans tangled on "Donahue," a syndicated television program.

The talk show provided the setting for one of the most combative discussions yet over Whitewater.

Pryor and Sen. Jay Rockefeller, D-W.Va., defended the handling of the investigation into Whitewater and Madison Guaranty Savings & Loan Association.

The pair squared off with two of President Clinton's chief Republican critics, Rep. Jim Leach of Iowa and Sen. Alfonse D'Amato of New York.

The show aired live in Little Rock, New York City and several other cities. Other Arkansas television markets are scheduled to televise the program today.

Later Tuesday, Pryor went on CNN's "Crossfire" to defend the president.

On "Donahue," Pryor found himself defending Associate Attorney General Webb Hubbell, a former Rose Law Firm partner, to Arkansas' culture.

Making a reference to Hubbell's decision to resign from the Department of Justice, Phil Donahue asked how Hubbell and other Arkansans are doing in the nation's capital.

He noted media reports describing how "Arkansas people don't fit in here."

An irritated Pryor answered, "Have you ever seen a culture that fits in at the White House?"

Pryor noted that D'Amato and other Republicans are attacking the administration for partisan reasons. Republicans "are trying to find a crime and pin it on" the White House, he said.

In turn, Donahue questioned GOP motives for pursuing Whitewater.

"You are paralyzing the president," Donahue told D'Amato as the audience cheered.

"Nonsense," D'Amato shot back.

The exchange triggered a verbal brawl between D'Amato and Donahue.

The host questioned D'Amato's ethics, a move the New York senator characterized as a "cheap shot."

"This has nothing to do with what Al D'Amato did or didn't do," D'Amato said.

Donahue later turned on Leach, who wants to hold a House banking committee hearing on Whitewater-related issues March 24.

"We're very close to McCarthy-like tactics," Donahue told Leach.

"It's important to have public accountability for public officials," Leach replied.

Donahue later apologized to Leach for the comparison to the late Sen. Joseph McCarthy, the Wisconsin Republican who gained notoriety for his Red-baiting Senate hearings of the 1950s.

"These two gentlemen are creating a lot of problems," Rockefeller said of D'Amato and Leach. "I keep thinking of Tonya and Nancy."

His reference was to Olympic figure skaters Tonya Harding and Nancy Kerrigan.

The audience, which was sympathetic to the Clinton administration, stayed alert during such verbal sparring. But when the finer points of the intricate Whitewater saga were discussed, some members of the crowd had a different reaction. One man was spotted dozing.

Law partners tight-lipped about Hubbell

BY NOEL OMAN
Democrat-Gazette Capitol Bureau

The Model Rules of Professional Conduct, the guide by which Arkansas lawyers must judge the ethics of their work, compels lawyers to report colleagues for possible sanctions if they believe rules were violated.

The partners in Little Rock's Rose Law Firm reportedly have met several times in recent days to discuss whether former Rose partner Webb Hubbell violated rules.

Hubbell, a former Little Rock mayor, resigned Monday as associate attorney general. He insisted his resignation had nothing to do with the burgeoning Whitewater Development Corp. controversy. He said he needed to devote time to settling the dispute with his former partners. That dispute centers on Hubbell's billing practices at Rose.

Rose partners also reportedly have discussed the possibility of filing a lawsuit seeking compensation for disputed billings and expenses.

The firm's managing partner, Ron Clark, did not return telephone calls seeking comment Tuesday. Other Rose partners refused comment.

The silence of the partners spoke volumes as friends and colleagues continued to express their sadness at Hubbell's departure from his job as the No. 3 official at the Department of Justice.

In an appearance on the "Donahue" television show Tuesday, Sen. David Pryor, D-Ark., lamented that "an honorable person has been brought down."

"I deeply regret he is having to endure this," said Sam Perroni, a prominent Little Rock lawyer. "I personally still have a lot of confidence in him. I hold him in the highest regard as a lawyer and as a competent advocate."

Hubbell had weathered early criticism of his close relationship with President Clinton and first lady Hillary Rodham Clinton, his former law partner at Rose. He had been credited as a stabilizing force within the Justice Department, especially among the career attorneys who had come to respect his judgment.

Attorney General Janet Reno praised Hubbell as a man who helped those "whose voices have not always been heard."

Hubbell was one of four Rose partners to join President Clinton in Washington in 1993. In addition to the first lady, other partners who moved to Washington were Vincent Foster and William Kennedy.

Foster, the deputy White House counsel, committed suicide July 20.

Kennedy, who works in the White House counsel's office, is weathering a divorce.

And the first lady's reputation has taken a drubbing in recent weeks.

Former Democratic state Sen. John Pagan, a law professor at the University of Arkansas at Little Rock, was struck by the difference a year has made.

"It's very sad, particularly when you contrast it with the optimism of a year ago," Pagan said. "I think the Clintons will pull out of it. It's unfortunate because Foster, Hubbell and Kennedy were all talented lawyers and honest, decent people."

Most members of the Little Rock legal community seem in shock that a firm as prestigious as Rose is involved in so public a dispute.

That dispute appears on the verge of becoming even more public.

The state Supreme Court Committee on Professional Conduct regularly sanctions lawyers for rules violations, but for the most part the sanctions are sought by aggrieved clients. Rarely are sanctions the result of a complaint by another lawyer, much less members of the same firm.

"Yes, every lawyer learns it in law school," one Little Rock attorney said of the rule requiring that violations be reported. "But for some attorneys, there's a difference between what you learn in law school and what you do."

At the root of the dispute is money — lots of it. Sources have said almost $1 million is in dispute.

"They have big egos and diverse politics," one Little Rock lawyer, who requested anonymity, said of the Rose partners. "They tolerate diversity in politics so long as you contribute to the overall wealth and power of the firm. But it's not a personal loyalty. If you even look like a liability, they'll sacrifice your butt in a heartbeat."

Rose partners learned after Hubbell departed last year that the firm had absorbed the billing costs, expert fees and expenses for a case on which Hubbell worked on a contingency basis. The case involved a complex patent-infringement lawsuit that involved months of preparation and expensive expert witnesses.

Hubbell brought the lawsuit on behalf of P.O.M. Inc. of Russellville, a parking meter manufacturing company, against a competitor, Duncan Industries, which has a plant in Harrison. P.O.M.'s president, Seth "Skeeter" Ward, is the father of Hubbell's wife.

Ward has not returned telephone calls seeking comment.

P.O.M. ultimately lost the lawsuit.

Hillary Clinton, according to a spokesman, did less than a day's work on the case.

Arkansans in Washington defended Hubbell on Tuesday.

Sen. Dale Bumpers, D-Ark., said, "I've always had a healthy respect for him as a lawyer and as a person."

White House Chief of Staff Thomas F. "Mack" McLarty said Hubbell had done a "superb" job at the Justice Department. He said White House officials were saddened by Hubbell's decision to resign.

"It was certainly a personal decision, one I'm sure Webb considered and weighed very carefully," he said.

McLarty was apparently the first person at the White House notified that Hubbell was considering stepping down. U.S. Trade Representative Mickey Kantor telephoned McLarty on Sunday to tell him that Hubbell was considering resigning. Kantor again phoned McLarty on Monday to say Hubbell had made a decision.

Hubbell did not discuss his decision with the president or the first lady. Clinton and Hubbell first spoke about the resignation Monday when the president called from aboard a ferry at Boston.

His resignation will take effect "as soon as possible," although officials said he could remain in his post for up to a month. One Justice Department source said Hubbell had "no idea" what course he will pursue. "He hasn't gotten to the point of trying to think what he does next," the official said.

In his resignation letter to Clinton, Hubbell said he hopes to return to the public sector.

"Public service has always been one of the greatest joys of my professional life," Hubbell wrote. "It is my sincere hope and belief that by devoting sufficient time and energy now to my family and other private issues, I will re-enter public service in the future."

Democrat-Gazette Washington Bureau correspondents Jane Fullerton and Terry Lemons and The Associated Press contributed to this article.

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Mr. Smith goes to Whitewater



Paul Greenberg

The long ranch-style structure set back from Hinson Road out in West Little Rock is the site of Smith Capital Management and a national story.

Inside is the office of Bill Smith, who runs his financial management service in part of the building and rents out the rest of his Pleasant Valley Office Center. Last week he found out just how high the Whitewater tide can rise, and who could wind up neck deep in it.

For years now Bill Smith has managed a stock fund called ValuePartners in which Hillary Rodham Clinton invested, and last Wednesday 81 Republican congressmen made some serious charges about her involvement in it. "We believe," the congressmen wrote the director of the Office of Government Ethics, "that Ms. Rodham Clinton's actions not only create the appearance of impropriety but may in fact violate the prohibitions of 18 U.S.C. sec. 208," which deal with conflicts of interest.

"In 1986," the congressmen allege, "Ms. Rodham Clinton first acquired an interest in a non-public limited partnership called ValuePartners I." True enough.

"Some time during 1992," they add, "her investment in this partnership increased." Not true enough. Possibly the congressmen — or whatever aides drew up these accusations — noted that Ms. Clinton's share of the fund went from about .93 to .97, and assumed she had invested more money. Actually, says Bill Smith, she hasn't touched her investment since 1986. Her share of the fund increased minutely, he explains, because other investors pulled out some capital.

"The personal investments of President and Mrs. Rodham Clinton were not placed into a blind trust until July 4, 1993. Consequently, prior to that date Ms. Rodham Clinton received regular reports from Smith Capital . . ." True. ". . . including specifically a minimum of six reports in 1992 and the first half of 1993, detailing the short sale positions of ValuePartners I."

Not true, says Bill Smith. Because, he explains, once Bill Clinton began to rise in the presidential polls early in '92, probably around March of that year, he took the liberty of cutting off any reports about specific stocks to investors in ValuePartners I.

Why would he do a thing like that? Well, maybe you have to know Bill Smith to understand. He believes in going the extra mile, in taking the additional precaution to guard against even the impression of wrongdoing. Call it building a fence around the law. Especially where the Clintons are concerned.

A Reagan Republican who says he's never voted for a Democratic presidential candidate, Bill Smith was taking no chances with the Clintons. "I think they've always been a bit careless about the appearance of conflicts of interest," he told me Monday, "and if you're involved with their assets, you have to be sensitive to the Clintons' position."

He even stopped distributing detailed reports to investors in a similar fund he ran, lest word of specific investments get back to the Clintons. An investor or two who wanted to know the specific stocks being bought and sold could come look at the list in his office, he said, but that was the extent of it.

In effect, Bill Smith created a blind trust for the Clintons more than a year before they had the sense to do it for themselves. It occurs that if they had taken Bill Smith to Washington — not that he would leave Arkansas — instead of some of their buddies, Whitewater might still be only the name of a failed land development in the wilds of North Arkansas, and not a cloud over the White House. Or as Warren G. Harding confided when Teapot Dome was erupting, it's not his enemies a president has to worry about but his blankety-blank friends.

"Ms. Rodham Clinton," the Republican congressmen assumed, "was, therefore, actually and constructively in receipt of information showing she had a direct and personal financial interest in short sales of pharmaceutical and health care stocks."

The congressmen assume too much. "ValuePartners had no investments in pharmaceutical stocks during Mr. or Mrs. Clinton's late 1992 and 1993 speeches on the health care system," says Bill Smith, displaying the fund's list of stock holdings as of December 31, 1992. "The last investment in pharmaceutical stocks was closed out in May of 1992, well before the election."

His Republican accusers even managed to drag in the name of a central character in Whitewater: "Other partners in ValuePartners I were personal friends and acquaintances of Ms. Rodham Clinton — including James B. McDougal." False, says Bill Smith: Mr. McDougal was never involved in his fund.

Bill Smith suspects some aide who can't read a financial statement may have confused the mention of "Value Partnership Interest" — the value of several partnerships — listed on an old financial statement of Mr. McDougal's with Bill Smith's ValuePartners fund.

As for the congressmen's charge that Hillary Clinton "may have been in a position to influence these investments," Bill Smith points out that by law limited partners in such a fund may not influence its investment decisions or it would lose its favored tax status — a chance he isn't about to take.

The congressmen charge that Hillary Clinton's attacks on the pharmaceutical firms slam-dunked their stock prices. True. "At the time," they add, "her personal investment in ValuePartners I, of which she had repeated notice, was intentionally structured to profit from price declines in pharmaceutical company stocks."

Not true, says Bill Smith: "ValuePartners actually lost money on the crash in health care stocks following Mrs. Clinton's February 1993 speech. In fact, the partnership lost $286,000 of which Mrs. Clinton's share was about $2,800. ValuePartners was 'long' more in health care stocks than 'short,' and experienced one of the worst months in years as a result."

The congressmen say Mrs. Clinton "personally profited as a result" of her speeches — a charge that doesn't hold up on the slightest inspection. Bill Smith, by the way, hastens to agree that the Clintons' assets "should indeed have been placed in a blind trust immediately after the election, but I had no control over that process." The only error of the Clintons he knows about "is the delay in implementing the blind trust."

Caveat Emptor: Gentle Reader should know that I've been suckered from time to time by others who defended presidents. I didn't catch on to the Watergate Affair until it was half — well, a third — over. A confession: Bill Smith has bought me lunch a time or two before this foofaraw broke over Miss Hillary's shares in his fund, a courtesy I have every intention of returning some time when we won't have to talk politics or business.

At those lunches, we tended to swap biblical commentaries. (Admittedly, a suspicious sign in anybody.) He's a graduate of Ouachita Baptist who went to Wheaton College for a time, and a self-confessed Christian. But he asked me not to mention that in anything I write because, he says, dragging somebody's faith into a political dispute cheapens it. More relevant than Bill Smith's beliefs is his not wanting to profane them. How refreshing. In short, if this guy can't be believed, then my truth antennae need adjusting. Real bad.

How does Bill Smith feel about being maligned in this letter, and in an earlier one he just learned about? "I do not for a minute believe that any of the congressmen intentionally misrepresented the facts, as their letters might suggest. Rather, I suspect that zealous pursuit of political ends, without adequate regard for investigative ethics, is the culprit." I told you he was a Christian.

Conclusion: By pouring Whitewater over everything in sight, the Clintons' most fervid critics may yet be able to give the presidential couple a way out of this jam. As if this administration's lapses were not serious enough, those who exaggerate them may succeed in transforming an ethically numb president into some kind of put-upon martyr.

The unholy glee that has engulfed the whole *Wall Street Journal-American Spectator*-Rush Limbaugh axis at Bill Clinton's troubles, and these wilder critics' refusal to believe that there can be too much of a bad thing, may yet allow the Comeback Kid to make a comeback. Some folks have this knack for snatching victory from the jaws of defeat.

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Paul Greenberg is editorial page editor of the Arkansas Democrat-Gazette.

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THE TIMES-PICAYUNE, New Orleans, La.

Breaux: Media darling defends Clinton, party

By JOHN McQUAID
Washington bureau

WASHINGTON — His hair neatly coiffed, face tan, voice smooth and hands ably manipulating the levers of spin control, Sen. John Breaux is popping up again and again on political talk shows as one of President Clinton's chief congressional defenders on the Whitewater affair.

Tuesday night, he faced off against Sen. William Cohen, R-Maine, on the "Larry King Live" show on CNN. In the previous week, he did CNN's "Crossfire" and "Evans and Novak" shows, NBC's "Today" show, CBS's "Face the Nation," and the syndicated "Charlie Rose" program.

Breaux is no stranger to the talking head circuit, having been a sought-after guest the past year as a Clinton ally who was willing to criticize Clinton.

But he's adopted a slightly different posture for the Whitewater shows — as a Democratic Party spokesman — a role that could help him if he decides to run for Senate majority leader next year.

"Breaux is interested in running for majority leader, and this can help him there," University of Virginia political scientist Larry Sabato said.

Appearing on the shows gives Breaux national and local exposure, and because many of the



Breaux

shows depend on partisan clashes he also gets to hone his skills at the testy wrangling that producers hope erupts.

"Breaux generally doesn't come across as very partisan, so he needs to sharpen his partisan edge," Sabato said.

While Breaux has sparred with sharp-tongued Republicans such as Sen. Al D'Amato of New York and Rep. Newt Gingrich of Georgia, he follows the cautious line of many Democrats in Congress on Whitewater.

Breaux said he doesn't know if either the president or Hillary Rodham Clinton did anything wrong in the tangled case involving their investment in a dubious Arkansas land deal and its connection with a failed savings and loan institution.

He said only that the congressional hearings on the matter the Republicans are demanding should not take place until after the investigation of special counsel Robert Fiske is completed, as Fiske has asked.

"Public hearings would only interfere with and complicate this and prevent him from getting to the truth on what happened," Breaux said. "There's been posturing by everybody on this, Republicans and Democrats, which is a reason why we should be supporting the special counsel. There will be plenty of time to have hearings on this later."

There also are solid political reasons for taking that position. Hearings would keep the Whitewater affair in the public eye and could complicate fal elections for the Democrats.

Defending the White House more directly would be risky when administraton officials admit they've bungled the d- ling of Whitewater, and before investigators sort through all the evidence.

A certain amount of self-promotion and the media's feeding-frenzy mentality have helped de- termine who appears thes shows, and Breaux, who vi media as an integral part of tics, has become skilled at the genre. Producers say he is an articulate guest who keeps cool when the rhetoric is flying.

His record isn't spot , on "Evans and Novak," he committed a political Freudian slip and said "Watergate" instead of "Whitewater." But he instantly corrected himself and moved on.

White House Puts Stress on Skills For Job Security

By Kevin G. Salwen
Staff Reporter of The Wall Street Journal

DETROIT—The Clinton administration is trying to transform the way people think about job security.

As a two-day jobs conference involving ministers from the Group of Seven industrialized nations pulled to a close, U.S. officials stressed the idea that job security is based on the skills that workers acquire, not on enduring relationships with employers.

