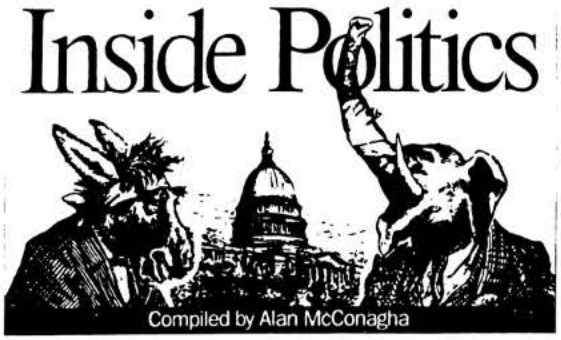
Inside Politics



Compiled by Alan McConagha

End of an era

Rep. Jamie Whitten, the longest serving member of Congress, announced his retirement yesterday, giving up a post the Democrat has held since just before the Japanese attack on Pearl Harbor.

The decision leaves the campaign in Mississippi's 1st Congressional District wide open. Three Democrats and six Republicans have announced as candidates.

Mr. Whitten, 84, was elected to Congress in a special election on Nov. 4, 1941, and was the powerful chairman of the House Appropriations Committee from 1979 to 1992.

Rep. Jim Bacchus, a Democrat representing the Florida district that includes Cape Canaveral, also is stepping down.

"This is a personal decision, a family decision," Mr. Bacchus, 44, said in announcing that he was leaving to spend more time with his wife and two sons. "My intent has been to serve for a time, and not for a lifetime, in Congress."

With the latest announcements, 42 House members are retiring or quitting to run for other office. Another member was defeated in a primary.

Unfriendly environs

Former Rep. Peter Kostmayer, a new regional administrator for the Environmental Protection Agency, got a taste of the environment around Philadelphia when he was robbed last weekend while waiting for a train in a suburb.

Two 17-year-olds were arrested. One had a toy gun. Mr. Kostmayer said he was happy to be back in downtown Philadelphia, where he feels safe and walks to work every day, the Philadelphia Inquirer reports.

Foster report

Whitewater-Madison special counsel Robert B. Fiske Jr. is expected to issue a report soon that concludes that White House Deputy Counsel Vincent W. Foster Jr. did commit suicide, the Wall Street Journal says.

Attributing its report to lawyers familiar with the inquiry, the Journal says Mr. Fiske's findings will largely confirm conclusions by the U.S. Park Police.

The Journal's Ellen Joan Pollock reports from Little Rock that the special counsel appears to be broadening the scope of his inquiries as a wave of nearly 250 subpoenas washes across the Arkansas capital.

Roderick Lankler, who leads Mr. Fiske's Foster probe, declined comment on the interim report's contents except to say he was unsure whether it addressed allegations that White House aides impeded the Park Police investigation.

Mr. Lankler told Ms. Pollock that he hopes to release the report in the middle of this month.

Whitewater's impact

health care reform, Whitewater is not playing out the way Washington insiders exepected, the Boston Globe reports.

"For the moment, at least, voters appear to perceive Whitewater as an inside game played by petty partisans, and not yet a matter of terrific relevance," says the Globe's John Aloysius Farrell.

"Though Whitewater may yet emerge as a national political crisis, Washington's preoccupation . . . remains, at this point, a topic to be spoofed by the cast of 'Saturday Night Live' and the Doonesbury comic strip characters."

Parking's price

Roll Call reports that a $10,000 survey commissioned by the architect of the Capitol found that Hill parking spots given to members and staffers are worth $155 — at least for tax purposes.

It was welcome news to members of Congress. Had the survey set the value any higher, the users of those spaces would have had to pay income tax for their parking on their 1993 returns.

So you think that was a pretty convenient finding? In making its audit, Arthur Andersen & Co. checked out the Internal Revenue Service and found that it set the value of parking spots at less than $155 in an area of higher parking rates.

The off year

No president since Franklin Delano Roosevelt has been able to translate personal popularity into significant congressional gains in what are know as the off-year, or nonpresidential, elections, reports the Chicago Tribune.

"The force that connects the candidates to a mobile voting public nowadays is television, not the president, not the parties," said Ken Klein, communications director of the Democratic Senatorial Campaign Committee.

These days, candidates raise much of their own money, hire professionals to make their TV ads and confront an electorate that is increasingly reluctant to identify itself by party, the Tribune says.

Brock's return

Former Sen. William E. Brock III, seeking the GOP nomination to challenge Sen. Paul S. Sarbanes, Maryland Democrat, says Congress is less pleasant now than it was when he was a senator from Tennessee during Watergate.

"I've had some very good friends, Democrats and Republicans in the Congress, who have asked me if I've lost my mind," Mr. Brock told the New York Times. "They say this is a mean place; it's not a happy place; it isn't as much fun as it used to be."

Then why make this steeply uphill race? "I just decided that I could make a difference, that I am truly, deeply worried about the direction of this country," he said.

Less fat

To the surprise of some who kibitz the culinary game, the White House chose a relative unknown — Walter S. Scheib III of the Greenbrier — as its new chef to get the French out of the mansion's menu.

In taking a chef from a health resort, the Clintons seem to be setting an example different from the elegance of the Reagans' table or the down-home cusine of the Bushes, says Molly O'Neill in the New York Times.

She quotes Neel Lattimore, Mrs. Clinton's spokesman: "Mrs. Clinton has been up front about wanting her family's meals to set an example of good health, but on special occasions, guests can count on a superb meal, not counting fat grams."

Mr. Scheib "will receive input" from Dr. Dean Ornish, a heart specialist who wrote "Dr. Dean Ornish's Program for Reversing Heart Disease," which involves a diet in which less than 10 percent of the calories come from fat, Ms. O'Neill reports.

Futures

In an Atlanta news conference, three-term Democratic Attorney General Mike Bowers said he will seek re-election as a Republican. He said he is being honest with the public and himself.

Ron K. Unz, a 32-year-old Silicon Valley entrepreneur, is launching a $1 million media campaign to introduce himself as an intraparty challenger to California's Republican governor, Pete Wilson.

Moynihan's pal

Sen. Daniel Patrick Moynihan is lining up allies for his biggest battle this fall, his "bothersome" Democratic primary challenge from the Rev. Al Sharpton, New York magazine says.