For generations, U.S. workers saw their jobs as based on a lifelong commitment and bond with employers. But following the wrenching decade of the 1980s, with its corporate restructurings and waves of cutbacks, White House officials now are trying to shake workers from the view that staying with one employer or having one set of job skills is enough.

Administration officials and ministers of other nations appeared pleased with the give-and-take of employment ideas at the jobs conference. The nations agreed on such broad concepts as the need for international trade as a job creator and that all industrialized nations must lift the job skills of people in their worst-off sectors.

But they also agreed, as U.S. Treasury Secretary Lloyd Bentsen said in his summary, that "there is no single solution, no one idea or action that will work for every country."

The conference brought economic, finance and labor officials from the U.S., Japan, Germany, Britain, Canada, France and Italy to discuss the jobs issue. But it largely was aimed, in U.S. officials' eyes, at skittish U.S. workers. So White House aides hammered home the ideas of flexibility and openness to change. These days, the "new definition of job security" is one in which workers are "equipped to handle the next job" in a changing economy, said Robert Rubin, White House economic adviser.

Some administration officials even are trying to steer clear of the phrase "job security," and to switch instead to "employment security." Simply put, "that means having skills that are portable and benefits that are portable," said Lawrence Katz, the Labor Department's chief economist.

Worker acceptance of that theory is critical to helping the economy grow and adapt, President Clinton said in a speech Monday to the foreign officials who attended the meeting here. In particular, he argued, workers won't accept changes that come from trade agreements, productivity gains and technological advances if they aren't confident they can get new jobs. "That is the trick," the president said. "We've got to prove to our people that change can work for them." He and other officials estimated that the average American will change jobs seven or eight times in his or her lifetime.

The White House has set in place a string of legislative proposals designed to make job transitions easier. Health-care reform, for example, is aimed in part at not tying people's health insurance to specific jobs. And the White House's proposed Re-Employment Act, introduced by the president last week, is targeted at helping fired workers find work faster and improving the federal government's job-training programs.

Treasury Had Rules to Cover Handling Politically Sensitive Cases, Memos Show

By Kenneth H. Bacon
And Albert R. Karr
Staff Reporters of The Wall Street Journal

WASHINGTON — The Treasury officials facing questions about the propriety of their White House meetings about the Whitewater affair had earlier established clear rules for monitoring, but not influencing, politically sensitive cases.

Last May, when the Resolution Trust Corp. was considering a suit against a Louisiana congressman who had defaulted on loans from failed thrifts, the Treasury said it wanted to be notified before any suit was filed, but officials emphasized they hadn't any intention of interfering in the case.

The policy is outlined in a series of memos written last May concerning a possible RTC suit against Rep. William Jefferson (D., La.). Treasury officials had met in April with Mr. Jefferson to discuss a problem his former law firm was having with the RTC, but they didn't discuss any pending action against the congressman.

"We have asked that we be advised prior to initiation of litigation against Members of Congress, so that we wouldn't be surprised in our dealings with the Hill," Jean Hanson, who was about to become the Treasury's general counsel, wrote in a memo to an RTC official. "By the same token, we emphasized that no action should be taken to compromise the ability of the RTC to recover sums properly due it."

Altman's Meeting Cited

Deputy Treasury Secretary Roger Altman has said that he was only trying to give White House officials a similar "heads up" when he and Ms. Hanson went to the White House on Feb. 2. He said they discussed RTC procedures that could lead to suits stemming from the failure of Madison Guaranty Savings & Loan, an Arkansas thrift that has been linked to President and Mrs. Clinton's political and business dealings. Mr. Altman is the interim head of the RTC.

The disclosure earlier this month that Treasury officials went to the White House three times to discuss possible legal action against Madison Guaranty provoked a firestorm of criticism. Mr. Altman, Ms. Hanson and several White House and Treasury officials have been subpoenaed to testify before a grand jury that is investigating the failure of Madison, as well as the Clintons' involvement in Whitewater Development Co., a failed land- development company in which Mr. and Mrs. Clinton had invested with the former head of Madison.

The incident involving Rep. Jefferson also shows how tricky political cases can be. On May 17, 1993, Richard Aboussie, then the RTC's acting general counsel, sent an electronic-mail message to RTC officials in Dallas and Washington. It said that Ms. Hanson had directed that "the RTC shall not file any litigation with respect to the Congressman without" permission from Mr. Altman.

Objects to Interpretation

Ms. Hanson objected to Mr. Aboussie's interpretation of her instructions. "The memorandum could be read to imply that Treasury has imposed a freeze on this litigation. This is emphatically not the case," she said in a memo to Mr. Aboussie. While the Treasury wants to be notified of cases against members of Congress, "in no event do we intend to block the commencement of litigation against Congressman Jefferson, or any other Member of Congress for that matter," if litigation is appropriate.

On May 24, Mr. Aboussie sent out a new memo calling his first message misleading, and noting that "Mr. Altman does not reserve to himself the authority to determine that litigation should proceed, or to require that his permission be obtained before going forward. He simply wants to be advised adequately in advance before litigation against a Member of Congress is filed." As it turns out, an RTC official said the thrift-cleanup agency didn't file a lawsuit against Mr. Jefferson.

Ronald Glancz, a former Federal Deposit Insurance Corp. lawyer currently with the firm of Venable, Baetjer, Howard & Civiletti, said that "there is nothing unusual about informing the head of an agency about legal action against a member of Congress." What would be inappropriate is trying to suppress lawsuits for political reasons, he added.

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U.S. Drops Plan To Sell Quotas For Textiles

Sales of Rights for Imports To Cover GATT Costs Is Violation of Accord

By Bob Davis
Staff Reporter of The Wall Street Journal

WASHINGTON – The Clinton administration has dropped a plan to sell quota rights for textile imports as a way of paying for the recently negotiated world trade pact, because the plan would violate the pact.

Officials said the U.S. trade representative's office conducted a legal analysis of the plan and found that it violated specific provisions of the trade accord, negotiated under auspices of the General Agreement on Tariffs and Trade in December. Bilateral agreements, negotiated by the U.S. and textile exporters under an international pact called the Multi-Fibre Agreement, also bar the plan.

The rejection of the textile plan, which officials floated as an option early this month, leaves the administration without any clear way to make up a budget shortage of $13.9 billion over five years. That's the amount the White House budget office estimates the GATT accord would reduce projected tariff receipts. The deficit-reduction law requires new revenues, or spending cuts, to offset legislation that would widen the deficit.

Surmounting the budget hurdle has proved extraordinarily difficult and has held up administration plans to push quickly for GATT approval, before opposition in Congress could form. U.S. Trade Representative Mickey Kantor told a congressional committee yesterday that if Congress didn't approve the accord this year, the U.S. could be "criticized internationally because we held up the implementation" of the new trade regime.

Some Clinton officials favor asking Congress for a budget waiver, which would require 60 votes in the Senate. But it's far from clear that the Republican minority would go along. Missouri Sen. John Danforth and other Republicans have criticized the GATT accord for allowing governments to heavily subsidize commercial research.

By setting up an auction for the rights, the textile plan would have overhauled the current system of allocating import quotas. In the past, private economists estimated that selling U.S. textile and apparel quotas could generate as much as $6 billion a year. White House economists asked trade officials to explore the idea.

But under rules governing textile trade, the administration's legal analysis found, only exporters are allowed to sell quota rights. That's part of an implicit deal between importing nations, such as the [illegible] developing countries largely. Exporting nations agree to limit their shipments in the expectation that they will be able to raise more money by selling export licenses to textile companies.

Clinton Selects Ness To Fill Seat on FCC Vacated by Duggan

By a Wall Street Journal *Staff Reporter*

WASHINGTON – President Clinton selected Susan Ness, a Washington attorney, to fill a vacant seat on the Federal Communications Commission.

Ms. Ness, a communications attorney and former fund-raiser for the Clinton-Gore campaign, had been a senior lender and later a group head in the communications-industries division of American Security Bank in Washington. She had been assistant counsel to the House Banking Committee, and had founded and directed the judicial-appointments project of the National Women's Political Caucus. On Senate confirmation, she will fill a seat vacated by Ervin Duggan.

Ms. Ness, 45 years old, has a law degree from Boston College Law School and a master's degree in business administration from the Wharton School at the University of Pennsylvania.

Clinton Rejects Bid for Ad Made With Health Group

By a Wall Street Journal *Staff Reporter*

WASHINGTON – President Clinton turned down an offer by the Health Insurance Association of America to co-produce a television commercial with the White House emphasizing areas of agreement on health-care reform.

The trade group has spent $10 million on the "Harry and Louise" ads that are harshly critical of the Clinton health proposal, but it has softened its tone markedly in recent days.

In a letter to Bill Gradison, the association's president, Mr. Clinton said it was "heartening to hear" that the [illegible]ciation says it's in favor of some main parts of the administration proposal – universal coverage, a comprehensive benefit package, a requirement for all employers to help pay for their workers' medical insurance, and certain insurance market reforms. But Mr. Clinton noted that the White House is prohibited by law from running advertisements and asked that the association "join with us" in promoting the White House proposal.

"We're delighted with the president's very positive response, which shows that we're exactly on the same wave length" on the "central issue" of universal coverage, Mr. Gradison said. He added that the health-insurance group has no current plans for any ads – either critical or supportive. Harry and Louise [illegible] aired at the end of February.

Trade Deficit Broadened During the Fourth Quarter

By a Wall Street Journal *Staff Reporter*

WASHINGTON – The broadest measure of the trade deficit widened $3.45 billion in the fourth quarter to $31.54 billion, the Commerce Department said.

The current-account trade figure covers merchandise, investment income, government payments and services such as travel and tourism.

A decrease in the service surplus, a shift to a deficit on investment income and larger net unilateral transfers more than offset the improving merchandise trade deficit during the quarter.

For the year, the current-account deficit increased to $109.24 billion from $66.40 billion in 1992. Much of the widening was the result of a widening merchandise trade deficit. A surplus on investment income accounted for the rest of the increase.

Key Democrat Suggests Hearings on Whitewater

By a Wall Street Journal *Staff Reporter*

WASHINGTON – Rep. Lee Hamilton of Indiana, an influential lawmaker on ethical issues, became the first senior Democrat to suggest the need for Congressional hearings into the Whitewater affair.

"When a complicated issue such as the Whitewater matter is affecting the president's agenda, he must get the facts out quickly and completely," said Mr. Hamilton, who heads the Foreign Affairs Committee and previously led the House inquiry into the Iran-Contra scandal. He noted the investigation by Special Counsel Robert Fiske "may not be made public for some time," and that congressional hearings represent "one possibility" for clearing the air.

Mr. Hamilton's statement, immediately seized upon by Republicans who have demanded hearings, heightened pressure on President Clinton and the Democratic congressional leadership. They have resisted hearings so far, [illegible] Mr. Fiske's warning against possible interference with his investigation.

Senate Majority Leader George Mitchell (D., Maine) reiterated his opposition to hearings, and aides to House leaders insisted that Mr. Hamilton's remarks didn't represent a weakening in the party's position.

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Dem breaks Whitewater ranks

Hamilton suggests hearings

By Leslie Phillips
USA TODAY

The Democratic firewall put up to contain the Whitewater affair was breached Tuesday by a prominent congressional Democrat who suggested hearings would provide the facts "quickly and completely."

Rep. Lee Hamilton, D-Ind., c rman of the House Foreign Affairs committee and former co-chairman of the 1986 Iran-contra hearings, issued a statement saying hearings were one way to clear up confusion.

"When the agenda of a president is clouded by allegations such as those concerning Whitewater," he said, "I think it is important to get all the facts out as quickly as possible to overcome this perception" t the White House may be withholding information.

"One possibility for getting this information out would be through congressional hearings. There may well be others," Hamilton said.

President Clinton, in Keene N.H., expressed his disapproval of Hamilton's suggestion: "That's a discussion he ought to have with the special counsel. We've cooperated."

At issue are the complicated ties between the Clintons, the failed Madison Guaranty Savings & Loan in Arkansas, the Whitewater land venture it's tied to and concerns of possible White House interference in a federal probe of Madison.

Special counsel Robert Fiske has pleaded with Congress to delay hearings until he's had an opportunity to question key witnesses first.

Ranking Republicans on the Senate and House banking committees — Sen. Alfonse D'Amato, R-N.Y., and Rep. James Leach, R-Iowa — agreed to hold off and said they would not grant immunity to wit so as not to jeopardize future legal proceedings.

The House Banking committee a March 24 hearing on the federal regulation of failed savings and loans nationwide.

M while:

▶ A federal grand jury in W ington hears testimony Thursday from White House and Treasury officials subpoenaed about their meetings about a probe of Madison.

Lawyers for White House deputy chief of staff Harold Ickes say he's scheduled to testify. Time permitting, Deputy Treasury Secretary Robert Altman may testify as well.

▶ Rose Law Firm senior partner Phillip Carroll denies his firm is on the ropes.

"There is absolutely no internal combustion here," he said in an interview with Gannett News Service, the day after Associate Attorney General Webster Hubbell resigned because of a billing dispute with the firm, where he and Hillary Rodham Clinton were once partners.

"We're as solid as we've ever been. We're not enjoying this, but we know that the people who know us best are still with us, and I believe that."

▶ Clayton Lindsey, one of two couriers who says he shredded Whitewater-related documents at Rose Law Firm, goes before the grand jury today in Little Rock.

▶ In an interview with Reuters news agency, former Madison owner James McDougal said he would hold a news conference in two weeks to exonerate President Clinton "totally and absolutely" of any wrongdoing. He did not elaborate.

Republicans, meanwhile, responded to Clinton, who Monday assailed their party as "committed to the politics of personal destruction."

"It was a nice act in Boston last night, but he knows it's not true," said House Minority Whip Newt Gingrich, R-Ga.

He and Senate Minority Leader Robert Dole, R-Ka named several bills Republicans helped pass, including the North American Free Trade Agreement.

Dole offered this advice:

"It's been a long, cold winter here in Washington, and maybe the weather has made everyone a little cranky. But it finally looks like spring is here. So take a few minutes to relax. Go outside. Take a walk. ...

"Remember that the election is over and you won."

A tough time staying the course

By Bill Nichols
USA TODAY

NASHUA, N.H. — As fallout from the Whitewater affair continues to swirl around the White House daily, it's almost as if there are two President Clintons.

One, who showed up here Tuesday at a town meeting at Elm Street Junior High school and later at stops in Keene, N.H., and Fort Drum, N.Y., dutifully follows the White House strategy — plow ahead, stay on message and don't seem rattled by Whitewater and its tentacles.

The other Bill Clinton, despite his comment last week that "you can't be a very good president if you're consumed with bitterness," seems, if not consumed, at least increasingly bitter and angry about the fuss over Whitewater.

Clinton's tirade Monday night in Boston at a Democratic Party fund-raiser in which he exploded about GOP "politics of personal destruction" is one of the growing signs his legendary temper is getting in the way of White House damage control.

Tuesday morning, he insisted to reporters he wasn't angry at the Boston event, despite slamming the podium and shouting the word "No" nine times by way of saying that's all Republicans have to say about important issues.

"I was happy ... I was not angry, I was determined," Clinton said. "I wanted to tell those people how I felt."

Senior adviser George Stephanopoulos defended the outburst: "Those were Democrats and it's time to say that there is a lot of bull."



By Elise Amendola, AP

AT HOME: President Clinton shakes hands along Main Street in Keene, N.H., on T y. Clinton stopped in Keene and toured a microprinting plant after a town meeting in ua.

But Clinton, at the end of a long day Monday in which his friend Webster Hubbell had been forced to resign from his No. 3 job at the Justice Department, looked not only angry, but absolutely furious, as he did to two Knight-Ridder reporters last weekend when he stormily ended an interview after Whitewater came up.

And that is precisely what White House political hands, already frustrated that Whitewater all but overtook Clinton's three-day trip, don't want as they plan a long-term Whitewater strategy.

Instead, Clinton aides want events like the one here, in which Clinton, away from Washington and in front of an adoring crowd, can talk about issues, while average citizens blast media preoccupation with Whitewater.

Here, they got both themes. Clinton held forth for over an hour on health care, foreign aid, national service and deficit-reduction and only obliquely — and calmly — referred to Whitewater.

Clinton said that he long ago developed a respect for New England-style town meetings because, "They were so different from the tenor and tone of political debate and discussion in the nation's capital. My guess is they still are."

In turn, some participants chided the media and GOP for focusing on the long-ago Arkansas land dealings and concerns of White House interference with federal regulators probing Whitewater.

Betty Winberg, 68, of ua, prefaced her q on on mental health benefits by telling Clinton, to a surge of applause: "Whitewater is for canoeing and rafting. Shame on those who would act and distract from the important work you're doing."

Another questioner urged Clinton not to let Republicans give him a bunch of rhetoric, because they're just running for office.

"Bless you," said Cl ., adding to reporters later: "You heard from a lot of wise people in there."

In Keene, where Clinton toured a microprinting company and the town square, he told reporters asking Whitewater questions: "You guys didn't learn anything from the town hall meeting."

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Hamilton opts for hearings on Whitewater

By Paul M. Rodriguez
and Jerry Seper
THE WASHINGTON TIMES

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Rep. Lee H. Hamilton, chairman of the House Foreign Affairs Committee, yesterday became the first senior Democrat to publicly open the door to congressional hearings in the Whitewater-Madison affair.

The Indiana Democrat and former co-chairman of a select committee on the Iran-Contra affair — breaking with his party's leadership — said congressional hearings could be one way to abate a political whirlwind now swirling around President Clinton and first lady Hillary Rodham Clinton.

"I know of no evidence [that] the president or the first lady has done anything wrong," Mr. Hamilton said in a statement. "I just think there is a perception out there that the White House is still holding back on information.

"That is the worst perception that can be created," he said. "You've got to move forward with information to overcome that, and the only way I know to do that is to get it all out."

Mr. Hamilton said "one possibility for getting this information out" would be through congressional hearings. "There well may be others. Whatever the format, it must be in-depth," he said.

Joining in the call was Rep. Paul McHale, Pennsylvania Democrat, who said Congress had a constitutional responsibility to investigate Whitewater-Madison.

"Embarrassment on the part of political figures ought not to be the basis for delaying a serious inquiry," Mr. McHale told the Allentown, Pa., Morning Call. "Once again, I respectfully disgaree with the leadership of my party."

Republicans welcomed the comments by Mr. Hamilton and Mr. McHale, suggesting that the GOP call for congressional hearings on Whitewater-Madison was beginning to crack staunch Democratic opposition.

PROBE ✓

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"He's [Mr. Hamilton] somebody who has a lot of integrity and a lot of seriousness about issues," said House Minority Whip Newt Gingrich. "I think it's significant."

The Georgia Republican added that Republicans, led by Rep. Jim Leach of Iowa, ranking GOP member of the House Banking Committee, "have a statutory right to have a hearing under the law," despite opposition from Banking Chairman Henry B. Gonzalez, Texas Democrat.

"I think to the degree that Chairman Gonzalez stonewalls him [Mr. Leach], we may want to have a vote on the House floor in the next couple of weeks on whether or not to have hearings," Mr. Gingrich said.

In New Hampshire, Mr. Clinton reacted to Mr. Hamilton's comments with a curt retort: "That's a discussion he ought to have with the special counsel. We have all cooperated."

The president's comment came after a day of attacks on Republicans, who he said were consumed with the Whitewater-Madison affair. During a New Hampshire town meeting yesterday, Mr. Clinton continued a theme he raised in an angry speech at a Democratic fund-raiser in Boston the night before.

"Some of the people who are giving me hell in Washington are doing it so I can't give you health," he calmly told a crowd in Nashua, N.H.

Mr. Clinton pounded the podium during the Monday night Boston speech, saying the GOP was "committed to the politics of personal destruction . . . an opposition party that just stands up and says 'No, no, no, no, no, no, no, no.' "

The tirade prompted Senate Minority Leader Bob Dole to suggest that the president lighten up. The Kansas Republican also offered Mr. Clinton some friendly advice:

"It's been a long, cold winter here in Washington, and maybe the weather has made everyone a little cranky. But it finally looks like spring is here," Mr. Dole said. "So take a few minutes to relax. Go outside. Take a walk. Enjoy the sun.

"Remember that the election is over and you won," he said.

Mr. Gingrich, who said it was "self-destructive to circle the wagons around the White House," added it was "a very bizarre experience to watch an adult walk around blaming everybody else for what they have done."

"The president made a conscious effort last night to mislead the American people, to be dishonest about his problems," Mr. Gingrich said. "I don't remember ever seeing an American president as out of control emotionally as Clinton seemed to be last night."

Mr. Dole and Mr. Gingrich appeared at a news conference — after their floor speeches responding to Mr. Clinton's Boston remarks — displaying a chart of 11 pieces of legislation supported by Republicans that they hope Mr. Clinton will join them in passing.

"It was a nice act in Boston last night, but he knows it's not true," Mr. Gingrich said of the obstructionist charge.

Mr. Dole said the White House was beginning to show a "bunker mentality" and compared it to the reaction when President Nixon was in the midst of the Watergate scandal.

Mr. Hamilton, whose comments on possible congressional hearings were first aired during a radio interview in Indiana, said the ongoing controversy was "affecting the president's agenda."

Democrats and their staff in both the House and Senate, meanwhile, seemed relieved that somebody of stature within the party had finally bolted publicly. "It will make it easier now for some of the others who have wanted to step forward but could not for political reasons," said a senior Democratic leadership official.

Jeffrey Biggs, spokesman to House Speaker Thomas S. Foley, said that despite Mr. Hamilton's stance on hearings the speaker still believes Congress should avoid interference with Whitewater-Madison special counsel Robert B. Fiske Jr.

"The speaker still believes that Congress should accede to the wishes of the special counsel," Mr. Biggs said last night.

Mr. Hamilton spoke with sensitivity to such concerns in his statement.

"If congressional hearings are held, Congress must figure out a way to conduct legitimate inquiries without impeding the special counsel's investigation," he said.

"Conflicts between Congress and the special counsel would be inevitable," he noted, so "Congress must work with and accommodate the special counsel to ensure the integrity of his investigation."

Mr. Fiske is leading a federal grand jury investigation of Madison Guaranty Savings and Loan Association and its links to Whitewater Development Corp., an Arkansas real estate partnership of the Clintons; Madison's owner, James B. McDougal; and his then-wife, Susan.

The veteran prosecutor also is investigating reports of document shredding at Mrs. Clinton's former law firm and the documents as well as the death of Vincent W. Foster Jr., former White House deputy counsel and personal attorney to the Clintons.

Mr. Fiske has asked that Congress forestall hearings until his inquiry is completed. He has expressed concern that hearings would jeopardize his work — particularly regarding prosecutions, should congressional investigators wish to grant witnesses immunity.

"We're prepared to commit to no grants of immunity," Mr. Gingrich said.

Led by Mr. Leach and Sen. Alfonse M. D'Amato, New York Republican and ranking member on the Senate Banking Committee, the GOP has said congressional hearings are especially important now since high-level administration officials have admitted to questionable actions since last summer's death of Mr. Foster.

"The independent counsel has no reason to worry about the precedent which the Democrats set in Iran-Contra — not the Republicans — and we're very prepared to try to hold the hearings in a way which does not in any way impede the independent counsel's activities," Mr. Gingrich said.

• *Frank J. Murray and Ronald A. Taylor contributed to this report.*

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Campaign tactics not the answer

By Donald Lambro
THE WASHINGTON TIMES

President Clinton's latest, all-out attack on the Republicans, blaming them for his political troubles in the Whitewater-Madison affair, is not working the way it did in his 1992 campaign.

With his job-approval and public-trust ratings sinking, the president is finding out that the political skills needed to win elections are not those needed to govern and that Whitewater is not going to be managed in a campaign-style "war room."

NEWS ANALYSIS

"They are still in this campaign mode where they are trying to figure out who they attack next," a Republican Party strategist said. "That may work in a campaign but not in a situation where you have an ongoing grand jury investigation."

Republican and Democratic political analysts say Mr. Clinton's latest counterattack strategy cannot work for these reasons:

• The news media, not the Republicans, are largely responsible for raising a number of unanswered questions and fueling the debate over the Clintons' involvement in the Whitewater real estate

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STRATEGY

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deal and the related failure of Madison Guaranty Savings and Loan Association in Little Rock.

"The Democrats have this fraudulent defense that it's all being stirred up by the Republicans," Republican National Chairman Haley Barbour said. "When The Washington Times, The Washington Post and the New York Times dig all this stuff up, they can't say it's Republicans."

• The sharp political attacks on Republicans launched Monday night by the president and over the weekend by Democratic National Chairman David Wilhelm came across as excessive and unfair.

Mr. Wilhelm's personal attacks on the president's GOP critics, including Senate Minority Leader Bob Dole, whom he called a "tax cheat," were immediately rebuked by Democratic leaders.

House Speaker Thomas S. Foley of Washington indirectly criticized Mr. Wilhelm Sunday, saying, "I don't agree with any characterization of Bob Dole that doesn't hold him in the highest esteem."

Senate Majority Leader George Mitchell of Maine said, "I don't think [Mr. Wilhelm's statement] contributes to the dialogue."

"It's very, very hard to attack the credibility of Republicans like" Rep. Jim Leach of Iowa, who has been demanding full congressional hearings, a senior Democratic Party official said. "He is held in a great deal of respect on both sides of the aisle."

• Mr. Clinton's outburst Monday night at a Democratic fund-raiser in Boston, where he attacked Republicans for his growing problems, "only feeds the controversy even more," said a veteran Democratic Party official who did not want to be identified.

"Why then are we confronted in this administration with an opposition party that just stands up and says, 'No, no, no, no, no, no, no, no, no,'?" Mr. Clinton said in an angry, podium-pounding attack on his GOP critics.

But that kind of political attack in response to Whitewater questions was seen even by some Democrats as harmful to the administration.

"You can't have a strident counterattack for every piece of news that comes up on Whitewater," said a former Democratic national chairman who did not want to be named.

• The president and his wife, Hillary Rodham Clinton, have sent a mixed message on Whitewater that "only seems to confuse people even more," a Democrat said.

While the president was attacking Republicans in Boston, his wife was in Denver acknowledging that "mistakes were made" in the Clintons' handling of the Whitewater matter.

Democratic Party sources yesterday were reluctant to go on the record in their criticism of the way the White House has handled the Whitewater affair. But privately they were sharply critical of Mr. Clinton's political strategy, and many said the president faces mounting pressure within party circles to add more experienced Democratic hands to his staff to get control of the situation.

When he was under attack from Republicans in his presidential campaign, Mr. Clinton followed the strategy that the best defense was a good offense, and his campaign staff became adept at rapid-fire responses to keep his critics at bay.

Although that kind of tactical political response was effective in his 1992 campaign and in some of his legislative battles on Capitol Hill, it has not worked for him in the Whitewater-Madison affair.

At times the president also has struggled to adjust to the rules of legislative warfare. Last year when Senate Republicans were blocking his economic stimulus bill, he said in frustration, "I didn't come here to get up every day and fight with the Republicans."

Mr. Dole and House Minority Whip Newt Gingrich of Georgia, who are skilled political fighters, yesterday continued to press GOP demands for congressional hearings on the affair.

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Hillary helped Hubbell in case disputed by firm

LITTLE ROCK, Ark. (AP) — The White House yesterday acknowledged that first lady Hillary Rodham Clinton worked on a legal case at the center of a law firm dispute that forced Associate Attorney General Webster L. Hubbell to resign this week.

A spokesman for Mrs. Clinton said she did less than a day's work on the case involving a parking meter company, P.O.M. Inc. — founded by Mr. Hubbell's father-in-law, Seth Ward — that had sued a competitor in federal court over a patent dispute and lost. P.O.M. now is owned by Seth Ward II, Mr. Hubbell's brother-in-law.

Mr. Hubbell took the case on a contingency basis, and when the suit was unsuccessful, the Rose Law Firm reportedly was stuck with the legal bill. The Wall Street Journal reported this week that the case cost the firm about $1 million.

Mr. Hubbell resigned Monday as the No. 3 official at the Justice Department, citing a controversy over "private issues" involving his work at the Rose firm, where Mr. Hubbell and Mrs. Clinton used to be partners.

Mr. Hubbell previously acknowledged the firm had questioned him recently about billings to past clients and had asked him for documentation for certain expenses. He did not specify which cases were involved.

Three documents on file at the federal courthouse in Little Rock listed Mrs. Clinton along with Mr. Hubbell and Amy Lee Stewart, another Rose lawyer, as "attorneys for" P.O.M.

Two of the documents are amended complaints against the company's competitor. A third is a factual statement document supporting one of the complaints.

"To the best of our knowledge, Mrs. Clinton billed less than seven hours of work to a case in which the Rose Law Firm devoted thousands of hours and lasted several years," said Neel Lattimore, a spokesman for Mrs. Clinton.

P.O.M., based in Russellville in central Arkansas, lost the suit against Duncan Industries Parking Control Systems Corp. of Harrison.

"I don't believe she [Mrs. Clinton] had any significant involvement. I was in the case from the outset and never encountered Mrs. Clinton," James Ryther, an attorney for Duncan Industries, said yesterday.

"Webb was the one that we encountered on a regular basis," said Mr. Ryther, a Chicago attorney.

Several newspapers reported this week that the dispute between Mr. Hubbell and Rose, which led to his resignation, involved the firm's unhappiness about the P.O.M. case.

The Journal reported that the Rose firm absorbed $500,000 in unbilled time charges and got stuck with another $500,000 in outstanding litigation expenses that the firm thought P.O.M. would pay.

Some of Mr. Hubbell's partners did not learn of the fee arrangement until after he left to join the Clinton administration, the newspaper reported.

Ron Clark, a Rose spokesman, did not return telephone calls yesterday seeking comment.

A federal jury in Little Rock decided in 1991 that Duncan Industries did not violate antitrust and patent laws in its competition with P.O.M. The U.S. Circuit of Appeals in Washington upheld the jury verdict last year.

Hillary holds to her agenda

By Pringle Pipkin
KANSAS CITY STAR

ST. LOUIS — Hillary Rodham Clinton seemed to put the troubles of the Whitewater-Madison investigation behind her yesterday and gave a tightly focused speech on the merits of the president's health care plan.

The first lady did not take questions, but throughout her 30-minute speech at Washington University she seemed undeterred from her goal of overhauling the nation's health care system.

"How can we, as the richest country in the world, be the only one of the industrialized nations that hasn't figured out how to provide health care to every citizen?" Mrs. Clinton said before a crowd of 2,700 university staff and students.

As far back as Theodore Roosevelt, she said, presidents have tried to initiate health care reform. Now, with leaders of both parties realizing the need for universal coverage, the nation could finally reallocate its resources in a fairer way, Mrs. Clinton said.

[Outside the university field house a group of protesters waved placards criticizing the administration's health care plan and the Clintons' handling of Whitewater-Madison, according to Reuters news agency.

["Shred Hillary's plan," one placard said, referring to reports that documents related to the Clintons' Arkansas business dealings have been destroyed.

[Later in an interview on local television, Mrs. Clinton reiterated previous statements that mistakes had been made in handling the Whitewater affair but said the entire matter would "prove to be a non-event."]

In her speech at Washington University, Mrs. Clinton detailed the president's proposal, noting that it would guarantee a person's choice of doctor and health care plan. She said there had been more misinformation about that point than any other.

In reality, Mrs. Clinton said, Americans are losing their choice in the current system as more health care plans limit the doctors and hospitals a patient can use.

"Under the president's approach, you will choose your hospital — not your employer, not your insurance company and not a government bureaucrat," the first lady said.

Mrs. Clinton encouraged the audience to participate by following the debate and contacting representatives in Congress. She said she was optimistic about the outcome.

"This is not just a debate about how we finance our health care," Mrs. Clinton said. "It's bigger than that. It's a debate about what kind of country we are and intend to be."

Tabloids war over death of Foster

By Rod Dreher
THE WASHINGTON TIMES

The investigation into the death of White House Deputy Counsel Vincent W. Foster Jr. has become a battleground in New York City's never-ending tabloid war.

"Only in New York," joshed a Manhattan-based political reporter who seemed amused and repelled by the tabloids' cheek.

On Monday, the New York Daily News ran a cover story by columnist Mike McAlary proclaiming "Case Closed" in the Foster inquiry. According to the Daily News, which cited anonymous "investigators," Whitewater-Madison special counsel Robert B. Fiske Jr. has accepted the U.S. Park Police report on the Foster death, which called the shooting a suicide.

The Daily News report was a thinly veiled attack on the New York Post, which has been advancing the Foster story with breaking reports raising questions about the apparent suicide.

Today's edition of the Post returns fire, purporting to discredit the Daily News story by attributing to the Fiske investigator responsible for examining the Foster case a denial of its Daily News report's central premise.

That investigator, former Manhattan prosecutor Roderick Lankler, told The Washington Times yesterday that, contrary to the Daily News report, the Fiske team had "not reached any conclusions" about Mr. Foster's death.

The Post also points glaring errors in the McAlary c umn, including its using the wro date for Mr. Foster's identifying Mr. Lankler's fir name as "Ronald."

Despite the mistakes, Dai News Editor Lou Colasuonı stands by the story.

"There may be an editing err in there, but basically the story solid," he said. "There's no dou that there are a lot of c about what the White Hc is t to, [but] there seems to be pret solid evidence that Foster kille himself and did it in the k thi afternoon."

Despite Mr. Lankler's denial, th Daily News editor offers no retra tions. "Many times in this bus ness, when names are named, ple will for the public record when we know in fact w reall happened," he said.

And so it goes in the tit-for world of the New York tabloids where newspapers have to figh for a dwindling readership witl whatever weapons they can find.

"The Post takes one position, th Daily News, you can be sure comes back with another," Terry Galway, political reporte for the New York Observer. "An politician in New York has to know how to play the tabloids against one another. That's all this is."

The Clinton administration seems to understand this. Stung by Post reporter Christopher Ruddy who has written several stories raising questions about the Foster death, the administration or agencies friendly to it ap to be leaking to the Daily News information supporting its view of the case.

Mr. Galway praised Mr. Ruddy's reporting, but questioned the Post's practice of putting quotation marks around the word "suicide" in headlines over Foster-related stories.

"I think that while you may call into question some of the events of that day, this is over-the-top i cism," he said. "By putting the word suicide in quotation marks, the Post makes it pretty c what they think happened."

Not so, said Post Managing Editor Marc Kalech, who denied a Galway charge that Post owner Rupert Murdoch, the conservative media baron, likely ordered the quotation marks.

For his part, Mr. Ruddy said how Mr. Foster died is still a mystery to him. "A lot of journalists are saying this was definitely a suicide. All I'm saying is there isn't much evidence indicating that," he said.

Some journalists also looking into the Foster case believe Mr. Ruddy is something of a loose cannon. Others, perhaps remembering how the mainstream media missed the Whitewater story during the 1992 campaign, value his willingness to make risky judgments.

"If he is a loose cannon, I don't think that's ever a bad thing in a reporter," said Mr. Galway.

Mr. Ruddy accused the media of not giving the Foster case enough attention. That is changing now, and he believes the Post can take credit.

"I think they're more carefully scrutinizing things because of us," he said. "And even if it's proved a suicide, it'll be a good thing."

Now that Hubbell's out, who's minding the store at Justice?

By Jerry Seper
THE WASHINGTON TIMES

It is not a new question, but given Webster L. Hubbell's sudden resignation on Monday as associate attorney general, it has taken on a new significance: Who really runs the Justice Department?