Mr. Sharpton has implied that Mr. Moynihan's ideas on welfare reform are racist. Reaching out for moderate blacks to help deal with that and more, Moynihan strategists eye H. Carl McCall, the state comptroller.

Mr. McCall, 56, was appointed to the post by the state legislature. He is seeking election to it for the first time. Mr. Moynihan, awash in money for his own contest, wants to help.

On April 13, the senator and Rep. Charles Rangel will be hosts at a Washington fund-raiser for Mr. McCall.

Infobyte

The Boston Globe reports that a General Accounting Office study of cancer in the United States and the Canadian province of Ontario found that survival rates for three leading malignancies — colon cancer, lung cancer and Hodgkin's disease — are the same or a little better in Ontario than in the United States.

The last guy

Knight-Ridder's description of the Republican scourge of Whitewater:

"Hardly anyone would take Jim Leach for a member of Congress. Short, chunky and tweedy with slightly mussed, graying hair, the apple-cheeked Iowa congressman looks more like the headmaster of a prep school than a politician.

"He speaks in muted tones and in a manner both amused and bemused. His syntax is sprinkled with professorial turns like 'disjunction' and 'Machiavellian machinations.' If he were to describe himself, he would say he was a paragon of political moderation.

"Leach, in short, is the last guy in the world you'd think would make the president of the United States squirm."

Whitewater reason

"Even the most partisan Republicans . . . don't want to destroy Clinton. They just want to weaken him. They want to make it harder for Clinton to pursue his agenda. And easier for them to defeat in 1996," says analyst William Schneider in the National Journal.

Bacchus says no

Rep. Jim Bacchus, Florida Democrat, said yesterday he will not run for re-election.

"This is a personal decision, a family decision," Mr. Bacchus, 44, said in announcing that he is leaving to spend more time with his wife and two sons. "My intent has been to serve for a time, and not for a lifetime, in Congress."

He was elected in 1990 and 1992 from a district along the Atlantic that includes Cape Canaveral. He is the 41st current House member to retire or quit to run for another office. Another member was defeated in a primary.

A politician with sole

Supreme Court Clerk Dwayne Brown's challenge of Rep. Andrew Jacobs Jr., Indiana Democrat, has been complicated by the disclosure that he unprofessionally sucked toes as recently as 1992.

The Indianapolis News reports that police are probing allegations that Mr. Brown required several former state employees to perform political campaign work on state time.

Four former Brown employees charge that he harassed them "physically and through explicit and bizarre comments." Michelle Pickering, a former summer intern, said he "forced kisses on her, massaged her feet and sucked her toes" two years ago.

The News reports that the ex-employees said Mr. Brown has a foot fetish and accused him of "repeatedly asking to look at and touch their feet, sometimes in return for cash bonuses or raises."

The Indiana Legislative Insight said, "While it's not unusual for a politician to put his foot in his mouth, it is unusual for one to put someone else's foot there."

Caning groundswell

Instead of unleasing widespread protest, the decision of Singapore to cane an American teen-ager for spray-painting cars is getting a wave of support from Americans in letters to newspapers.

The Los Angeles Times looked at Singapore's tough line on crime — drug traffickers are

Angeles, with roughly equal populations, may be edifying.

In 1993, 58 murders, 80 rapes, 1,008 robberies and 3,162 car thefts were reported in Singapore. Los Angeles Police Department statistics for the same period: 1,100 homicides, 1,855 rapes, 39,227 robberies and 65,541 car thefts.

Help, Hillary

One anxious federal employee knows how to turn the market around: "Just tell everybody that Hillary is buying."

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CAPITAL JOURNAL

By Gerald F. Seib

Scandals Travel On a Slow Road Toward Justice

WITH EVERYBODY in Washington now on Whitewater patrol, it's worth pondering the saga of Janet Mullins, Steven Berry, Elizabeth Tamposi, Margaret Tutwiler, et al.

To refresh memories, those are the former Bush administration aides whose names arose two or three scandals back, when the issue was whether the Bush team had improperly searched Bill Clinton's passport file in search of dirt during the 1992 campaign.

The world has long since moved on, but not those who fell under the Passportgate cloud. Almost 16 months ago, an independent counsel was named to investigate the seemingly simple question of whether laws were broken. Today, he's still in business.

The investigation isn't likely to be wrapped up until about the end of this month, say people familiar with it. The probe has employed two full-time lawyers and four part-timers. For those under investigation, legal bills are piling up into the hundreds of thousands of dollars, while the contributions to their legal defense funds have dried up along with the old newspaper clippings.

Keep in mind that the passport inquiry, run by respected former U.S. Attorney Joseph diGenova, may be one of the more efficient independent counsel probes of recent years. After all, the counsel named to look into charges of abuse in the Department of Housing and Urban Development during the Reagan—yes, Reagan—administration has been in business for four years and, after 14 convictions, is still running.

So, as Whitewater special counsel Robert Fiske warms up and Congress is about to revive the independent counsel law, an obvious question arises: Isn't there a better way to handle scandals?

The answer is yes, sort of.

IT'S NOW CLEAR that the legal system is an extremely blunt tool for getting to the bottom of politically tinged charges. Once a high-profile federal investigation gets going, it's literally impossible to stop it before a lot of time and taxpayer dollars are invested.

Yet it's also absolutely essential that the American justice system stand visibly in the background of the political world. It's the ultimate guarantor of clean and accountable government.

So the issue is how to make the justice system a tool for keeping government clean, not a weapon for political gamesmanship. Two steps would help restore the balance.

First, the new law authorizing the creation of independent counsels to investigate charges of executive-branch abuse can put some clear limits on investigations. The debate over whether to renew the law, which lapsed in 1992, has been a case study in hypocrisy. Republicans who hated the law when they controlled the White House now want it renewed. Democrats who always cried that independent counsels are essential have somehow let 15 months pass without renewing the law now that they control the White House.

But Congress finally seems to have agreed to move. Both the House and Senate have passed versions of a new independent-counsel law, and conferees are working out differences. The bills place some new limits on the cost and tenure of independent counsel investigations. Lawmakers should look long and hard to make sure those are sufficient.