Many career lawyers inside the department never supported the notion that Attorney General Janet Reno, a former Dade County, Fla., prosecutor, was actually in charge. Most thought Mr. Hubbell — with his direct pipeline to the White House — quietly ran the show.

After all, they said, Mr. Hubbell had the president's ear as a longtime friend and golfing buddy, and the first lady's loyalty as a former Rose Law Firm colleague.

The department's career lawyers and a growing number of its 92,000 employees point to significant supporting evidence that Mr. Hubbell — whose post-Clinton inauguration grab for a fifth-floor office at Justice near the attorney general's digs was unprecedented — held most of the power.

It was Mr. Hubbell, not Miss Reno, with whom the president spoke during the siege at the Branch Davidian compound in Waco, Texas, which ended with the death of more than 80 cultists. Although Miss Reno has confirmed that Mr. Clinton had "extensive curiosity" over the 51-day standoff, the president consulted only his Arkansas pal.

It also was Mr. Hubbell who was responsible for enforcing a March 1993 White House edict to oust 93 Republican-appointed U.S. attorneys. As an "adviser" to Miss Reno (he had not yet been confirmed as associate attorney general), Mr. Hubbell made the calls directing federal prosecutors to clean out their desks.

And there were other signs: Miss Reno was one of the last to know that White House officials had summoned FBI agents to investigate the Travelgate affair, and



Attorney General Janet Reno has lost her top assistants.

her strong support of Lani Guinier to head the department's civil rights division fell on deaf ears at the White House.

Miss Reno has been at the center of other firestorms:

- She delayed for five months a decision on firing FBI Director William S. Sessions after he was accused of ethical violations.
- She offered to make career prosecutors available for questioning by congressional investigators, a position challenged by department officials.
- She delayed for 10 months before ordering a civil rights investigation of a Jewish scholar's death and New York City's subsequent Crown Heights riots in 1991.
- She scrapped a "reinventing government" proposal by Vice President Al Gore to merge the Drug Enforcement Administration and the FBI.

Now, Janet Reno is really in charge. Her top deputy, Philip B. Heymann, quit in February. Mr. Hubbell bailed out on Monday. Career lawyers, however, are asking if anyone from the White House — accustomed to dealing directly with Mr. Hubbell — will call.

"It's pretty well known at the department that the White House's calls — both from the president and the first lady — went to Webb Hubbell," said one veteran lawyer. "Where they will go now is anybody's guess."

The departure of Mr. Heymann and Mr. Hubbell leaves Miss Reno and her new deputy, the Pentagon's former top lawyer, Jamie S. Gorelick, in the top two spots. Ms. Gorelick, like her new boss, has no previous federal law enforcement experience.

Mr. Hubbell's departure from Justice comes a month after that of Mr. Heymman, who cited differences with Miss Reno in managerial style. In leaving, however, Mr. Heymann said the Clinton administration was making a "serious mistake" in using Mr. Hubbell as a link between the White House and the Justice Department.

"It is no way to run a major department in its relationships with the White House," he said.

Mr. Heymann said Mr. Hubbell had become the "one person" at Justice to deal with the White House, adding that communications between Justice and the Oval Office should be conducted in a manner "other than an informal, old-friend basis."

Meanwhile, it is clear to many Justice Department officials that Miss Reno has fallen out of favor with the president and with many in her agency. The White House seems uncertain how to handle her, and some believe the president owes her because she accepted much of the blame for the Waco outcome, deflecting attention away from Mr. Clinton's lack of action.

"They created her, and, much like Frankenstein, they're not sure what to do about it," a key Justice Department official said. "And she has proven to be someone they can't ignore."

The Washington Times WEDNESDAY, MARCH 16, 1994

Rabin offers to 'accelerate' peace talks

By Martin Sieff
THE WASHINGTON TIMES

Israeli Prime Minister Yitzhak Rabin yesterday offered to speed up peace talks with the PLO if it returned to the negotiating table.

But he also talked tough on maintaining security and protection for Israeli settlers in the occupied territories and on maintaining a united Jerusalem as "the eternal capital of the Jewish people."

Speaking to a large, enthusiastic crowd at the annual meeting of the American Israel Public Affairs Committee (AIPAC), Mr. Rabin reaffirmed Israel's commitment to the peace process more than two weeks after the Hebron mosque massacre and the upsurge of violence that followed it.

"We are ready to accelerate the talks and the contacts and the negotiations," Mr. Rabin said. "Indeed, we are working on it during these very days with the assistance of the United States administration."

Diplomatic sources said Mr. Rabin told Secretary of State Warren Christopher yesterday that the new proposal would speed up the process of giving the Palestinians administrative control of the West Bank and Gaza.

But PLO Chairman Yasser Arafat says that will not be enough. He demands an international peacekeeping force in the territories and total disarmament of the settlers. Israel rejects both claims.

In Tel Aviv, an estimated 30,000 people demonstrated on behalf of retaining the territories.

In Jerusalem, four Gaza members of Mr. Arafat's Fatah faction attended an unprecedented meeting with Israeli Labor Party members at the Israeli parliament to discuss ways of getting the peace talks restarted.

On Monday, Ambassador Dennis Ross, chief U.S. negotiator in the peace process, failed to persuade Mr. Arafat at his base in Tunis, Tunisia, to return to the talks.

Mr. Rabin expressed hope an agreement on a pullout from the Gaza Strip and the West Bank town of Jericho — the first stage of Israeli withdrawal from the territories that were captured during the 1967 Six-Day War — was still near.

"I believe that we are near the conclusion of the Gaza-Jericho stage in the negotiations for peace," he said. "We already see the finish line. . . . A little more effort, and we will begin to lay the actual foundations of peace for our children, ours and the Palestinians'."

But Mr. Rabin also made clear that he would refuse to retreat on Israel's claim to East Jerusalem, which was annexed shortly after the 1967 war.

Departing from his prepared text, he said to ringing applause from the powerful pro-Israel lobby: "I assure you, Jerusalem will remain united under Israel's sovereignty."

Mr. Rabin also rejected Mr. Arafat's calls for Israeli pullouts from the territories and the disarming of all the 130,000 Jewish settlers there.

"We will fight terrorism on the one hand, and we will continue the peace negotiations on the other," he said. "No bullet, no knife, no Molotov cocktail bottle, no stone will undermine our commitment to peace and security."

• *This article is based in part o wire service reports.*

Annual tax protest opens with demand for Clinton to pay

President accused of owing from '70s

By Ronald A. Taylor
THE WASHINGTON TIMES

A coalition of anti-tax activists and lawmakers launched yesterday what has become an annual protest drive with a call for President Clinton to pay whatever back taxes he owes.

"It is sad that Bill Clinton has said no to the American taxpayer: 'No, you can't have tax deductions,' 'No, we're not going to cut the budget,' 'No, we're not going to change the way Washington works.' . . . But unfortunately . . . he's also said no when it comes to paying his own share of the tax burden," said Grover Norquist, president of Americans for Tax Reform.

His group is spearheading the tax protest with House Minority Whip Newt Gingrich, Georgia Republican.

With the president facing a possible tax problem in connection with the Whitewater-Madison affair, Mr. Norquist said Mr. Clinton "has no legitimate reason or ability to go to the American taxpayer and ask them to pay even higher taxes when he doesn't pay his own taxes."

"We call on President Clinton to, before April 15 comes around for the rest of America, pay his own taxes and to make his tax returns from '78 and '79 public," he said.

Mr. Norquist was referring to the president's refusal to make available to the media his tax returns covering the years when he has said he made the largest deductions for his spending on Whitewater Development Corp., a northern Arkansas land venture.

The Clintons have said they lost $68,900 on the deal. Their partner, James B. McDougal, president of the failed Madison Guaranty Savings and Loan Association, has put their loss at $13,500.

If the deductions were found to have been made improperly, Mr. Clinton and the first lady could be liable for back taxes.

The annual protest is to culminate again in a day of anti-tax rallies and demonstrations April 15, the deadline for filing federal tax returns.

> *"Americans have been frustrated . . . that no one in the government seems to listen anymore."*
> *— Rep. John R. Kasich*

Organizers are expecting taxpayers to be in an even more rebellious mood, with the focus on the details of Mr. Clinton's involvement in the land deal and with the failed Arkansas thrift.

"I think, frankly, that Americans have been frustrated for a long time about the fact that no one in the government seems to listen anymore, and I think what April 15 will be is nothing [less] than a brief reinvigoration of people's anger that they were ignored last year and that the tax-and-spending bill that the president supported was passed through this Congress," said Rep. John R. Kasich, Ohio Republican.

Mr. Kasich, working with Rep. Timothy J. Penny, Minnesota Democrat, was a prime mover behind a narrowly defeated effort late last year to substantially cut federal spending.

During the next 30 days, the organizers hope to build crowds and enthusiasm for the April 15 nationwide protest, capped by a reenactment of the Boston Tea Party at Long Wharf in Boston Harbor.

Meanwhile, they are counting on their allies in Congress to keep up the anti-tax pressure.

One of their staunchest supporters, Rep. Dick Armey, Texas Republican, said yesterday, "It's clear that the American family today requires a second breadwinner not to support the family, but to support the government."

Giuliani urges drug-war priority

By Ralph Z. Hallow
THE WASHINGTON TIMES

The United States created the world's drug problem and could solve it by putting drugs at the top of America's foreign policy agenda, New York Mayor Rudolph Giuliani said yesterday.

"What the federal government can do to help New York and other cities is to get seriously engaged in the drug problem," Mr. Giuliani said at a luncheon with editors and reporters of The Washington Times.

Although a Republican, Mr. Giuliani did not single out President Clinton and his Democratic administration in Washington for what he called 25 years of national failure on the foreign policy-drug policy front.

Mr. Giuliani, who defeated incumbent Mayor David Dinkins last year, argued that only the federal government can see every aspect of the problem and therefore have influence over every aspect of illicit drugs.

"It might very well be local government has a bigger role to play, but only the federal government can guide the effort so that you get the benefit out of the various roles the local governments should play," he said.

To guide that effort, the federal government has to make the drug problem a matter of foreign policy. "New York, Los Angeles or Philadelphia can't," he said. "And if the federal government doesn't make that a major aspect of foreign policy, then it can't get done."

Asked why drugs, in his view, have not been a major thrust of foreign policy, he said: "This is something I've struggled with for 25 years. I don't know why."

The former federal prosecutor said: "The exercise of foreign policy is trying to advance the interest of your country, and we understand this in terms of peace and war and international trade. But domestically, one of our great problems is drugs.

He said President Nixon started moving in the right direction on drugs and foreign policy and President Reagan also "did for a while. . . . But it never really entered into the foreign-policy establishment."



Mayor Rudolph Giuliani

Mr. Giuliani, who became the third-ranking member of the Reagan administration's Justice Department, said the State Department's foreign-policy establishment "doesn't consider drugs one of the very important things they're supposed to deal with."

"The only person who can change that is the president — by talking about it, getting it to enter into the minds of the State Department," said Mr. Giuliani, who began as a Democrat in Brooklyn and became a Republican in the mid-1970s.

He said that persuading other countries to stop harvesting poppies — and exporting opium and heroin — is not a questions of how much the United States can pay to replace the crops.

"It isn't a matter of cost," Mr. Giuliani said. "There's no solution to any problem that we have enough money for. The world's drug problem was created by the United States on the demand side. We spend so much money on drugs that we draw the drugs to us. . . .

"We have to show we're serious about reducing that," he said. "It's just as important that we convince foreign countries to cooperate with us. If we were more sophisticated, we could explain to the government of Colombia — independent of whether we give it a penny — why it's in its self-interest to do away with the poppy crop. The economy of Colombia is built on a false base."

Asked why Colombia could not figure that out on its own, Mr. Giuliani said, "They just need a push from us in that direction."

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Is he real y ar gry o ·ust ac ·ng? Clinton's composure confounds

Whitewater questions sparking outbursts

By Frank J. Murray
THE WASHINGTON TIMES

NASHUA, N.H. — President Clinton's angry outbursts have become so frequent, particularly on the Whitewater-Madison affair, that questions have been raised about whether they are staged to divert attention from the main event.

Some White House officials and reporters he has confronted up close are convinced his ire is genuine, if not out of control, but Mr. Clinton says he's faking anger on Whitewater, which other reporters suspect is true.

At a $1,000-a-plate fund-raiser in Boston Monday night, the president lashed out at Republicans in a lectern-pounding denunciation near the end of a rambling, 18-minute speech. "No, no, no, no, no, no, no, no, no," he said, thumping the podium with each syllable.

"He was really, really angry," said one reporter.

"It was all show. He was slow, measured, calculating," said another veteran White House journalist.

Assessments on whether Mr. Clinton's public displays of anger are bona fide fits or political theater are complicated by the presence of television.

Mr. Clinton often bangs the podium, which seems a smaller gesture to those in a room than to TV viewers with sound magnified by a microphone.

And reporters who cover him regularly know the key phrase that supposedly summed up his anger Monday night — charging the GOP with the "politics of personal destruction" — is a line the president has used more than once when he was calm.

The issue is further complicated by an incident in the Oval Office Saturday, when one of two Knight-Ridder reporters changed the subject from jobs to the Whitewater-Madison controversy 15 minutes into an interview with the president.

Though Mr. Clinton knew he would be asked about the matter, his face reddened as he stood and made a scene for five minutes, denouncing both reporters along with press coverage in general and the Republican Party. He then had them ushered out without even the ritual handshake.

"Visibly agitated and eyes bulging, the president waggled a finger in admonishment," Robert Rankin wrote of Saturday's episode. Yesterday in a brief interview, Mr. Rankin said, "By the end, he had gone beyond calculated anger into really being worked up."

That is what some reporters believe happened Monday night, that Mr. Clinton stirred himself up so much he lost control.

"That's my feeling, just my sense, that it's the real Bill Clinton emerging, especially in a room so politically charged," CNN White House correspondent Wolf Blitzer said.

"I see that people perceive it differently, but I see exactly the kind of performance I'd expect in a political setting with balloons and band and confetti in a room decorated like a mini-convention hall," veteran Associated Press writer Tom Raum said.

A White House aide insists the anger is real. "It was warranted, too. . . . To him, the presidency is not a forum for national discussion of things that happened to him 16 years ago," the aide said on condition of anonymity.

Mr. Clinton said yesterday he really was not angry Monday night. "I wasn't. I was happy," he said as he took a break from shaking hands at a political visit yesterday.

"What I said last night, I was not angry. I am determined. That was a deliberate — I wanted to tell those people how I felt," Mr. Clinton said of giving Boston Democrats their money's worth at the $1 million fund-raiser.

On the night his buddy Webster Hubbell resigned under fire as associate attorney general, Mr. Clinton accused Republicans of blocking legislation on health care, welfare, unemployment, crime, campaign financing and lobbying.

"Why then are we confronted in this administration with an opposition party that just stands up and says, 'No, no, no, no, no, no, no, no, no?' " he said, as his face reddened and jaw clenched.

Presidential adviser George Stephanopoulos said Mr. Clinton can tone down his heated rhetoric whenever he wants to. "You need a mix," said Mr. Stephanopoulos, brushing off suggestions the president loses his temper.

Although Mr. Clinton only hints at it, an official who asked not to be identified said bluntly there is a belief at the White House that the press and Republicans are in league on Whitewater-Madison.

The president "gets angry at anything that is a preoccupation with matters other than governing the country," the aide said.

Other displays of the Clinton temper include his outburst at ABC's Brit Hume during the announcement of Ruth Bader Ginsburg's Supreme Court nomination; a golf course incident in Little Rock, Ark., when he criticized a press office employee for letting reporters get too close; his shouting at an aide in Hilton Head, S.C., about a TV microphone he found intrusive; and his scolding an aide at a District housing project for not inviting Mayor Sharon Pratt Kelly and D.C. Delegate Eleanor Holmes Norton to join him on a porch.

The Washington Times WEDNESDAY, MARCH 16, 1994

Seniors fear Clinton health plan may leave them out on a limb

By Karen Riley
THE WASHINGTON TIMES

The nation's senior citizens are becoming increasingly concerned about how they might fare under President Clinton's health care plan, say spokesmen for major groups.

"As we listen to our members, the level of fear and anxiety has gone up from what it was a few months ago," John Rother, the legislative director for the American Association of Retired Persons (AARP), told a group of reporters yesterday.

The AARP has 33 million members, half of whom are 65 or older and eligible for Medicare.

Although the president's plan would retain the popular Medicare program and would add two big sweeteners — a prescription-drug benefit Medicare doesn't have now and some long-term-care coverage — older people don't like that the White House also proposes a $124 billion cut in Medicare spending, Mr. Rother said.

Now, after a closer look, spokesmen for seniors groups object that those who would be covered by the president's plan would get more than those who remain under Medicare.

The president's proposal contains an annual out-of-pocket spending cap of $1,500 for an individual, and $3,000 for a family, for those who choose a traditional fee-for-service plan, which allows a patient to choose any doctor. Medicare has no limit on a patient's out-of-pocket costs. It also requires higher deductibles and bigger co-payments while offering fewer benefits than the president's plan.

Also, Medicare patients will pay a higher annual premium — $493 in 1994 for an individual, compared with $420 to be paid under the president's plan.

Whether this difference will stampede seniors to lobby their congressmen against health reform remains to be seen.

"Our concern is that seniors be treated equitably and fairly in this and not be left out on the back stoop with a second-class health care system," said William Ritz, a spokesman for the National Committee to Preserve Social Security and Medicare, which claims 6 million members.

Informal surveys by the committee also suggest that opposition to the Clinton plan may be growing.

As a result, the committee has refrained from taking a position.

Mr. Rother said the Clinton plan "doesn't get you all the way home . . . to parity" and Congress won't try to do that, because it would cost too much, he said.

Still, he doesn't view that as a fatal political liability.

"If there's a perceived benefit in the plan that directly helps [older people], it will still be OK," he said. Seniors will recognize that they're "on the road to parity."