Second and more important, it's time for everyone — including Congress and the press — to think harder before howling for the prosecutors. Invoking an independent-counsel investigation can't just be a tactic for sidestepping a political problem, or a clever device for impugning a foe. These investigations bring into play a big and powerful arm of the government. Often there are other ways — unbridled congressional inquiries, conventional legal channels, vigorous press scrutiny — to shine the disinfecting light of outside examination.

THE PASSPORT CASE is a good illustration of why independent-counsel investigations always will be cumbersome. The probe has had just one official "target," Ms. Mullins, a former White House and State Department aide, and was launched with the clear task of deciding whether there were violations of the Privacy Act or a subsequent coverup. All signs suggest Mr. diGenova has tried his best to move expeditiously, and he has kept costs under $1 million, according to one knowledgeable person.

But delays have occurred anyway. Any independent counsel needs weeks or months just to get his operation up and running. And the passport case has run smack into some sticky legal questions over the admissibility of evidence, questions that judges often take their own sweet time settling.

Now it's likely that Mr. diGenova will decide within a few weeks whether to prosecute. There's a good chance he won't prosecute anybody, in which case he'll prepare a court report.

In the end, the passport investigation was well worth conducting. It's too bad it couldn't be conducted under a system that consumed less time and produced fewer payments to lawyers.

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Fiske Subpoenas Spur Campaigns To Win Clients

By Richard B. Schmitt
Staff Reporter of The Wall Street Journal

WASHINGTON – Lawyers here will do just about anything to get a Whitewater client—even cut their fees.

The flurry of subpoenas from Special Counsel Robert Fiske summoning Clinton administration officials to appear before a federal grand jury has activated an elite circle of defense lawyers in Washington. Over the years, these lawyers have turned the city's frequent scandals into a legal specialty; and now, to attract or keep clients who must testify in connection with Whitewater, some of them are offering discounts on their hourly rates, which run as high as $450 an hour.

Without the discounts, many of the clients would have trouble hiring high-priced talent on government salaries. Some lawyers are even researching whether they can do the work for free without having their clients run afoul of federal ethics rules. For one thing, "This is an instant way to get publicity," says one lawyer.

Stanley Brand, a Washington lawyer who represents White House adviser George Stephanopoulos, says he has long had a "separate rate" for government clients because "they don't have the resources that private people do."

The Washington grand jury is examining whether any administration officials attempted to obstruct federal investigations into Madison Guaranty Savings & Loan, the defunct S&L that is tied to the Whitewater mess. Testimony of the dozen subpoenaed officials before the grand jury is expected to be completed this week. Meanwhile, such lawyers as Robert Bennett, the current dean of the white-collar bar here, are getting nearly the level of attention usually reserved for their high-level clients.

Mr. Bennett, along with partner Alan Kriegel of **Skadden, Arps, Slate, Meagher & Flom**, actually have two Whitewater-related clients: Harold Ickes, deputy White House chief of staff; and John Podesta, White House staff secretary. The only other firm that has two is the white-collar defense boutique **Zuckerman, Spaeder, Goldstein, Taylor & Kolker**; William Taylor III represents both Lisa Caputo, press secretary to the first lady, and Thomas McLarty, White House chief of staff.

Not every lawyer in the latest budding scandal is a Washington insider. And some people appear to have expressly shied away from retaining those with criminal expertise because they fear being tainted by association.

"I don't believe that there are going to be any criminal proceedings arising out of this, so I don't think that people need to have lawyers that they can count on to take a criminal case to trial," says Allen Snyder, a partner at the Washington firm of **Hogan & Hartson**, who is representing Bruce Lindsey, the White House personnel director. Mr. Snyder is considered a specialist in civil litigation and legal ethics.

Elite Washington firms used to look askance at white-collar defense work. The idea of representing defendants or others in connection with criminal or ethics proceedings was considered unsavory and was left to a few specialists like the late Edward Bennett Williams, who represented Teamster president Jimmy Hoffa in the 1950s. "It wasn't considered to be big-firm, respectable work," says David Roll, the managing partner at **Steptoe & Johnson**, a major Washington firm.

The attitude changed, however, with the defense procurement scandals of the 1970s and 1980s, which marked a major financial boon for the bar. Watergate and ensuing political scandals proved there could be a steady market for such work. A series of post-Watergate laws allowing for the payment of legal fees by statute under certain circumstances also helped, although getting paid in political cases remains a problem, and most big-time defense lawyers earn their biggest fees in corporate cases.

"When you represent political figures, the remuneration is not as great, obviously," compared with corporate defendants, says Plato Cacheris, a longtime defense practitioner who currently represents accused spy Aldrich Ames. He adds: "All of us have stories about not being paid."

Some clients have relied on personal connections to retain legal counsel. Deputy Treasury Secretary Roger Altman turned to the New York firm of **Simpson, Thacher & Bartlett**, which did his legal work in his investment banker days on Wall Street. Treasury general counsel Jean Hanson retained a former law partner, Harvey Pitt, of **Fried, Frank, Harris, Shriver & Jacobson**. Former White House Counsel Bernard Nussbaum is represented by Lawrence Pedowitz, his partner at **Wachtell, Lipton, Rosen & Katz**.

But the lawyers on the Washington scene seem to be dominating the action. For some of them, it seems less a case of challenging legal work than a marketing opportunity.

"It is not a big representation that is going to take a lot of time. You walk them down to the grand jury, you sit outside, and probably six months from now, you walk them down for a [congressional] committee hearing," says William G. Hundley, a Washington lawyer and former Justice Department official in the Kennedy administration. "I would think that some of the young lawyers would really want to do it, get their name in the paper and get some exposure."

Certainly, becoming part of the Washington defense scene takes time and energy. Many defense lawyers are former Washington-based federal prosecutors who have known each other for years. Frequently, they refer cases to one another. Mr. Hundley's firm, **Akin, Gump, Strauss, Hauer & Feld**, referred a Whitewater client to another former Justice Department prosecutor, Reid Weingarten, a partner at Steptoe & Johnson. Akin Gump declined to get involved because of the friendship between partner Vernon Jordan and President Clinton. Mr. Weingarten says he was approached by two clients and took on just one.

Mr. Bennett, though already fully booked, says he was asked to make a few recommendations for other Whitewater clients seeking counsel. Meanwhile, he is juggling his Whitewater load with trying to head off an indictment of Illinois Rep. Dan Rostenkowski in the House Post Office scandal.

Over the years, some prosecutors and lawyers trying to break into the club have become concerned that the atmosphere is too chummy. Besides referring cases to one another, lawyers with different clients on a particular matter will routinely gather information about a case from one another. Such exchanges, which are sometimes formalized through "joint defense" or "joint confidentiality" agreements, have become accepted practice, although there is an uneasiness that they can lead to clients shaping testimony.

Mr. Weingarten, who edits a newsletter for defense lawyers in his spare time called the "Beat the Rap Sheet," indicates that some of the lawyers in the Whitewater affair have been having discussions about the case. But he says they are entirely proper. "It is a highly ethical group, and I think they are taking appropriate measures to educate themselves about the facts of the case," he says.

Whitewater Legal Lineup

ROGER ALTMAN, deputy Treasury secretary. Lawyers: Richard Beattie and John Kenney of Simpson, Thacher & Bartlett, N.Y. (Beattie represented Kohlberg Kravis Roberts in connection with the RJR Nabisco takeover; Kenney prosecuted Italian financier Michele Sindona in connection with the Franklin National Bank collapse.)

LISA CAPUTO, press secretary to the first lady. Lawyer: William Taylor III of Zuckerman, Spaeder, Goldstein, Taylor & Kolker, D.C. (Taylor represented former Calif. Sen. Alan Cranston in the "Keating Five" Senate ethics proceeding.)

BILL CLINTON & HILLARY RODHAM CLINTON, Lawyer: David Kendall, of Williams & Connally, D.C. (Kendall defended the Washington Post in a libel suit brought by the president of Mobil Corp. He has overseen libel work for the National Enquirer and won a Supreme Court case ruling out the death penalty in nonmurder cases.)

JACK DEVORE JR., former press secretary, Treasury Department. Lawyers: Steven Tabackman and Robert Bauer, of Perkins Coie, D.C. (Tabackman represented Heather Foley, wife of the House speaker, in the House Post Office investigation. Bauer is long-time general counsel of the Democratic Senatorial Campaign Committee.)

MARK GEARAN, White House communications director. Lawyer: Justin Simon, of Dickstein, Shapiro & Morin, D.C. (Simon represented former Senate Minority Leader Hugh Scott in an investigation by the Watergate special prosecutor.)

JEAN HANSON, general counsel, Treasury Department. Lawyers: Harvey Pitt and Audrey Strauss, of Fried, Frank, Harris, Shriver & Jacobson, D.C. (Pitt defended arbitrager Ivan Boesky. Strauss defended Wall Street financier Martin Siegel, against insider-trading charges.)

HAROLD ICKES, deputy White House chief of staff. Lawyer: Robert Bennett, of Skadden, Arps, Slate, Meagher & Flom, D.C. (Bennett defended Clark Clifford in connection with the BCCI scandal and Cincinnati Reds owner Marge Schott in connection with a baseball inquiry into allegedly racially insensitive remarks; he currently represents Ill. Rep. Dan Rostenkowski in the House Post Office matter.)

BRUCE LINDSEY, senior adviser to the President. Lawyer: Allen Snyder, of Hogan & Hartson, D.C. (Snyder represented the Kansas City school board in connection with a landmark desegregation case, and Elizabeth Taylor in a suit against ABC to prevent the broadcast of a "docudrama" based on her life.)

THOMAS MCLARTY, White House chief of staff. Lawyer: William Taylor (see Lisa Caputo, above).

BERNARD NUSSBAUM, former White House counsel. Lawyer: Lawrence Pedowitz, of Wachtell, Lipton, Rosen & Katz, N.Y. (Pedowitz represented Goldman, Sachs & Co. in connection with insider-trading charges against Goldman trader Robert Freeman.)

JOHN PODESTA, White House staff secretary. Lawyer: Robert Bennett (see Harold Ickes, above).

JOSHUA STEINER, chief of staff, Treasury Department. Lawyer: Reid Weingarten, of Steptoe & Johnson, D.C. (Weingarten represented Commerce Secretary Ron Brown in connection with allegations stemming from the Vietnam trade embargo.)

GEORGE STEPHANOPOULOS, senior adviser to the President. Lawyer: Stanley Brand, of Brand & Lowell, D.C. (Brand represented witnesses in a special counsel's investigation of former House Speaker James Wright.)

MARGARET WILLIAMS, chief of staff to the first lady. Lawyer: Edward S.G. Dennis, of Morgan, Lewis & Bockius, D.C. and Philadelphia. (Dennis participated in Justice Department internal review of the Branch Davidian fiasco and corruption probe of the Pennsylvania Supreme Court.)

Law Note . . .

NOTED: The American Arbitration Association said that William K. Slate II became president and chief executive officer, succeeding Robert Coulson, who is retiring after 20 years in the position. Mr. Slate was formerly president of the Justice Research Institute, a research and consulting firm for courts. The nonprofit AAA had previously hired former Trans World Airlines general counsel Mark Buckstein for the position, but he resigned last year after nine months on the job, citing "philosophical differences" with the organization.

Producer of the Willie Horton Ad Influences Whitewater Coverage With Tips to Journalists

By KENNETH H. BACON
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – "For a story really to be big," says Floyd Brown, "it's got to break onto TV." And he is only too happy to pinpoint the day the Whitewater story reached the big time.

It was Nov. 11, 1993, when NBC Nightly News ran a lengthy story raising questions about the Clintons' investment in Whitewater Development Co. and interviewing former Arkansas municipal Judge David Hale, who charged that Mr. Clinton pressured him to make a government-backed $300,000 loan to a Clinton partner in the Arkansas real-estate venture.

Floyd Brown

Mr. Brown has reason to crow. After all, he boasts, it was his organization, Fairfax, Va.-based Citizens United, that arranged NBC's interview with Mr. Hale, thus "breaking the Whitewater story wide open and turning the once-censored story into a national issue for the first time." NBC officials admit to working in Arkansas with Mr. Brown's investigator, David Bossie, but only as a source for leads and tips.