Mr. Rother has been an active behind-the-scenes member of a variety of coalitions backing Mr. Clinton's health care plan. However, because of its members' qualms, the AARP has said only that the president's plan is the best starting point.

AARP members are polled frequently. In late October, 51 percent of those polled said they backed Mr. Clinton's plan. In recent polls, support has fallen below 50 percent, Mr. Rother said.

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The new N t

As he prepares to move from minority whip to minority leader, Newt Gingrich is no longer tossing grenades, and "his rhetoric has mellowed to a surprising degree," the Boston Globe reports.

Some observers may have expected Whitewater to have been the occasion of Gingrich broadsides, the Globe's Jill Zuckman wrote. Instead, he has worked "more quietly, through the system."

Rep. Olympia J. Snowe, Maine Republican, told the Globe, "I think he understands that in his future position as minority leader he's going to have to work with Democrats."

Rep. Mike Synar, Oklahoma Democrat, has called Mr. Gingrich a "legislative terrorist." Lately, he says, the Georgia Republican is not as "shrill."

"This is a man thinking five years down the road," Mr. Synar said. "If he's going to have a national forum, he can't do it the way he was doing it as whip."

Mr. Gingrich said, "To say of Gingrich that he is a more mature national figure than he was as a young man on the back bench is to say Gingrich grew as the job grew.

"I think it would be more surprising if I hadn't grown. I also think I wouldn't have gotten the job it I hadn't grown."

The Hubbell departure

Republican Len Garment, former White House counsel, on the departure of Associate Attorney General Webster L. Hubbell: "Hell hath no fury like a law partner spurned. . . . The bloom is off the president's rose."

White House Chief of Staff Thomas F. "Mack" McLarty, a boyhood friend of Mr. Clinton's, told USA Today that with the death of Vince Foster and the Hubble departure he has wondered if the Arkansas crowd is having trouble in Washington.

"I don't think it is unfair to put it that way," he said. "It is unfair to make more out of this than it is. Life sometimes has these kinds of occurrences that are disappointing."

A somber Mr. Clinton said: "This is to me more of a personal deal for Webb Hubbell and his many, many friends."

Today's quote

Courtesy of Hotline and Knight-Ridder comes this old observation by the renowned former University of Arkansas lineman Webster L. Hubbell: "Quarterbacks and running backs are remembered for their achievements. Offensive linemen are remembered for their mistakes."

The Clinton lament

President Clinton complained at a Democratic dinner in Boston that Republicans will not engage in constructive debate. "Why," he asked, "are we confronted in this administration with an opposition party that just stands up and says, 'No, no, no, no, no, no, no, no, no'?"

He pounded the lectern with each "no." His voice rose in apparent anger and emotion, the Los Angeles Times said.

Futures

In Garrison, N.Y., Rep. Hamilton Fish Jr., 67, told Republicans in his district that he has cancer and will not seek a 14th term. He defeated the then-unknown G. Gordon Liddy in a 1968 primary to enter Congress.

State Sen. George Pataki formally kicked off his bid for the Republican gubernatorial nomination, saying he wants to end the "12-year nightmare" of Democratic Gov. Mario Cuomo's reign in New York.

Public reluctance

Peter Feld, an analyst at Peter D. Hart Research Associates, a Democratic polling company, says a look at history and public polls suggests Whitewater will inflict only transient damage on the Clinton presidency unless major wrongdoing is demonstrated.

The public reacts skeptically when serious charges are leveled against a president, he wrote in the Boston Globe. That's why Ronald Reagan and George Bush weathered Iran-Contra and Iraqgate and why Bill Clinton's approval rating could go up despite Whitewater and allegations of marital infidelity.

"In all likelihood, the public will react to Whitewater as it reacted to the Arkansas state troopers' charges of sexual misconduct: It's old news and not important," Mr. Field wrote. "Or at least not important enough to justify another failure in the White House, particularly when the president seems to be doing a decent job of managing the economy and addressing issues the public considers most important.'

And back in N.H.

President Clinton yesterday visited New Hampshire, which appears to be much more interested in the economy than Whitewater, the Baltimore Sun says.

"I haven't heard a single person, either to me or to each other, make a single remark about [Whitewater] one way or the other," Eric Griffel, proprietor of a bookstore in Concord, told the Sun's Carl M. Cannon.

Mr. Cannon reports that view was echoed in three New Hampshire cities in a series of interviews in which residents revealed nagging doubts about the president's character but conveyed a firm sense they have more important things on their minds.

"The economy," said Ashton E. Welch, 51, executive vice president of the New Hampshire Association of Realtors.

Press: Stifled

A reporters' group charges that the Clinton administration is continuing the information-stifling policies of Republican administrations.

The Reporters Committee for Freedom of the Press said in a report it found 151 instances in President Clinton's term that were efforts to compromise editorial or individual freedoms, suppress information, or undermine coverage of public affairs.

The items listed in the report include a federal art museum's denial of coverage of Princess Diana while tourists freely took photos of her and White House denial of files on Vince Foster after his July death.

Immovable feast

"It was a small, golden group, the Friends of Bill and the Friends of Hillary, and for a time it ruled supreme, operating almost as a White House within a White House," the New York Times' Maureen Dowd wrote.

"But now, as the administration reels from departure to sudden departure, there is an eerie sense of subtraction that recalls the Agatha Christie mystery 'And Then There Were None.' . . .

"Increasingly, there is a sense in Washington that the Arkansas political culture does not work in the White House, especially when it is combined with the combative campaign culture that produced many of the younger breed of Clinton aides.

"The Little Rock culture was rooted in an informal way of doing business, in which behind-the-scenes relationships played at least as large a role as the evident formal structure of power.

"The 1992 presidential campaign taught the Clintons that a combative, tightly compartmentalized operation could triumph over a messy past and an inquisitive press. . . .

"Clinton advisers acknowledge their problems in fitting into the capital culture, but they blame it partly on what they see as prejudice against outsiders."

The Whitewater legacy

"Whitewater creates collateral damage," analyst William Schneider says in the Los Angeles Times.

"It makes the White House — and by implication, the entire federal government — look foolish and incompetent. That's Clinton's defense, after all. As presidential adviser David R. Gergen put it, 'There was no cover-up. There was a screw-up.'

"The impression that the federal government screws everything up has been building for 30 years. The number of Americans who say they trust government in Washington to do what is right — one in five — is now at an all-time low.

"That view has consequences. Anything that undermines trust in government undermines the Clinton agenda. Why? Because Clinton is out to prove that smart Democrats like him can do something a lot of people don't think is possible: Make government work."

'Don't send us pork'

In an unusual Capitol Hill development, a coalition of West Virginians held a news conference yesterday to ask Sen. Robert C. Byrd, West Virginia Democrat, to stop slipping more pork-barrel projects into the state.

People Opposing Runaway Construction (PORC) singled out the Appropriations Committee chairman for "dam and road overkill" and noted that West Virginians are uncomfortable by his funneling of money to them.

Nuts, said a larger counter-protest of businessmen and officials from the state. Mr. Byrd's help has been "invaluable" in fulfilling long-standing efforts toward economic development, spokesman Bill Hartman said.

On Reno

The Wall Street Journal said in an editorial that Attorney General Janet Reno's praise of departing Associate Attorney General Webster L. Hubbell for a legacy of more open government is "so much blather."

Mr. Hubbell tightened the rules on Freedom of Information Act requests for the White Ho and helped create "a public information blackout that has turned into an unbridgeable moat around the Clinton presidency."

"Rose Partner No. 1, Hillary Clinton, is now appearing in newsmagazine interviews to announce that Whitewater has been blown out of proportion.

"That script may still play in various journalistic backwaters, but the more likely scenario is that there will be growing pressure to expose Arkansas mores to more public scrutiny."

Gunderson on gays

If the homosexual community wants to make political inroads in the homes of middle America, it must respect their values and get Americans to focus on tolerance rather than acceptance, said Rep. Steve Gunderson.

The Wisconsin Republican gave his message over the end at the Baltimore dinner of the Human Rights Campaign Fund, the nation's largest homosexual-rights lobbying group.

He said homosexuals must understand the difference between tolerance and approval, be able to say someone can be "pro-family without being anti-gay," acknowledge the benefits religion provides, and appeal to middle America by looking like middle America.

In his speech, Mr. Gunderson also spoke of his "outing" three years ago and his public stand in support of homosexuals in the military. If re-elected this year, the next term will be his last, he said.

More Hubbell ta

Stephen Hess of the Brookings Institution told the Philadelphia Inquirer: "I assume [Webster] Hubbell's resignation is not related to Whitewater, but it couldn't come at a worse time. In the history of the modern presidency, it's hard to tell which has caused the most trouble — friends or relatives."

A senior White House official told the Los Angeles Times that Mr. Hubbell, knowing his dispute with his old law firm would embarrass the Clintons, "did the honorable thing. He didn't want to ensnare the president and first lady."

Reform, please

A sign in the crowd as the first lady visited Denver to campaign for the Clinton health plan: "Give 'em health, Hillary."

Pundit Leno

NBC's Jay Leno on his weekend: "My lovely wife, Mavis, and I, we stayed home and watched 'The Fugitive' — but enough about Hillary Clinton."

• *Compiled by Alan McConagha.*

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BRUCE FEIN

Debatable accolades

White House Counsel Lloyd N. Cutler (the brains behind the ill-starred Zoe Baird nomination) has been haloed by the media on the heels of his appointment to replace the ethically obtuse Bernard Nussbaum. But the effusive accolades are undeserved. As White House Counsel to President Jimmy Carter, Mr. Cutler's role in the investigation of Billy Carter for failing to register as a foreign agent for Libya bristled with ethical insensitivities. His enthusiastic selection by President Bill Clinton recalls Talleyrand's quip about the French Bourbons: "They have learned nothing, and forgotten nothing."

Before the U.S. Senate Subcommittee to Investigate the Activities of Individuals Representing the Interests of Foreign Governments, of the Committee on the Judiciary, on Sept. 10, 1980, Mr. Cutler testified under oath regarding his service as a conduit between Billy Carter's attorneys (Henry Ruth and Stephen Pollak), chosen on Mr. Cutler's recommendation, and President Carter during the Justice Department probe.

Mr. Cutler's advice and disclosures to President Carter offered the latter an opportunity to intervene with DOJ on behalf of Billy in a law enforcement matter.

Mr. Cutler called Mr. Pollak on June 12, 1980, one day after the latter's retention by Billy Carter regarding the latter's failure to register as a foreign agent for Libya. He inquired whether Billy had advised the Justice Department of a November 1979 meeting arranged by Billy of National Security Adviser Zbigniew Brzezinski with the principal Libyan official in Washington at that time. According to Mr. Cutler's testimony: "Mr. Pollak did not seem to know, but said that he would check. I urged him to do so, and said, I believe, that I thought it was important that the Justice Department be advised of that meeting."

On June 26, Mr. Cutler spoke with Mr. Ruth to keep President Carter au fait regarding his brother's investigation. Mr. Cutler explained: "I had wanted to update myself on the status of the Billy Carter matter as far as his own lawyers were concerned and how they saw the matter, and I asked Mr. Ruth if he could bring me up to date so that I could advise the president of anything the president needed to know." Mr. Cutler was specifically informed that Billy had followed his advice to inform DOJ of the November 1979 meeting.

But Mr. Cutler had no business giving that advice. If he thought disclosing the meeting important, Mr. Cutler should have communicated the facts directly to DOJ without alerting Billy or defense counsel. Without Mr. Cutler's advice, Billy might have economized with the truth and exposed himself to perjury or obstruction of justice charges. Mr. Cutler did not offer other DOJ targets gratuitous assistance.

Mr. Cutler's receipt and use of a box seat view of the unfolding DOJ investigation from Messrs. Ruth and Pollak was more troublesome. He testified that on June 26: "Mr. Ruth told me that the department was insisting that Billy Carter file a registration statement disclosing his activities on behalf of Libya, and his arrangements."

On that same day, Mr. Cutler alerted the president of Billy Carter's legal jeopardy in a written memorandum: Messrs. Pollak and Ruth met with the Justice Department attorneys last week. "They were told that unless Billy agreed to register by Friday the 27th, they intended to recommend a Justice Department action. They would not specify the action, but Mr. Pollak and Mr. Ruth believe it will be either the convening of a grand jury to present charges of a criminal violation or the bringing of a civil injunction action to enjoin Billy from further activities unless he registers and makes the required disclosures. ... In the judgment of Pollak and Ruth, the Justice Department lawyers in charge of the case would be satisfied with the filing of a registration. However, there is some risk that registration this late would not satisfy Phil Heymann, the assistant attorney general in charge of the Criminal Division."

On June 30, Mr. Cutler again conversed with Mr. Ruth: "He told me that ... Billy was still considering whether or not he should file a registration statement, and whether he really had to. I then said to Mr. Ruth that I was considering, although I had not come to any conclusion, recommending to the president that he, if he thought it would be helpful, should call Billy himself and urge Billy to comply with what we then knew from these conversations was the Justice Department's request to register and make a full disclosure. ... On the basis of that conversation, I concluded that it would be worthwhile in the interest of the president and the presidency, and that it would be consistent with law enforcement to suggest to the president that if he thought it would be useful, he should call Billy himself and urge Billy to comply with the Justice Department's request to register."

Mr. Cutler did so advise Mr. Carter on July 1, and added in a note: "From Billy's point of view, an agreement to register is obviously preferable to a grand jury investigation or more likely a civil injunction proceeding. Either would be more costly and involve more adverse publicity than a simple registration."

The President followed Mr. Cutler's advice, and that action catalyzed a DOJ-Billy Carter arrangement consisting of Billy's registration as a foreign agent, a civil complaint, a consent, and a consent judgment. A criminal prosecution, which was a genuine prospect, was avoided. A Nov. 1, 1980, DOJ report on the Billy Carter case concluded that he had repeatedly lied to investigators regarding money received from Libya, and added: "We will continue to review Billy Carter's statements and take additional investigative steps to determine whether the misstatements contained therein rise to the level of prosecutable perjury."

Mr. Cutler was kept abreast of the DOJ-Billy Carter negotiations by Mr. Ruth as they reached fruition, and shared his insider knowledge with the president. As Mr. Cutler recollected: "Close to midday on July 14, Mr. Ruth advised me that they had come to an agreement with the department and that the court papers would be filed in court that very morning, or were indeed being filed then. ... I waited until I received the actual copies of the court papers that Mr. Ruth sent to me, and I then telephoned to the president's secretary, Susan Clough ... and I asked her to inform the president."

Mr. Cutler's advice and disclosures to President Carter offered the latter an opportunity to intervene with DOJ on behalf of Billy in a law enforcement matter in which the president held personal and political conflicts of interest. Mr. Cutler did not know whether Mr. Carter would misuse the information a la Richard Nixon. Further, DOJ lawyers might have sought leniency for Billy if they learned that the president was alert to the status of the investigation.

Mr. Cutler indirectly suggested that his sharing of law enforcement information with the president was improper. He defended the discretion entrusted to the intelligence agencies to share information relating to possible law violations involving members of the president's personal family only with the attorney general, "and to no one else." He declined to criticize such agencies for not sharing their knowledge of Libyan payments to Billy Carter, because such nondisclosure was consistent "with the principle that the president should be divorced from the conduct of law enforcement investigation and the exercise of prosecutorial discretion." Mr. Cutler, however, violated that principle in obtaining and alerting President Carter to the details of the Billy Carter investigation and urging him to speak to Billy to influence the outcome.

Mr. Cutler's explanation advanced in exoneration was unpersuasive. He testified: "[My third] objective was ... to be apprised of when the case was about to be resolved in a manner that would become public and which might require presidential comment, so that I could advise the president and consult with the White House press office about what to do."

Instant public analyses of law enforcement decisions, however, are not presidential obligations. If he were not forewarned by Mr. Cutler when the resolution was made public, President Carter could have properly withheld comment until he had mastered the facts and law.

Mr. Cutler further defended: "[B]y having the contacts I did have with Billy Carter's counsel, I learned in the course of the matter that he was resisting the Justice Department's request or demand that he file a registration statement, despite the urgings of his own lawyer, and by knowing that, I was able to play a part in having the president call Billy and urge him to file the statement which the Department of Justice was urging him to file, and he did so, and I think that was a good thing for the country and for the president and the presidency and for the Department of Justice. ... It certainly would not have helped the institution of the presidency if, contrary to his own lawyer's advice, and without any advice from his closest relative who might have had an influence on him, Billy Carter had refused to register, and an adversary proceeding of either a criminal or civil nature had been started against him."

But the presidency, DOJ and evenhanded justice would have been strengthened, not weakened, by a legally justifiable failure-to-register prosecution. It would have inspired public confidence in the integrity of law enforcement, an urgent need in the aftermath of Watergate.

Finally, Mr. Cutler authored a July 22 White House statement that avowed: "At no time ... has there been any contact in either direction between the White House and the Department of Justice concerning the conduct of this [Billy Carter] investigation."

Shortly thereafter, it was learned that on June 17, 1980, the attorney general had alerted President Carter to the investigation, but then added, according to Mr. Cutler's testimony that: "he could not discuss the circumstances relating to the conduct of the investigation, and then he remarked he thought Billy was very foolish not to register." Mr. Cutler, nevertheless, staunchly defended the accuracy of the July 22 statement with disreputable hair-splitting: "The sentence speaks of contacts concerning the conduct of the investigation. I agree with you that it is an incomplete statement if you know about that particular June 17 conversation, in that it requires amplification. ... I don't think it is inaccurate except in SEC terms."

Like Caesar's wife, White House counsel should be above suspicion. Can that be said of Lloyd Cutler, knowing of his misjudgments in the Billy Carter case?

Bruce Fein is a lawyer and free-lance writer specializing in legc issues.