But it's precisely through the provision of leads and tips to mainstream news organizations that Mr. Brown, a youthful veteran of attack-dog conservatism, has influenced the course and coverage of Whitewater. Starting in 1992, when he wrote a book titled "Slick Willie: Why America Cannot Trust Bill Clinton," he and Mr. Bossie have assembled hundreds of documents, such as tax returns, land records and campaign reports, that detail Mr. Clinton's business and political activities in Arkansas.

He has supplied a steady stream of documents to news organizations, including the news and editorial departments of this newspaper, and to Republicans on Capitol Hill. Even Robert Fiske, the Whitewater special counsel, has asked for copies of the thousands of pages of old deeds, contracts and canceled checks that Mr. Brown and his staff have collected. Mr. Brown also willingly passes on anti-Clinton rumors that are hard, if not impossible, to substantiate.

Mr. Brown says the lesson of Whitewater is that "our president is involved in highly unethical transactions." He further asserts that "America made a mistake in electing President Clinton." Mr. Clinton's allies, though, say the nation's real mistake is in giving Mr. Brown the time of day.

"Floyd Brown is a slimy thug for hire," says George Stephanopoulos, the president's senior adviser. Sen. David Pryor, an Arkansas Democrat and Friend of Bill, charges that Mr. Brown operates a "sleaze factory" that "is pouring out venom, hate, lies and poison."

Such attacks delight the flamboyant Mr. Brown, who replayed Mr. Pryor's comments from a Senate speech on his radio show, and noted that "rats all over Washington are choking on this poison."

Citizens United is hardly a major force in the the American conservative movement. With a staff of 26, about half of whom are involved in an extensive direct-mail operation to raise money, it lacks the organizing capacity to influence legislation at the national or state level. In 1992, the last year for which figures are available, Citizens United raised $2.4 million and paid Mr. Brown a salary of $72,000.

But what it lacks in traditional political clout it makes up for in Mr. Brown's knack for playing the media and gaining attention for himself and his message. The 33-year-old West Point dropout is certainly no stranger to fighting in political jungles. In 1988, he independently produced and aired the infamous Willie Horton television ad attacking Massachusetts Gov. Michael Dukakis, then the Democratic presidential nominee. The ad focused on a convicted murderer who raped a woman after being released on a two-week furlough from a Massachusetts prison. Democrats condemned the ad as racist and Republican candidate George Bush dissociated himself from it.

In the 1992 presidential campaign, Mr. Brown again achieved notoriety by setting up a phone line on which callers could listen to Gennifer Flowers talking about her alleged affair with Bill Clinton. A Bush campaign official dismissed Mr. Brown as "a political leper who is much more damaging to us than to our opposition." But Mr. Clinton said that "no one, no serious person, believes that Floyd Brown is independent of the Republican campaign."

Now, supported by contributions from about 175,000 members of Citizens United, Mr. Brown has built a modest media empire to pillory Bill and Hillary Rodham Clinton. At least half of his daily radio program called "Talk Back to Washington," which is heard in 40-plus cities, mostly in the predawn hours, is devoted to lambasting the Clintons. "The Whitewater scandal is gushing," he said recently. "For Bill Clinton, it's time to drown."

He also issues a daily Whitewater fax bulletin. "How Did Hillary *Really* Make Those Huge Profits in Commodities Futures?" a recent fax asked. And Clinton-Watch, his monthly newsletter, often profiles women who claim to have had affairs with Mr. Clinton.

All this "is totally consistent with the way that Floyd Brown and Citizens United participate in the process," says Arthur Kropp, the president of the People for the American Way, a liberal group that monitors conservative political activity. "They like the skullduggery, the intrigue and the media attention."

Mr. Kropp says that "what seems to be driving" Mr. Brown and others like him "is a desire to kill the Clinton presidency." It is a statement with which Mr. Brown might not take issue. "Bottom line," he says with relish, "we appear on the White House enemies list."

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No One Tried to Get Clintons Off Hook

To the Editor:

Mark Twain once said, "A lie gets halfway around the world before the truth has time to put on its boots." I am writing to correct serious factual misstatements in a March 25 news article and March 26 editorial on the Whitewater matter. Both stated that "Treasury officials" tried to pressure Federal investigators in Kansas City into agreeing to get the Clintons "off the hook" by telling Special Counsel Robert Fiske that there was no connection between Whitewater and Madison Guaranty.

First, it was Washington-based Resolution Trust Corporation officials — not Treasury officials — who both Representative Jim Leach and L. Jean Lewis, a senior investigator in the Kansas City office of Resolution Trust, claim tried to pressure Kansas City Resolution Trust officials. Those officials should have been identified specifically as such for two important reasons:

The Resolution Trust simply is not part of the Treasury Department. More significant, to ascribe these alleged actions to "Treasury officials" implies that political appointees were involved. Every person involved in this alleged transaction was a career financial regulator. This was a dispute about the facts of the case among career officials. To imply that this is somehow political pressure on the regulatory process is unfounded.

Second, there is simply nothing to suggest that anyone — neither Treasury officials nor R.T.C. officials — was in any way trying to get *the Clintons* off the hook, as you assert in both the article and the editorial. Jean Lewis's notes from her Feb. 2 conversation with April Breslaw, R.T.C. senior attorney, are clear:

"April stated that Ryan and Kulka, the 'head people,' would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them. She felt like they wanted to be able to provide an 'honest answer,' but that there were certain answers that they would be 'happier about,' because it would get them off the hook."

The nuns who taught me grammar would agree that "they" clearly refers to Jack Ryan, Deputy Chief Executive of the R.T.C., and Ellen Kulka, R.T.C. acting general counsel, not the Clintons. Nowhere do Jean Lewis's notes even mention the Clintons.

Public understanding of this difficult matter is hurt, not helped, when respected news organizations make charges that are contrary to available facts.

DEE DEE MYERS
White House Press Secretary
Washington, March 26, 1994

In America

BOB HERBERT

Out of Control

On Sunday night a teen-age boy who was doing well in school and had managed to stay out of trouble was shot to death when a fight broke out among other youths in a subway in Brooklyn.

Last Thursday gunmen invaded the O Street Market, a small cluster of retail stores in Washington, and began firing indiscriminately. When the shooting stopped nine people had been hit, including a toddler, a couple of elderly women, two security guards and a 15-year-old boy. The boy died.

On Friday the Justice Department released a study showing that carjackings, which are usually committed at gunpoint, have become as common as fatal auto accidents.

No one has to look far to find evidence that gun violence in the United States is out of control. The only question has been what to do about it.

One of the answers would be to pass a bill introduced last week by Representative Charles Schumer of Brooklyn and Senator Bill Bradley of New Jersey. The point of the bill is to try and control the flow of guns into the hands of criminals.

Gun violence, and what to do about it.

The Brady law, which imposes a five-day waiting period and a background check on handgun purchasers, is already having a modest effect in this area. Early surveys have shown that some two thousand people have already been blocked from legally purchasing handguns because of information turned up by the background checks.

But Brady is not enough. As Representative Schumer noted, "Guns are still pouring into the hands of criminals and violently unstable people through loopholes in our gun laws."

There are four main elements to the Schumer-Bradley Handgun Control and Violence Protection Act:

- All handgun purchasers would be licensed. A national handgun card — similar to a credit card, with a photo, an identification number and a magnetic strip — would have to be presented at the time of purchase. The card would be issued only after an applicant is fingerprinted and a thorough background check is conducted.
- Handguns would have to be registered with the appropriate local law enforcement authority. This would help to thwart straw buyers — individuals with clean records who buy guns for criminals and gunrunners. Transfers of handgun ownership after the initial purchase would require a registration transfer. This would be similar to the transfer of ownership of a used car.
- Handgun purchases would be limited to one gun a month. It would be illegal to buy or otherwise receive more than one handgun in any 30-day period anywhere in the United States. This provision is aimed at gunrunners who purchase weapons in bulk from legal dealers and resell them on the illegal market.
- New, uniform standards for legal gun dealers would be imposed. A dealer's license would cost at least $3,000 and licensees would undergo background checks and be required to have legitimate places of business with tough security measures in place.

This bill would not impose a tremendous hardship on law-abiding people who have guns for legitimate purposes. But it would place many effective obstacles in the path of illegitimate buyers and illegal and unscrupulous dealers.

"We are literally awash in a sea of guns," said Senator Bradley. "It's time to own up to the reality of guns in America and acknowledge the link between our lax gun laws and the horrible carnage on our streets."

A couple of weeks ago in Chicago there were more than 300 shootings in just four days at the Robert Taylor Homes, an enormous public housing project that has been the scene of a breathtaking outburst of violence. Residents are in a virtual state of panic.

Across Chicago, 88 people were murdered in March, a record. Most of them died by gunfire. Last weekend alone, 13 people, several of them teenagers, died in shootings.

There are many causes of the epidemic of violence in America, and solutions have to be developed on many fronts. Guns are just a part of the problem, but they're a huge part. Support for the Schumer-Bradley bill is a way for politicians to get past their usual grandstanding and gibberish, and get down to the real business of fighting crime. □

THE NEW YORK TIMES, WEDNESDAY, APRIL 6, 1994

20

BC-WHITEWATER-CLINTON
CLINTON SAYS HE'S BEEN SUBJECTED TO FALSE CHARGES
By Susan Cornwell

CHARLOTTE, NC, April 5 (Reuter) - President Clinton said Tuesday he had been falsely accused in the Whitewater controversy and the American people should trust him and get ``a little perspective'' on the affair.

Clinton gave a testy defence when two people questioned him during a televised town hall meeting about the tangle of financial and ethical dealings dogging his presidency.

``I have been the subject, sir, of false charges,'' he told one man from Bristol, Tennessee who listed what he said were Clinton's broken campaign promises on taxes and foreign policy and then asked him why people should believe in his credibility on the Whitewater saga.

``People saying things about me that are not true don't make my credibility an issue. That makes their credibility an issue, not mine,'' the president said.

``I think you ought to trust me,'' Clinton said. ``You are free to disagree with me but disagreement is different from trust. We ought not to mix apples and oranges.''

Earlier a soft-spoken young woman from Charlotte had also asked Clinton about Whitewater, telling him many Americans were ``having a hard time with your credibility'' because of the controversy and the reports that first lady Hillary Rodham Clinton turned a $1,000 stake into a $100,000 profit in the commodities markets 15 years ago.

``How can you earn back our trust?'' the unidentified woman asked plaintively.

``What we need is a little perspective here,'' the president said.

Clinton said that his wife had taken risks in her commodities trading in 1978-79, lost money as well as made it and ``it's just not true'' that she got preferential treatment in the markets.

``No one has accused us of doing anything illegal. We were attacked for losing money. We've been attacked for making money,'' Clinton said.

Answering the only question on foreign policy, Clinton said he had ``a lot of options short of the military option'' to derail North Korea's fledgling nuclear weapons programme, but suggested that he would rely mainly on economic pressure.

Clinton said he believes financial markets are overreacting to recent interest rate increases by the Federal Reserve, the U.S. central bank.

``I do think that the markets are overreacting to what the Fed did. I hope that they will settle down. I hope the stock market will settle down. I hope the interest rates will go back down,'' Clinton said.

The townhall meeting was broadcast by several NBC television affiliates.
REUTER

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PM-National Mood,530
Poll: People Are Worried About Jobs and Crime, Not Whitewater
With PM-Clinton-Town Hall Bjt
By JILL LAWRENCE= AP Political Writer=

WASHINGTON (AP) A new poll suggests President Clinton is right when he says Americans are sick of hearing about Whitewater, his ill-fated Arkansas real estate investment now under investigation by a special prosecutor.

More than half the 2,001 people questioned in a Times Mirror poll released Tuesday said there's too much news coverage of Whitewater.

``In most cases, you get 7-15 percent saying, `Hey, guys, stop it.' In this case it's 55 percent. That must mean something,'' said Don Kellerman of the Times Mirror Center for the People and the Press.

He said the previous record for dissatisfaction with the media was set in January 1987. The target then was coverage of the Iran-Contra affair.

The Whitewater news for Clinton was both good and bad. Two-thirds of those surveyed said they thought he and first lady Hillary Rodham Clinton were guilty of wrongdoing but most thought the offenses were minor.

However, more than 80 percent said Whitewater is disrupting the government's efforts to fight crime, improve the economy and reform the health care system. And nearly one in four said officials are paying too much attention to scandals, personal matters, sensationalism and Whitewater.