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Exalted Knights of the Oval Office

WALTER MEARS

Insiders to the rescue

When in doubt or in trouble, presidents turn to the elders who were there before them. That is why names like Cutler, Baker, Clifford, Rogers and Strauss have been the counselors to call.

Their services have sometimes been official, more often advisory. Such figures have spanned presidencies, sometimes even political lines. They are said to be guides to the establishment, but that is understatement.

In successive political generations, they have been The Establishment.

With few exceptions, the permanent wise men have been lawyers, although their services are more often practical or political than legal.

They are a bank account of experience, a directory of contacts.

Their services do not go unrewarded. It's good for the ego, it doesn't hurt a firm a bit to have a senior partner who counsels the president or, better still, presidents. Not that these figures need the money.

"I wanted to serve without compensation," Lloyd N. Cutler said after accepting President Clinton's call to become White House counsel for 130 days, and help him cope with Whitewater. That couldn't be done, he said, so he may donate the salary to the Treasury's deficit fund.

Mr. Clinton said he had wanted an eminent lawyer to bring to the counsel's office the stature, standards and experience that would inspire confidence. "A Lloyd Cutler type of lawyer," he said.

In an earlier era, that would have been a Clark Clifford type of lawyer. He's 86 now, and tarnished by the BCCI banking scandal, although charges against him were dropped. He titled his autobiography "Counsel to the President," which he was to Harry S. Truman, then adviser to his successors, and Lyndon B. Johnson's secretary of defense.

For a Republican, it might have been William P. Rogers, attorney general to one president, secretary of state to another, consulted for advice by two more.

As the Iran-Contra case erupted, Ronald Reagan sought Mr. Rogers' counsel — and had Democrat Robert S. Strauss in for advice at the same time. That's the Strauss jokingly mentioned by Mr. Cutler, 76, as a younger lawyer who might succeed him in the Clinton White House. Mr. Strauss is 75.

Among Republicans, Howard H. Baker, the former Tennessee senator and GOP leader, shelved his own presidential campaign to become White House chief of staff of Mr. Reagan's troubled White House in 1987. Or another Baker, James A. Jr., Houston lawyer, former treasury secretary, former secretary of state, closest to George Bush, but at the service of Republicans Gerald Ford and Mr. Reagan as well.

The Cutler appointment returns him to the counsel's post he held during the last two years of Jimmy Carter's presidency. The idea then was to add Washington experience and connections to a White House lineup first dominated by aides from Georgia, where the president had been governor, and from the campaign.

Change the state to Arkansas, and it's close to a replay.

Starting out, Mr. Clinton said, his administration had a Cabinet with a lot of Washington experience, but not as much in the White House. "I think the culture here and the whole procedures here are quite different than they are most any other place in the country, and I think it's something we have to be very sensitive to," he said in appointing Mr. Cutler.

Then again, it isn't quite rocket science.

Access is one of the secrets to influence and power in Washington, and that is not a problem for presidents and their top lieutenants. Calls from the White House get answered.

Successful leaders choose their fights; unnecessary confrontations waste strength. And it isn't difficult to read the signals that tell when something like Whitewater is deepening into a real problem.

Common sense says that's the time to settle, whatever that takes, and get on to something else.

The elders of the establishment can deliver common sense — with resumes that make people heed them.

Walter R. Mears is vice president and columnist for the Associated Press.

The Washington Times WEDNESDAY, MARCH 16, 1994

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(ATTN: National editors) (Includes optional trims)
Search Begins for Hubbell's Replacement (Washn)
By Paul Richter and Ronald J. Ostrow= (c) 1994, Los Angeles Times=

WASHINGTON One day after Associate Attorney General Webster L. Hubbell's surprise resignation, Clinton administration officials Tuesday began searching for a replacement who lacked a certain credential that a year ago might have won them the job: home-state ties to the president and first lady.

Amid Hubbell's departure on ethics accusations and the uproar over the Whitewater affair, administration officials virtually ruled out candidates who might reinforce accusations that the Clintons had sought to run Washington with a core of Arkansas friends.

``It goes without saying that anything that smells of cronyism is out of the question,'' said one Justice Department source.

As the search began, it was also clear that the choice for the department's No. 3 post would have special significance. The back-to-back resignations of Hubbell and Bernard Nussbaum, the White House counsel, amid allegations of ethics violations, have made it imperative that the replacement underscore the administration's commitment to choosing officials of unquestionable integrity.

The choice is important, too, because of the unusually important political role the Justice Department has played in an administration that has sought to appeal to a broad spectrum of Americans on such issues as crime, civil rights, immigration, and environmental protection. Justice's top officials must enunciate Clinton's policies in ways that appeals across that spectrum, and to counterbalance Attorney General Janet Reno's views when they diverge as they sometimes have from the White House's.

In addition, Reno's top lieutenants must be prepared to take on extra managerial duties because of the way Reno, an unusually high-profile attorney general, is so often out of town. ``This is a delicate job in a crucial agency,'' said one administration official.

The administration can't waste time on the choice. The Justice Department has been hobbled since the beginning of Clinton's presidency by a lack of top-level appointees. Only now is it getting in place its deputy attorney general and its assistant attorney for civil rights.

Reno will ``want to fill it promptly so the department is not criticized for failing to fill yet another key post,'' said one Justice official.

Hubbell, with close personal and professional ties to the Clintons, announced Monday he would leave the post because a fight with former law firm partners over disputed billing practices was distracting him from his job.

While the search for his replacement is still in its earliest stages, administration officials said they expected candidates to include some within Justice. Among the insiders, officials said, would be Jo Ann Harris, the former New York attorney and professor who heads the department's criminal division; and Charles F.C. Ruff, who has held positions as a Watergate prosecutor, U.S. attorney, and senior Justice Department official.

(Optional add end)

Some officials speculated that, curiously enough, the choice could fall to a man for reasons of gender diversity: Since Jamie Gorelick, the deputy attorney general-designee, is a woman, the choice of a woman for Hubbell's post would put woman in all three top spots at the department.

Hubbell's selection was made by the White House because it came before Reno was nominated. But this time will be different. ``Knowing Janet, I assume she'll want a lot to do with (the choice),'' said one senior Administration official.

The associate attorney general's post has responsibility for such areas as tax law violations, antitrust, environmental law, civil rights, immigration and naturalization, and the administration of prisons.

Harris, 60, was in private practice in New York City and a law professor at Pace University School of Law before before she was nominated last September to head the criminal division. She worked at the Justice Department from 1974-83.

Ruff, 54, worked for the Justice Department in a series of posts from 1973-82, including acting deputy attorney general and U.S. attorney for the District of Columbia. He went into private practice in 1982 in Washington.

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Donald
KAUL

GOP's attacks on Whitewater

The White House keeps throwing people off the sled but the wolves keep gaining on it anyway. Last week it was Bernie Nussbaum, the White House counsel; this week Webster Hubbell, associate attorney general. And who knows, really, whether Vince Foster jumped or was pushed?

No, wait! Stop! I didn't mean that. The Republicans are starting to get to me. Their tireless efforts to raise this Whitewater deal to the level of the bad things they did when they were in office — Watergate, Iran-Contra, Teapot Dome — is beginning to pay off. I'm becoming Limbotomized, a condition characterized by an inability to say anything about the president and first lady without a snigger.

The Republican effort reached some sort of crescendo last weekend with the rumor that Foster, deputy White House counsel, had not died where his body had been found, an apparent suicide, but instead had been transported there *after* his death. Rush Limbaugh, America's Blowhard, upped the ante by suggesting the possibility that Foster had died in a Virginia apartment kept by Hillary Rodham Clinton.

Whew! Even for a third-rate balloonhead like Limbaugh that was extreme. Maybe Martians have implanted transmitters in Rush's molars and are controlling his mind.

It was nonsense, of course, as ABC proved with some particularly grisly photos of Foster's body But it had its effect, as did the Nussbaum and Hubbell resignations. The image created was that of an administration disintegrating under the weight of its sins.

The Republicans have been quick to play the Watergate card. Bob Dole, for example (who, as I remember, did not think Watergate all that big a deal), has chastised the White House for not learning the lessons of that scandal. Senator Alfonse D'Amato of New York, who is to ethics what a saw is to the wilderness, has set himself up as a moral arbiter of all things concerned with Clinton. Of the Arkansan Hubbell's resignation, he said:

"Good riddance. . . . He has certainly tainted the Justice Department. The stench that started in Little Rock has made its presence felt here."

My favorite comment about the affair, however, was delivered by my favorite Watergate conspirator, G. Gordon Liddy. The Wall Street Journal asked a number of public figures with some connection to that business — Charles Colson, Robert Bork, Elliot Richardson — to compare it and the Whitewater matter. Liddy, who is a little wacko but not without a sense of irony, addressed his remarks to the departed Nussbaum, saying:

"Despite our political differences, Bernie, I offer this letter of encouragement and urge you to do the right thing. . . . What is important is that you remain loyal, keep your mouth shut and *don't give up Hillary!*

"The feds will be angry when you refuse to turn rat. They will threaten you with a long prison term. They sentenced me to 21½ years. Don't let that scare you. Hell, I did only five. They'll let you out shortly after the Clintons are run out of town. Be strong, Bernie."

Vintage Liddy.

You'd better get used to reading about Whitewater because it's going to be around for a while. We're going to have the special counsel's report, we're going to have congressional hearings, we're going to have every Clinton press conference on every subject begin with a version of "What did you know and when did you know it?" It is written.

I still think there's not much there. It is not Watergate, which directly implicated a sitting president in the abuse of executive power, involving him in a conspiracy that encompassed burglary, perjury, bribery and the misuse of the CIA, FBI, IRS and most other initials. Even less is it Iran-Contra, the greatest scandal of our time, which went directly to the issue of separation of powers. It was a profound violation of the Constitution.

This, at worse, is going to turn out to be a case of petty greed undone, with overtones of questionable behavior. I think.

The only thing that gives me doubt is the Vince Foster thing. His death hangs over the Whitewater matter like mood music in a movie. You know, someone walks into an empty room and suddenly the music takes on an ominous coloration. It changes the context of the scene.

Foster's death is like that. Suicide or not, coupled with the shredding of his files that has gone on, it reverberates through the affair and sends chills up the spine.

Stay tuned.

The Des Moines Register

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By John Aloysius Farrell
GLOBE STAFF

NASHUA, N.H. – Feeling renewed among voters who once rescued his candidacy in perilous times, President Clinton toured New Hampshire yesterday, rejoicing at the chance to be "where America is."

After wading into a friendly crowd at a "town hall" meeting here, Clinton returned to his tormenters in the media, brandishing a photograph he had been given by a member of the audience. It was proof, he said, that the Whitewater controversy was an insider's game.

"Let me show you something. This is what people care about. Here is a child with a preexisting condition, who can't get health insurance," Clinton said. "The mother gave me a picture.

"That's where America is," said Clinton, "with these people.

"They want us to work on the real issues that affect them. They want public life to be about them and their lives and their futures, jobs and health care and education and the future of this country," said Clinton.

After leaving the meeting at the Elm Street Junior High School here, Clinton stopped in Keene to tour a high-tech printing plant. For the president and his staff, there were reminders throughout the day of the hard times during the 1992 New Hampshire primary when his front-running candidacy was crippled by news accounts of an alleged affair with Gennifer Flowers, and of his draft record during the Vietnam War.

With the help of New Hampshire's Democratic voters, Clinton and his aides persevered, struggled and survived those rocky days, allowing him to proclaim himself the "Comeback Kid" after he scrambled to finish second to former Sen. Paul E. Tsongas of Massachusetts.

The audience was admittedly partisan yesterday, and the state's Democratic voters, including one woman who called herself a "recovering Republican," greeted him warmly, applauding even his talk about taxes in the "Live Free or Die" state. They gave the president several standing ovations, most notably when he promised "to provide comprehensive health care to all of our citizens."

Sympathetic members of the crowd scolded reporters, taunting the press with cries of "You just don't get it," and applauding when one questioner, referring to the Senate Republican leader, Bob Dole of Kansas, warned "Mr. Dole and his friends in the media" and other Washington insiders that "we're very focused; the people are very focused . . . on jobs and health care."

The president told the audience that the Whitewater controversy was generated by Republicans and special interests who fear the political and financial loss they may suffer if Clinton's health care reforms are adopted.

Later yesterday, Clinton traveled to Fort Drum, N.Y., where he told US soldiers recently returned from Somalia that they did not serve in vain, or watch their friends die for a worthless cause.

"You answered the call, you did your job, you served your country wonderfully well. More than that, no one can ask," Clinton told family members and soldiers from the 10th Mountain Division.

Clinton stopped at Fort Drum for several hours before heading back to Washington and a meeting today with Israeli Prime Minister Yitzhak Rabin. The president said all US troops would be out of Somalia by March 25, a week ahead of schedule.

'he N.H. Whitewater word: Hang in there

By John Milne
GLOBE STAFF

KEENE, N.H. – Tom Britton was one of Bill Clinton's first political supporters in New Hampshire, and yesterday he sat in the presidential limousine and delivered the same message that he did in that bleak February before the 1992 primary: Hang in there.

"All of us who sat in the limousine with him told him that America out there wants you to stick to your guns," Britton said last night.

Clinton said he got the message. In a conversation with reporters at Dillant-Hopkins Airport, he reacted to a day of applause and enthusiastic crowds in the Granite State.

The Whitewater debate, he said, "is a diversion, to divert the American people and the political people from doing their jobs. We hired on to move this country forward. That's what I heard all up and down the street in Keene today. . . . They're telling us to go to work on their problems."

Clinton's New Hampshire trip had the atmosphere and verve of a campaign swing. Clinton spoke to about 1,200 at Elm Street Junior High in Nashua, toured the Markem factory in Keene, shook hands with an estimated 1,000 in Keene's Central Square, and shook more hands before about 500 at an airport rally.

The president even delivered an $82,000 Rural Business Enterprise Grant to rehabilitate an abandoned Sears store.

"He's a natural politician," said Richard Dashbach, a former state representative and early Clinton backer. "He's like Lyndon Johnson, only with confidence. He plunges in. He won't stop shaking hands."

Patricia Russell, a Keene city councilor and a former member of the Democratic National Committee, is Cheshire County's den mother for presidential activists. Candidates have visited her home since the 1960s. She has the voting lists, the phone numbers to call.

She listed to one side yesterday with the weight of cellular phones and Secret Service walkie-talkies, but she worked through the last event of the trip: two dozen early 1992 Clinton activists lined up in front of Air Force One to shake the president's hand.

These Democrats in 1992 picked Clinton because he was moderate. They were the loyal ones, those who rejected the advice of Washington consultants. They told Clinton to stay in the primary race when he faced criticism about his draft status during the Vietnam War and allegations that he had not been faithful to his wife.

The Boston Globe

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GOP asserts Clinton lied about party

By Jill Zuckman
GLOBE STAFF

WASHINGTON – Republican leaders accused President Clinton yesterday of lying about their party's record after the president, in an address in Boston on Monday, blasted his GOP critics in the Whitewater controversy.

Referring to the speech, the House minority whip, Newt Gingrich of Georgia, told several reporters: "The president lied and I'm furious about it." He called Clinton's speech a "conscious decision to mislead the American people."

While in Boston, Clinton charged that the Republican Party is bereft of vision and is relying solely on attacks to thwart his policies. "Why," Clinton asked, "are we confronted in this administration with an opposition party that just stands up and says no, no, no, no, no, no, no, no?"

The Senate minority leader, Bob Dole of Kansas, standing beside Gingrich at a news conference yesterday, pointed to a brightly colored chart that said: "Republicans say YES to" a long list of issues such as health care reform, crime legislation and welfare reform.

"We're prepared to work with the president," Dole said. "At the same time, we're not going to sit still for blatant political attacks."

Meanwhile, Rep. Lee H. Hamilton, Democrat of Indiana, said yesterday that details of the Whitewater affair should be aired quickly, suggesting congressional hearings might be one way to do that.

"One possibility for getting this information out would be through congressional hearings," Hamilton said. "There may be others. Whatever the format, it must be in-depth."

The statement by Hamilton, who cochaired the congressional Iran-Contra investigation when Ronald Reagan was president, aided Republicans under attack for partisan politics. "He's somebody who has a lot of integrity and a lot of seriousness about issues," Gingrich said.

Gingrich held out copies of GOP bills on health care, welfare reform and immigration reform to suggest that his party is not watching from the sidelines. Indeed, Gingrich last year delivered the winning margin on the North American Free Trade Agreement, one of Clinton's top priorities.

Gingrich described the president as "out of control emotionally," and called his comments "insulting to all Republicans. . . . The picture I saw on television was a frighteningly emotional person to have as commander-in-chief of the United States," he added.

Dole said Clinton had gone "right to the edge" in delivering his remarks. "We're being the responsible opposition party," Dole said. "The president is the one out there losing his cool."

For the most part, the Whitewater attacks have come from two Republicans, Sen. Alfonse M. D'Amato of New York, and Rep. Jim Leach of Iowa. Dole has stepped in to call for a special prosecutor and to demand congressional hearings.

Last week, Gingrich and Minority Leader Robert H. Michel of Illinois met privately with Democratic leaders to make the case for congressional hearings.

With the president's attack on Republicans, the party leaders said they could not let his words go without rebuttal.

Yet Clinton only said what his allies in Congress have been saying all along. For weeks, Senate Majority Leader George J. Mitchell of Maine has been accusing Republicans of "acting for purely political reasons."

And Sen. Tom Harkin, Democrat of Iowa, said what Republicans are doing "is forestalling health care reform, welfare reform and a jobs program. That's what they're all about."

Republicans asserted yesterday that they care about issues affecting Americans. Dole speculated that people inside the White House were just feeling cranky after a long, cold winter. "Go outside. Take a walk. Enjoy the sun," Dole said.

But his underlying message to the administration was less light and breezy: Until Republicans are allowed to hold hearings on Whitewater, the administration will not be able to put this behind them.

The Boston Globe

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New counse steadies Wh e I ouse staff

Brutal honesty clears the air

By Michael Kranish
GLOBE STAFF

WASHINGTON – Shortly after he was named White House counsel last week, Lloyd Cutler issued the kind of insightful but grim declaration that has given him a reputation for brutal honesty.

"We all love conspiracy theories," Cutler told an interviewer on public television last Friday. "If you think of the way the Vince Foster suicide has lived on and all the different stories that are being bruited about, it's going to be like the Zapruder film and whether there was a single bullet that killed President Kennedy or not."

With that comment about the death of Foster, the former deputy White House counsel, and by other less public means, Cutler has made it clear to his new clients that Whitewater is not going away.

For months, Hillary Rodham Clinton said she saw no reason to respond to the Whitewater controversy or to questions about the suicide of her friend Foster. But Cutler's arrival to replace counsel Bernard Nussbaum, who had sought to shield the Clintons, has brought a new sense of reality about Whitewater to the White House.

Cutler's warnings, including the analogy with the amateur film of President Kennedy being shot, have been deeply disturbing to White House officials. But senior presidential aides said they have also brought a new, more sober and legalistic mindset to the staff.

"For months, the attitude was 'protect the president and first lady,'" one official said. "That probably got us in trouble in the first place. Now, the attitude is, let's face reality and get everything out, even if it's bad at first. No more drip, drip, drip."

Some observers believe that approach may have played a role in the sudden resignation of Associate Attorney General Webster Hubbell on Monday. For days, stories had been seeping out about questions related to Hubbell's billing practices when he was a private lawyer. Hubbell, a close friend of the president, had insisted that he would remain in his job. But on Monday he resigned, saying the charges were harming the president.

Notably, Clinton said in Boston on Monday that Hubbell "did the right thing" in resigning, a comment that has been interpreted by some as an indication that the president wanted Hubbell to leave.

Sen. William Cohen, the Maine Republican, said he believed Cutler's strategy played a role in Hubbell's exit. "I think it is Lloyd Cutler's doing," said Cohen, who talked with Cutler on Sunday. "Cutler understands 'get the bad news out now. Let's not wait.'"

But Cutler, in an interview last night, denied he played a role in Hubbell's resignation. An administration official said Hubbell conveyed his desire to resign through his longtime friend, US Trade Representative Mickey Kantor.

As for other matters, Cutler said he preferred not to go beyond his televised comments in recent days about his role in the White House. But in a White House that puts a premium value on television, Cutler's appearance on major news shows in the last week has sent an unmistakable signal about his influence.

In contrast, the White House officials who usually appear on television have been largely out of view, including Communications Director Mark Gearan and White House counselor David Gergen.

For White House aides who are veterans of Clinton's campaign, it has been sobering to watch Cutler, a Carter administration alumnus, suddenly become one of the most visible advisers to the president. Once, such aides expressed disdain for people with Washington experience. Now, they call the 76-year-old Cutler one of the administration's "designated grown-ups."

In one revealing comment, Cutler sent a stern message last week in a television interview to the younger Clinton staff members who had served on the campaign. Cutler said that former campaign aides may have problems shifting to managing the White House.

"They're not accustomed to working with one another or fitting into the transition from a campaign, where everything is reasonably helter-skelter and where the critical thing is to get a response out today to this morning's story and forget about whether it's 70 percent accurate or 98 percent accurate," Cutler said.

After the campaign, he added, "along comes the election, and it's over, no records, no nothing. In the government, once you have won and you're in the White House, you have got to be right. You are the government, you're spending government money, you're responsible for what you do."

That message – some might call it a rebuke – is finally getting through at the White House, Clinton's aides said. They may only hope it is not too late.

The Boston Globe

Seeking a Comeback

Clinton on the stump in N.H.

By Martin Kasindorf
WASHINGTON BUREAU

Nashua, N.H. — New Hampshire citizens concerned with jobs and health care yesterday gave President Bill Clinton, the Comeback Kid of the state's 1992 Democratic primary, a boost toward a change-of-subject comeback from his Whitewater troubles.

"Whitewater is for canoeing and rafting," scoffed Betty Winberg, 68, a mental-health activist, at a town meeting carefully arranged by local Democratic officials.

As Clinton joined in the appreciative laughter rocking the Elm Street Junior High School gym, Winberg continued: "Shame on those who would detract and distract from the important work you're doing with universal health coverage and jobs."

Less than two years before Clinton would have to face the Democratic voters of New Hampshire again, the White House staged political events on jobs and health in the Granite State and a patriotic military homecoming at upstate Ft. Drum, N.Y.

With a show of presidential business as usual, Clinton was battling the same elements he weathered two years ago: Snow under his feet and clouds over his head.

In 1992, Clinton finished second in New Hampshire, stemming a slide caused by Gennifer Flowers' allegations of marital infidelity and by questions about his Vietnam War draft record. He dubbed himself the Comeback Kid.

In Washington now, Clinton is beleaguered by Whitewater, a complex matter involving a failed Arkansas savings and loan that may have engaged in questionable financial dealings with a real estate venture in which the then-Arkansas governor and his wife, Hillary Rodham Clinton, were partners. Robert Fiske, a Justice Department special counsel, is investigating.

On Clinton's second visit to New Hampshire as president, Nackey Loeb, publisher of the conservative Manchester Union Leader, greeted him with a front-page column calling his troubles "Charactergate." By and large, however, New Hampshire was tolerant.

Ken Perry, a politically independent Manchester taxi driver, dismissed Whitewater in an interview as "just another rich guy doing his own thing."

Perry said he'll probably vote for Clinton again, "unless they find him guilty."

At the Nashua event, three of the 10 who questioned Clinton in his customary talk-show format urged him not to let Republicans and the news media get him down. Rep. Dick Swett (D-N.H.) distributed most of the 1,100 tickets to supporters. Winberg said she got her ticket from the office of Mayor Rob Wagner, a partisan Democrat who billed President George Bush $20,000 for holding a 1992 rally in Nashua. Bush ignored the bill.

Clinton responded to the Nashuans' encouraging words by waxing nostalgic about the New Hampshire town meetings he attended during the campaign.

"They were so different from the tenor and tone of political debate and discussion in the nation's capital," he said. "Not because there were no disputes, no arguments, but because they were about big things. They were about your future and your children."

Later, Clinton countered reporters' queries on Whitewater by citing the audience's emphasis on health insurance. Americans know Whitewater is "a diversion," and that he is fully cooperating with Fiske, he said.

Clinton's delivery yesterday lacked the fire he displayed Monday night at a Democratic fund-raiser in Boston, where he counterattacked fiercely on Whitewater.

Pounding the podium, Clinton said that the Republican Party, "committed to the politics of personal destruction," has become "an opposition party that just stands up and says, 'No! No! No! No! No! No! No! No!'" Clinton followed the town meeting with a tour of a Keene, N.H., printing-equipment plant. No worker brought up Whitewater.

After shaking friendly hands in Keene's town square, Clinton flew to Ft. Drum to welcome 10th Mountain Division soldiers home from peacekeeping duty in Somalia.

With the last U.S. troops due to pull out of Somalia by March 25, their service cut short by domestic reaction to a Sept. 3 Mogadishu firefight in which 28 Americans were killed, Clinton lauded those who served for "a mission accomplished, a mission to be proud of."

Newsday

Hootin' and Hollerin'

D'Amato booed on Donahue Whitewater debate

By Charles V. Zehren
WASHINGTON BUREAU

Washington — Sen. Alfonse D'Amato brought his Whitewater case to mainstream America yesterday.

And while some applauded his criticism of Bill and Hillary Clinton, D'Amato was also roundly booed by the studio audience of the "Donahue" show, broadcasting live from Washington.

In her pre-show pep talk, Executive Producer Patricia McMillen told the 200 people in the studio that "enthusiasm is really important." Then guided by Phil Donahue's pointed questions about D'Amato's own brushes with ethics investigators — and the talk show host's thinly veiled contempt for New York's junior senator — they took McMillen's advice to heart, enthusiastically engaging in a boisterous display of eyerolling and catcalling.

"Yeah, right," one member of the audience called out as D'Amato defended his own actions and criticized the White House.

"Give me a break," shouted another.

And even one of the other guests, Sen. David Pryor (D-Ark.), abandoned the gentlemanly decorum of the Congress to take potshots at his colleague.

"Da MAH too, look at the een YI eun DQE," Pryor drawled, accusing the New York Republican of making unsubstantiated charges against administration officials.

"Cheap shot," repeatedly cried D'Amato, whom the Senate Ethics Committee in 1991 cleared of nearly all accusations of misconduct.

"I thought I did well," D'Amato said afterward. "This isn't the audience that you are trying to win over. If you respond to the handclapping and the booing, you will not be giving your statement . . . you're not going to win."

D'Amato was joined by Rep. Jim Leach (R-Iowa), who has launched his own investigation into the Whitewater affair, and Pryor, a close friend of the Clintons, was accompanied by Sen. Jay Rockefeller of West Virginia, who is gaining stature as a Democratic counterpuncher on the issue.

The Democrats and Donahue dismissed Whitewater as a non-issue and a waste of time and said that the Republicans are raising it to harm the president politically. At one point, playing the sympathy card, Rockefeller leaned toward his Democratic colleague and told the audience that Pryor was the man who informed Deputy White House Counsel Vincent Foster's family that he died, an apparent suicide.

"What are we doing here?" Rockefeller asked, comparing the Whitewater flap to the travails of "Tonya and Nancy."

"McCarthyistic tactics," Donahue shouted at Leach, who has promised major revelations against the administration but withheld the details pending his banking committee's hearings.

"Apologize," demanded Leach.

The program, which aired in New York yesterday, will be followed today by a taped segment on the media's role in the affair.

One of the last times the Donahue Show — a key synapse in Middle America's socio-political central nervous system — did two days on a single subject was when the host zeroed in on Amy Fisher and Joey Buttafuoco, helping to thrust that tawdry tale to the forefront of the nation's consciousness.

Whitewater has already been shoved into the realm of popular culture by, among others, Don Imus, whose morning radio show has featured funny but nevertheless blistering attacks by hyperbolic Republican-partisan Roger Ailes, and Curtis Ganna, director of the non-partisan Committee for the Study of the American Electorate.

"Every exposure is harmful," Ganna said. But "ultimately, [Clinton's] survival depends on whether there is anything in all this."

Although yesterday's show generated more heat than light, you could almost see the sparks fly as the director cued Donahue and the Whitewater media monster was brought further to life.

"These shows like Donahue reach a segment of the American populace that does not tune into regular television news," said Larry Sabato, a University of Virginia political scientist. "Whitewater is now reaching another layer of the American public or getting completely out of control. Take your pick."

Whitewater is "not just a Washington story anymore," said Albert Lewitinn, the Donahue show's senior producer. "It's what everybody in the world is talking about. I think it's better than Amy and Joey!"

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GOP may push vote on Whitewater

Indiana Democrat joins in, says sessions would get facts out

BY TERRY LEMONS
AND JANE FULLERTON
Democrat-Gazette Washington Bureau

WASHINGTON — Congressional Republicans on Tuesday considered the possibility of holding votes in an attempt to force hearings into the Whitewater Development Corp. affair.

The move came as the first top House Democrat split ranks with party leaders by saying congressional hearings are an option for answering Whitewater questions.

"One possibility for getting this information out would be through congressional hearings," House Foreign Affairs Committee Chairman Lee H. Hamilton, D-Ind., said. "There may well be others."

Hamilton, House chairman of the congressional investigation into the Iran-Contra affair, parted with other Democrats, who have resisted Republican calls for a congressional Whitewater inquiry.

House Minority Whip Newt Gingrich, R-Ga., said GOP leaders may try to bring the hearing issue to a vote "on the House side in the next couple of weeks."

Senate Minority Leader Bob Dole, R-Kan., also has been studying the option of getting a Senate vote on Whitewater hearings. He plans to discuss the option with Senate Majority Leader George J. Mitchell, D-Maine, in the next few days.

"We may as well have a vote," Dole said.

Dole and Gingrich want special congressional hearings to examine Whitewater and Madison Guaranty Savings & Loan Association.

President Clinton and his wife, Hillary Rodham Clinton, once were partners with James and Susan McDougal in Whitewater, a Marion County real estate development.

James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least $47 million.

Allegations that money was illegally transferred between Madison and Whitewater are among the issues being investigated by special counsel Robert Fiske Jr.

Democrats have opposed GOP calls for congressional hearings, saying an inquiry would interfere with Fiske's investigation.

"What we want to do is what Mr. Fiske wants to do. ... We're not trying to stifle anything," Sen. David Pryor, D-Ark., said.

Hamilton said conflicts between a congressional hearing and Fiske's work "would be inevitable."

"If congressional hearings are held, Congress must figure out a way to conduct legitimate inquiries without impeding the special counsel's investigation," Hamilton said.

He said there may be other alternatives to congressional hearings.

"Whatever the format, it must be in-depth," Hamilton said. "It must allow for comprehensive inquiry into the complex Whitewater allegations."

He added that Clinton "must get all the facts out quickly and completely." Hamilton was among those considered as Clinton's vice-presidential nominee in 1992.

In New Hampshire, the president said of Hamilton's suggestion, "That's a discussion he ought to have with the special counsel. We have all cooperated."

Gingrich called Hamilton's move on congressional hearings "significant." He described Hamilton as someone who has "a lot of integrity."

A Gingrich aide said Republicans may try to hold a House vote on Whitewater hearings before the congressional Easter break, which begins March 25.

"It's definitely our intent to seek a vote on the floor of the House so members will have to go on the record," Gingrich's aide said.

Another supporter of House hearings into Whitewater is Rep. Jim Leach, R-Iowa.

Leach hopes to raise Whitewater issues during a House Banking Committee meeting March 24. Leach has asked Democrats to invite 40 Arkansans, White House aides and other federal officials to appear at the hearing.

Banking Committee Chairman Henry B. Gonzalez, D-Texas, has refused to invite the 40, saying that is outside the scope of the March 24 hearing — a stance Leach criticized as "preposterous." The meeting will officially review the work of the Resolution Trust Corp.

Dole summed up the situation this way: "Sooner or later there will be congressional hearings."

Activist puts Whitewater files on platter for GOP, press, others

Washington journal

BY JANE FULLERTON
Democrat-Gazette Washington Bureau

WASHINGTON — Do you need a copy of Bill and Hillary Clinton's income tax returns for the past decade?

Or perhaps you are looking for some obscure documents from land transactions involved in the Whitewater Development Corp. controversy.

Or maybe you simply want to review some of the bond activities of the Arkansas Development Finance Authority.

To obtain any of these documents, just call Floyd Brown.

He'll be happy to provide them at no cost.

Brown is the conservative activist best known for producing the infamous "Willie Horton ad" that generated controversy during the 1988 presidential campaign.

He followed that with another controversial ad campaign in support of Clarence Thomas' nomination to the Supreme Court.

Now Brown has turned his attention to Whitewater.

For months, Brown and his organization, Citizens United, have been funneling information and documents to reporters and Republican congressional aides researching the Whitewater affair.

His operatives have made several trips to Arkansas to unearth the financial and legal documents surrounding the Marion County land venture of Bill and Hillary Clinton and James and Susan McDougal.

Brown's group attracted attention in the president's home state when one of his associates accompanied an NBC News crew in Fayetteville that confronted Beverly Bassett Schaffer, the former state securities commissioner.

So Tuesday, Brown decided to make it easier for reporters interested in covering the growing Whitewater controversy.

He held a "Whitewater press briefing" at the National Press Club in Washington and offered his opinions about what angles reporters might examine.

But the real attraction was the documents — huge stacks of them.

Brown and his associates gladly handed out reams of documents as thick as the Little Rock telephone book to eager reporters who grabbed them up like goodies.

For reporters, what Brown provided was a treasure trove of information -- information they could not readily obtain without great effort and expense.

Here were the Clintons' tax summaries and tax returns from 1980-92.

Here were "Whitewater Related Documents" that included land deeds and canceled checks and loan agreements.

Here were hundreds of sought-after documents that would take weeks to accumulate, not to mention having to make a trip to Arkansas.

Brown even included a handy chronology of Whitewater-related events, a breakdown of all the potential criminal violations that could be involved and suggested questions for reporters to pursue.

Brown's service is not cheap. Photocopying each set of documents costs $11.

Brown said his money comes through his organization's annual budget, which comes from the $25 annual contributions of 175,000 members.

The reporters on hand were more than a little skeptical about Brown's motivation, given his partisan predisposition.

"This is not a personal campaign at all," he insisted. "It's just a desire for the American people to have the truth."

Brown plans to continue disseminating his Whitewater information. He acknowledged that he has briefed numerous news organizations and hundreds of congressional Republicans.

But he said he would be happy to share his information with some key Democrats as well.

"I have made, and continue to make, my documents available to anyone — whoever would like to be briefed," he said.

"I will brief the White House on my documents. I will brief any reporters. I will brief any Democrats on Capitol Hill. ... I'm more than happy to sit down and spend time with them and share with them what limited knowledge I have about Whitewater."

But he said he doesn't plan any Whitewater television ads — at this time.

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Donahue referees partisan bout over Whitewater

BY TERRY LEMONS
Democrat Gazette Washington Bureau

WASHINGTON — The Whitewater Development Corp. affair turned into an hour of political theater Tuesday when Sen. David Pryor, D-Ark., and two Republicans tangled on "Donahue," a syndicated television program.

The talk show provided the setting for one of the most combative discussions yet over Whitewater.

Pryor and Sen. Jay Rockefeller, D-W.Va., defended the handling of the investigation into Whitewater and Madison Guaranty Savings & Loan Association.

The pair squared off with two of President Clinton's chief Republican critics, Rep. Jim Leach of Iowa and Sen. Alfonse D'Amato of New York.