An overwhelming majority of people in the poll said they were happy with their lives and their communities, but they were strikingly less satisfied when it came to the nation. Only one-quarter said they were happy with the way things are going in the country.

Poll director Andrew Kohut attributed part of the malaise to Whitewater. He said the affair ``is putting a damper on the gross national spirit.''

Skepticism about the economy also is contributing to low morale, he said. ``People don't quite believe in the recovery,'' Kohut said, and many are having trouble making ends meet.

Nearly half the people in the survey cited financial pressures when asked to identify their family's biggest problem. More than half said they or a relative had lost a job, taken a cut in pay or benefits or seen layoffs at their workplace.

Crime overtook economic concerns when people were asked to name the most important problem facing the country. Thirty-two percent cited it as the top problem, up from 25 percent last December.

Furthermore, half the people in the survey said they are very concerned about becoming a victim of crime, up from 36 percent in 1988. And 53 percent said a friend, a neighbor, a relative or they themselves had been personally touched by crime in the past year.

``These findings belie the notion that crime is a media-made issue,'' the poll analysts said.

Asked what Clinton should make his highest priority, about one-quarter said improving the job situation and another quarter said reducing crime.

The Times Mirror poll was conducted March 16-21, before Clinton's nationally televised news conference at which he answered 17 Whitewater questions. Analysts acknowledged Tuesday that subsequent polls suggested the president had performed well enough to reassure some people.

The margin of error in the poll was plus or minus 2 percentage points.

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PM-AR--Whitewater Vault, Ark Bjt,870
County Clerk Bemused by Visiting Reporters
With BC-AR--Whitewater Vault-Quotes
tpmou
Dateline: Arkansas= By MARY ARMSTRONG= The Baxter Bulletin=

YELLVILLE, Ark. (AP) In a vault measuring 12 feet by 14 feet, with 18-inch walls, rest volumes of documents that have attracted reporters from as far away as Japan.

The vault is in the clerk's office of the Marion County Courthouse at Yellville, and records stored on shelves lining its walls tie a real estate development to the White House. The documents represent the recorded transactions of Whitewater Development Corp., a failed land venture of President Clinton, his wife, Hillary Rodham Clinton, and then-partners James and Susan McDougal, now divorced.

Interest in the warranty deeds, mortgage papers, real estate tax records, plat maps, articles of incorporation and other Whitewater-related documentation filed at the clerk's office extends beyond reporters to include federal investigators.

Among those touched by the recent interest in Whitewater is County Clerk Mary Jo Layton.

As custodian of records in the vault, Ms. Layton was subpoenaed to provide federal investigators with copies of all documents filed in her office pertaining to Whitewater transactions, beginning with the incorporation of 101 River Development Inc. and its original purchase of 3,200 acres of land in the Rea Valley area. The 230-acre tract along the White River that became Whitewater in 1979 was carved from 101 River Development's holdings and sold to the Clintons and McDougals in 1978.

To comply with the subpoena, Ms. Layton worked about 15 hours in addition to her normal duties as clerk. She said hundreds of documents had to be copied from 171 volumes of records.

``To take this list and pull every one of those books and make all those copies takes a while,'' she said.

Ms. Layton said she delivered her stack of work to FBI Agent Warner Calhoun in Little Rock.

``I didn't have to go in person,'' she said. ``I could have sent them but I didn't get them (copied) in time to send them UPS, and I wanted to be sure they were there on time.''

But her services didn't come free. The clerk's office charges 50 cents per copy and she billed the federal government for the copies made as well as for her time involved searching and copying. She considers the 15 hours for which she charged at $4.25 an hour, the minimum wage a conservative figure.

``I charged them $259.75,'' she said. ``It doesn't come to me. It goes to the county.''

Along with the documents and the bill, she said, she delivered a letter ``telling that I didn't know whether it was appropriate or not, but if it was, this was what I wanted. At least it will cover the paper and the (copier) toner. That's all that matters.''

Before Ms. Layton dug through the documents to respond to the subpoena, her life had already been changed by the reporters converging on her office, searching for information relating to Whitewater and the Clintons.

``One day the vault was so full you couldn't even get in and out of there,'' she said.

Among news media whose reporters have visited her office, Ms. Layton said, are the New York Times, the Los Angeles Times, the Dallas Morning News, the Washington Post, the St. Louis Post-Dispatch, USA Today, ABC News ``and the biggest newspaper in Japan.''

When an out-of-state reporter walks in the office, she said, they don't need to identify themselves or even what they are seeking.

``We would just look at them and know who they were,'' Ms. Layton said. ``We'd know they were looking for Whitewater.''

Clinton 'perfidy' must be punished

Donald A. Williams writes that he objects to his taxes being spent to investigate Whitewater, which now sloshes about the Clintons' clay feet. Bill and Hillary stomped around in Whitewater and mud is getting splashed on them now. Donald A. writes that the Republican party should pay for any investigation of the Clintons' wrongdoing in Arkansas. Did he object when American Republicans paid aplenty for Democrat hearings against former Republican presidents?

To object to hearings on Whitewater is to admit to not understanding why it is an important issue. When an S&L was allowed to operate, despite being insolvent for a long time, investigations and oversight by the Banking Committee are necessary by federal law. There is evidence that the Arkansas S&L was giving loans and campaign contributions to the key politician there and that it became a piggy bank for Governor Clinton. The Clintons don't seem to understand that they are accountable to all taxpayers who are stuck with the Arkansas S&L bill. During Clinton's governance, an S&L was allowed to grow 25-fold, while federal regulators were trying to close it down. At the same time Hillary was working to keep it open. The Fed finally forced its closing. All taxpayers, who are taxed out, are obliged to pick up the tab for half of that S&L's deposits, around $60 million. I apologize to Donald A. for mentioning such a trifling amount. But $60 million here and there count up.

Taxpayers of all persuasions, as well as our great grandchildren, are forced to pay for the $500 billion S&L bailout. This scandal, the biggest in our banking history, brought down Democrat Speaker Jim Wright and Rep. Tony Coelho, who wanted S&L's open to gain campaign contributions for Democrat contenders. Democrats Senator Riegle, DeConcini are retiring and Senator Cranston is long gone. Democrats are frantically trying to avoid hearings, but their efforts make the Clintons appear guilty.