The show aired live in Little Rock, New York City and several other cities. Other Arkansas television markets are scheduled to televise the program today.

Later Tuesday, Pryor went on CNN's "Crossfire" to defend the president.

On "Donahue," Pryor found himself defending Associate Attorney General Webb Hubbell, a former Rose Law Firm partner, to Arkansas' culture.

Making a reference to Hubbell's decision to resign from the Department of Justice, Phil Donahue asked how Hubbell and other Arkansans are doing in the nation's capital.

He noted media reports describing how "Arkansas people don't fit in here."

An irritated Pryor answered, "Have you ever seen a culture that fits in at the White House?"

Pryor noted that D'Amato and other Republicans are attacking the administration for partisan reasons. Republicans "are trying to find a crime and pin it on" the White House, he said.

In turn, Donahue questioned GOP motives for pursuing Whitewater.

"You are paralyzing the president," Donahue told D'Amato as the audience cheered.

"Nonsense," D'Amato shot back.

The exchange triggered a verbal brawl between D'Amato and Donahue.

The host questioned D'Amato's ethics, a move the New York senator characterized as a "cheap shot."

"This has nothing to do with what Al D'Amato did or didn't do," D'Amato said.

Donahue later turned on Leach, who wants to hold a House banking committee hearing on Whitewater-related issues March 24.

"We're very close to McCarthy-like tactics," Donahue told Leach.

"It's important to have public accountability for public officials," Leach replied.

Donahue later apologized to Leach for the comparison to the late Sen. Joseph McCarthy, the Wisconsin Republican who gained notoriety for his Red-baiting Senate hearings of the 1950s.

"These two gentlemen are creating a lot of problems," Rockefeller said of D'Amato and Leach. "I keep thinking of Tonya and Nancy."

His reference was to Olympic figure skaters Tonya Harding and Nancy Kerrigan.

The audience, which was sympathetic to the Clinton administration, stayed alert during such verbal sparring. But when the finer points of the intricate Whitewater saga were discussed, some members of the crowd had a different reaction. One man was spotted dozing.

Law partners tight-lipped about Hubbell

BY NOEL OMAN
Democrat-Gazette Capitol Bureau

The Model Rules of Professional Conduct, the guide by which Arkansas lawyers must judge the ethics of their work, compels lawyers to report colleagues for possible sanctions if they believe rules were violated.

The partners in Little Rock's Rose Law Firm reportedly have met several times in recent days to discuss whether former Rose partner Webb Hubbell violated rules.

Hubbell, a former Little Rock mayor, resigned Monday as associate attorney general. He insisted his resignation had nothing to do with the burgeoning Whitewater Development Corp. controversy. He said he needed to devote time to settling the dispute with his former partners. That dispute centers on Hubbell's billing practices at Rose.

Rose partners also reportedly have discussed the possibility of filing a lawsuit seeking compensation for disputed billings and expenses.

The firm's managing partner, Ron Clark, did not return telephone calls seeking comment Tuesday. Other Rose partners refused comment.

The silence of the partners spoke volumes as friends and colleagues continued to express their sadness at Hubbell's departure from his job as the No. 3 official at the Department of Justice.

In an appearance on the "Donahue" television show Tuesday, Sen. David Pryor, D-Ark., lamented that "an honorable person has been brought down."

"I deeply regret he is having to endure this," said Sam Perroni, a prominent Little Rock lawyer. "I personally still have a lot of confidence in him. I hold him in the highest regard as a lawyer and as a competent advocate."

Hubbell had weathered early criticism of his close relationship with President Clinton and first lady Hillary Rodham Clinton, his former law partner at Rose. He had been credited as a stabilizing force within the Justice Department, especially among the career attorneys who had come to respect his judgment.

Attorney General Janet Reno praised Hubbell as a man who helped those "whose voices have not always been heard."

Hubbell was one of four Rose partners to join President Clinton in Washington in 1993. In addition to the first lady, other partners who moved to Washington were Vincent Foster and William Kennedy.

Foster, the deputy White House counsel, committed suicide July 20.

Kennedy, who works in the White House counsel's office, is weathering a divorce.

And the first lady's reputation has taken a drubbing in recent weeks.

Former Democratic state Sen. John Pagan, a law professor at the University of Arkansas at Little Rock, was struck by the difference a year has made.

"It's very sad, particularly when you contrast it with the optimism of a year ago," Pagan said. "I think the Clintons will pull out of it. It's unfortunate because Foster, Hubbell and Kennedy were all talented lawyers and honest, decent people."

Most members of the Little Rock legal community seem in shock that a firm as prestigious as Rose is involved in so public a dispute.

That dispute appears on the verge of becoming even more public.

The state Supreme Court Committee on Professional Conduct regularly sanctions lawyers for rules violations, but for the most part the sanctions are sought by aggrieved clients. Rarely are sanctions the result of a complaint by another lawyer, much less members of the same firm.

"Yes, every lawyer learns it in law school," one Little Rock attorney said of the rule requiring that violations be reported. "But for some attorneys, there's a difference between what you learn in law school and what you do."

At the root of the dispute is money — lots of it. Sources have said almost $1 million is in dispute.

"They have big egos and diverse politics," one Little Rock lawyer, who requested anonymity, said of the Rose partners. "They tolerate diversity in politics so long as you contribute to the overall wealth and power of the firm. But it's not a personal loyalty. If you even look like a liability, they'll sacrifice your butt in a heartbeat."

Rose partners learned after Hubbell departed last year that the firm had absorbed the billing costs, expert fees and expenses for a case on which Hubbell worked on a contingency basis. The case involved a complex patent-infringement lawsuit that involved months of preparation and expensive expert witnesses.

Hubbell brought the lawsuit on behalf of P.O.M. Inc. of Russellville, a parking meter manufacturing company, against a competitor, Duncan Industries, which has a plant in Harrison. P.O.M.'s president, Seth "Skeeter" Ward, is the father of Hubbell's wife.

Ward has not returned telephone calls seeking comment.

P.O.M. ultimately lost the lawsuit.

Hillary Clinton, according to a spokesman, did less than a day's work on the case.

Arkansans in Washington defended Hubbell on Tuesday.

Sen. Dale Bumpers, D-Ark., said, "I've always had a healthy respect for him as a lawyer and as a person."

White House Chief of Staff Thomas F. "Mack" McLarty said Hubbell had done a "superb" job at the Justice Department. He said White House officials were saddened by Hubbell's decision to resign.

"It was certainly a personal decision, one I'm sure Webb considered and weighed very carefully," he said.

McLarty was apparently the first person at the White House notified that Hubbell was considering stepping down. U.S. Trade Representative Mickey Kantor telephoned McLarty on Sunday to tell him that Hubbell was considering resigning. Kantor again phoned McLarty on Monday to say Hubbell had made a decision.

Hubbell did not discuss his decision with the president or the first lady. Clinton and Hubbell first spoke about the resignation Monday when the president called from aboard a ferry at Boston.

His resignation will take effect "as soon as possible," although officials said he could remain in his post for up to a month. One Justice Department source said Hubbell had "no idea" what course he will pursue. "He hasn't gotten to the point of trying to think what he does next," the official said.

In his resignation letter to Clinton, Hubbell said he hopes to return to the public sector.

"Public service has always been one of the greatest joys of my professional life," Hubbell wrote. "It is my sincere hope and belief that by devoting sufficient time and energy now to my family and other private issues, I will re enter public service in the future."

Democrat-Gazette Washington Bureau correspondents Jane Fullerton and Terry Lemons and The Associated Press contributed to this article.

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Mr. Smith goes to Whitewater



Paul Greenberg

The long ranch-style structure set back from Hinson Road out in West Little Rock is the site of Smith Capital Management and a national story.

Inside is the office of Bill Smith, who runs his financial management service in part of the building and rents out the rest of his Pleasant Valley Office Center. Last week he found out just how high the Whitewater tide can rise, and who could wind up neck deep in it.

For years now Bill Smith has managed a stock fund called ValuePartners in which Hillary Rodham Clinton invested, and last Wednesday 81 Republican congressmen made some serious charges about her involvement in it. "We believe," the congressmen wrote the director of the Office of Government Ethics, "that Ms. Rodham Clinton's actions not only create the appearance of impropriety but may in fact violate the prohibitions of 18 U.S.C. sec. 208," which deal with conflicts of interest.

"In 1986," the congressmen allege, "Ms. Rodham Clinton first acquired an interest in a non-public limited partnership called ValuePartners I." True enough.

"Some time during 1992," they add, "her investment in this partnership increased." Not true enough. Possibly the congressmen — or whatever aides draw up these accusations — noted that Ms. Clinton's share of the fund went from about .93 to .97, and assumed she had invested more money. Actually, says Bill Smith, she hasn't touched her investment since 1986. Her share of the fund increased minutely, he explains, because other investors pulled out some capital.

"The personal investments of President and Mrs. Rodham Clinton were not placed into a blind trust until July 4, 1993. Consequently, prior to that date Ms. Rodham Clinton received regular reports from Smith Capital . . ." True ". . . including specifically a minimum of six reports in 1992 and the first half of 1993, detailing the short sale positions of ValuePartners I."

Not true, says Bill Smith. Because, he explains, once Bill Clinton began to rise in the presidential polls early in '92, probably around March of that year, he took the liberty of cutting off any reports about specific stocks to investors in ValuePartners I.

Why would he do a thing like that? Well, maybe you have to know Bill Smith to understand. He believes in going the extra mile, in taking the additional precaution to guard against even the impression of wrongdoing. Call it building a fence around the law. Especially where the Clintons are concerned.

A Reagan Republican who says he's never voted for a Democratic presidential candidate, Bill Smith was taking no chances with the Clintons. "I think they've always been a bit careless about the appearance of conflicts of interest," he told me Monday, "and if you're involved with their assets, you have to be sensitive to the Clintons' position."

He even stopped distributing detailed reports to investors in a similar fund he ran, lest word of specific investments get back to the Clintons. An investor or two who wanted to know the specific stocks being bought and sold could come look at the list in his office, he said, but that was the extent of it.

In effect, Bill Smith created a blind trust for the Clintons more than a year before they had the sense to do it for themselves. It occurs that if they had taken Bill Smith to Washington — not that he would leave Arkansas — instead of some of their buddies, Whitewater might still be only the name of a failed land development in the wilds of North Arkansas, and not a cloud over the White House. Or as Warren G. Harding confided when Teapot Dome was erupting, it's not his enemies a president has to worry about but his blankety-blank friends.

"Ms. Rodham Clinton," the Republican congressmen assumed, "was, therefore, actually and constructively in receipt of information showing she had a direct and personal financial interest in short sales of pharmaceutical and health care stocks."

The congressmen assume too much. "ValuePartners had no investments in pharmaceutical stocks during Mr. or Mrs. Clinton's late 1992 and 1993 speeches on the health care system," says Bill Smith, displaying the fund's list of stock holdings as of December 31, 1992. "The last investment in pharmaceutical stocks was closed out in May of 1992, well before the election."

His Republican accusers even managed to drag in the name of a central character in Whitewater: "Other partners in ValuePartners I were personal friends and acquaintances of Ms. Rodham Clinton — including James B. McDougal." False, says Bill Smith: Mr. McDougal was never involved in his fund.

Bill Smith suspects some aide who can't read a financial statement may have confused the mention of "Value Partnership Interest" — the value of several partnerships — listed on an old financial statement of Mr. McDougal's with Bill Smith's ValuePartners fund.

As for the congressmen's charge that Hillary Clinton "may have been in a position to influence these investments," Bill Smith points out that by law limited partners in such a fund may not influence its investment decisions or it would lose its favored tax status — a chance he isn't about to take.

The congressmen charge that Hillary Clinton's attacks on the pharmaceutical firms slam-dunked their stock prices. True. "At the time," they add, "her personal investment in ValuePartners I, of which she had repeated notice, was intentionally structured to profit from price declines in pharmaceutical company stocks."

Not true, says Bill Smith: "ValuePartners actually lost money on the crash in health care stocks following Mrs. Clinton's February 1993 speech. In fact, the partnership lost $286,000 of which Mrs. Clinton's share was about $2,800. ValuePartners was 'long' more in health care stocks than 'short,' and experienced one of the worst months in years as a result."

The congressmen say Mrs. Clinton "personally profited as a result" of her speeches — a charge that doesn't hold up on the slightest inspection. Bill Smith, by the way, hastens to agree that the Clintons' assets "should indeed have been placed in a blind trust immediately after the election, but I had no control over that process." The only error of the Clintons he knows about "is the delay in implementing the blind trust."

Caveat Emptor: Gentle Reader should know that I've been suckered from time to time by others who defended presidents. I didn't catch on to the Watergate Affair until it was half — well, a third — over. A confession: Bill Smith has bought me lunch a time or two before this foofaraw broke over Miss Hillary's shares in his fund, a courtesy I have every intention of returning some time when we won't have to talk politics or business.

At those lunches, we tended to swap biblical commentaries. (Admittedly, a suspicious sign in anybody.) He's a graduate of Ouachita Baptist who went to Wheaton College for a time, and a self-confessed Christian. But he asked me not to mention that in anything I write because, he says, dragging somebody's faith into a political dispute cheapens it. More relevant than Bill Smith's beliefs is his not wanting to profane them. How refreshing. In short, if this guy can't be believed, then my truth antennae need adjusting. Real bad.

How does Bill Smith feel about being maligned in this letter, and in an earlier one he just learned about? "I do not for a minute believe that any of the congressmen intentionally misrepresented the facts, as their letters might suggest. Rather, I suspect that zealous pursuit of political ends, without adequate regard for investigative ethics, is the culprit." I told you he was a Christian.

Conclusion: By pouring Whitewater over everything in sight, the Clintons' most fervid critics may yet be able to give the presidential couple a way out of this jam. As if this administration's lapses were not serious enough, those who exaggerate them may succeed in transforming an ethically numb president into some kind of put-upon martyr.

The unholy glee that has engulfed the whole *Wall Street Journal-American Spectator*-Rush Limbaugh axis at Bill Clinton's troubles, and these wilder critics' refusal to believe that there can be too much of a bad thing, may yet allow the Comeback Kid to make a comeback. Some folks have this knack for snatching victory from the jaws of defeat.

♦

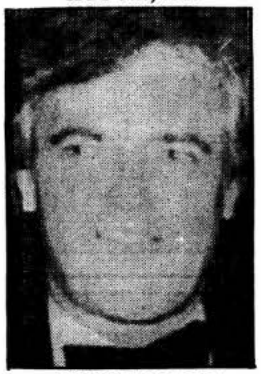
Paul Greenberg is editorial page editor of the Arkansas Democrat-Gazette.

Arkansas Democrat Gazette

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BERNARD NUSSBAUM
He's out, too.



VINCE FOSTER
Death mystery



Associated Press

LIGHTNING ROD(HAM): *First Lady Hillary Rodham Clinton is always attracting problems.*

Trouble sticks close to Hillary

By DEBORAH ORIN
Washington Bureau Chief

ANALYSIS

Every time the White House hopes it can make the Whitewater mess go away, it somehow pops up again — usually somewhere right near First Lady Hillary Rodham Clinton.

So it was once again yesterday with the surprise resignation of Associate Attorney General Webster Hubbell, Mrs. Clinton's one-time law partner, and the second official to walk the plank amid the Whitewater mess.

"This movie is beginning to sound like 'All the First Lady's Men.' All the things that have gone wrong are landing closer and closer to her doorstep," political analyst Bill Schneider said.

"Hubbell's resignation raises more questions than it answers — it's certainly not my idea of damage control. If he didn't do anything wrong, why is he resigning?,"

Like former White House counsel Bernard Nussbaum, who quit earlier this month, Hubbell was a close ally of Mrs. Clinton. So was deputy White House counsel Vince Foster, whose mysterious death last July still sparks questions.

The fourth member of Mrs. Clinton's law firm to come to Washington, associate White House counsel William Kennedy, was

See **TROUBLE** *on Page 14*

Hill' & Hubbell shared case

By DEBORAH ORIN
Washington Bureau Chief

POST EXCLUSIVE

First Lady Hillary Clinton worked with then-law partner Webster Hubbell on the case that prompted his resignation yesterday from the Justice Department, legal papers obtained by The Post show.

Hubbell resigned as the No. 3 official at Justice in the wake of a dispute with the Rose Law Firm over fees and expenses. The dispute involves more than $1 million, according to the Wall Street Journal.

The dispute was prompted by Hubbell's representation of P.O.M., a parking meter firm owned by his in-laws.

Mrs. Clinton — also identified by her Arkansas Bar ID Number of 73104 — was listed with Hubbell as "attorneys for P.O.M." in the April 1991 legal papers obtained by The Post.

The papers also list a third lawyer, Amy Lee Stewart, who is still with the Rose Law Firm, secretaries there said yesterday.

It hasn't been previously reported that Mrs. Clinton worked with Hubbell on the P.O.M. case.

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: _____
Webster L. Hubbell
Arkansas Bar I.D. No. 73059

Hillary Rodham Clinton
Arkansas Bar I.D. No. 73104

Amy Lee Stewart
Arkansas Bar I.D. No. 88167

Attorneys for P.O.M.
Incorporated

P.O.M. BOMB: *Hillary Clinton and Webster Hubbell team up on Rose Law Firm document.*

The managing partner of the Rose Law Firm, where Mrs. Clinton and Hubbell were both partners at the time, didn't respond to messages yesterday asking what role Mrs. Clinton played in the P.O.M. case and if her billings were involved in the dispute.

Nor did Mrs. Clinton's office at the White House return phone calls inquiring about her role in the case.

The P.O.M. case involved an unsuccessful patent-infringement and antitrust suit against a competitor. When Hubbell lost the case, the Rose firm was left with unpaid bills and expenses that P.O.M. refused to pick up.

Hubbell wrote himself checks on the Rose firm's account to reimburse himself for expenses without providing sufficient documentation, according to news reports.

NY Post 3/15/94