The Clintons have made themselves appear guilty by resisting Senator Moynihan's advice when he said they should "dump everything to do with Whitewater on the front lawn of the White House." They did just the opposite. They hide behind a weak excuse that their agenda to expand government control is all that is important. That won't wash in dirty Whitewater! Besides, Americans don't want the government expanded, with more bureaucrats dictating who gets what and where, and more taxes to pay for grandiose schemes.

If the Clintons can get away with this perfidy then we owe an apology and a refund to Charles Keating of the "Keating five."

Public hearings must be held because no one is above the law, not even the most powerful woman in the world, who, by all accounts, made out very well in the "decade of greed" herself. Of course she had the able assistance of a poultry company executive.

AUDREY JONES
Pittsboro

March 14 CHN

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Mrs. Clinton in on health care scam

Based on startling revelations by the Sunday Times of London, Feb. 13, Mrs. Clinton and associates now working in the administration are guilty of some of the grossest, most unconscionable forms of health care ripoffs and victimization of the elderly and infirm imaginable.

According to the Times: In a single day in 1989, the Rose Law firm helped its clients artificially inflate the price of a large chain of nursing homes in Iowa from $47 million to $92 million. By arranging a series of sales to "shell" companies, Mrs. Clinton and William Kennedy, now top Clinton aide, managed to net Rose Law's clients an instant $30 million profit, rake in $500,000 fee for Rose Law and drive up the cost of health care for patients at the old people's nursing homes.

The Sunday Times report quotes Iowa state Judge Gene Needles as condemning the transaction as "unconscionable." Not only was Mrs Clinton aware of the "shady deal", but she profited directly from it, as did other associates, Webster Hubbell, now number at the Justice Department, and the late Vincent Foster.

The excessive debt which the deplaced on the 45 nursing homes - totaling $6 million a year — increased the cost of patient care by 14 percent according to Iowa authorities. Kennedy, Hubbell, Foster and Hillary were known as the four musketeers of Rose Law. With each new Whitewater disclosure, it's obvious that heavy handed ripoffs were a way of life for the Four Musketeers. Why not? They operated under the official protection of Mrs. Clinton's husband, the governor. Early on in the campaign, Jerry Brown tried to bring up some of arrogance, power and deep corruption involving the Clintons in Arkansas, which is what Whitewater is all about in a nutshell. It isn't as difficult to understand as the media keeps telling us. This nursing home story wasn't picked up by the U.S. wire services. It is clear that the Clintons have no moral authority to preside over a national debate about health-care reform.

AUDREY JONES
Pittsboro

April 6, 1994

No discounting this Clinton affair

Right after the Arkansas troopers told the public that Mr. Clinton engaged in secret liaisons with many women, media elites categorically dismissed their allegations. They said it had "no legs" because no woman had come forward to corroborate the accusations.

Well, a woman has come forward, so the story has "legs" after all. It was fully reported in the London papers, but not by American journalists, who are dedicated to protecting the Clintons. It'sgetting tougher to do that with Whitewatergate flooding the Clintons, perhaps, about to drown them.

Sally Miller Purdue is the first woman, after Gennifer Flowers, to admit she had an affair with Mr. Clinton. She says that from August 1983 to December 1983 she had an ongoing sexual relationship with Clinton. She identified Trooper Larry Patterson as one of the men who drove Clinton to her townhouse many times. Back in June 1992, Ms. Purdue tried to tell her story, but the media discredited her, and we heard no more. Now she has spoken of her relationship with Bill Clinton again, to set the record straight, and to validate the troopers' story. She was offered a bribe of a federal job to keep quiet, but she has never accepted money for her story nor does she want any. She turned down job offers and moved away from Arkansas.

She did experience anonymous threats of violence, and her car window was destroyed by gun fire, all on record, reported to police. She also lost her job at a small college in Arkansas. Her attorney spoke to the college president, who admitted to him that they had been told by the Clinton campaign to take action against her. She lives in a different state now, and works with adults with Down Syndrome, and is not a "bimbo." Some very nice women got involved with Clinton, who are too ashamed to admit that they let Clinton use them to satisfy his own lust, and ego. Where are the feminists or NOW?

Ms. Purdue says she can't take Bill Clinton seriously as president, because she remembers him either sitting on her bed playing his sax while wearing her black lace negligee, or sneaking across the lawn, his pants getting caught on a fence nail. I can just picture him now, can't you? Why do we have to read about Clinton in the London papers instead of ours?

AUDREY JONES
Pittsboro

The out-of-towners' sober bearing was one giveaway, she said. ``People around here are very friendly and smiling,'' she said. So were the visitors, she added, ``when you got to know them.''

Her office made few copies for the reporters, Ms. Layton said; a local abstract company handled that aspect by preparing packets for the media.

But taping for television was another matter, she said.

``It took those people 2&1/2 hours to do that, and it was probably just a 30-second spot,'' Ms. Layton said. ``Filming the documents and doing a little report, I don't know how many times (a correspondent) took that book out and put it back and took it out again. They had to get it just right.''

Despite their efforts, she said, most reporters left her office more confused than satisfied. Asked if she would have noticed anything amiss in the documents herself, she said: ``I wouldn't know if I saw it.''

``It's just like anything else that comes through here day by day,'' she said. ``You don't read the information on them, you just look to see that what you need is on there to record them,'' such as real-estate transfer tax stamps.

She thinks, however, that Whitewater has very little to do with Clinton's performance as president.

``Why are they spending so blessed much money of the taxpayer dollars?'' Ms. Layton asked. ``What are they going to prove? Are they campaigning against him with tax dollars?''

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Fiske investigation seeps past Whitewater

BY NOEL OMAN
Democrat-Gazette Capitol Bureau

Special counsel Robert Fiske Jr. has expanded his investigation to include transactions that extend far beyond the Whitewater Development Corp. controversy.

The latest subpoenas Fiske delivered to selected Arkansas individuals and companies seek detailed information on 74 individuals and 101 companies.

The subpoenas cover a wide range of deals involving either former Pulaski County Municipal Judge David Hale or Madison Guaranty Savings and Loan, but not directly related to the Whitewater affair.

Whitewater is a failed north Arkansas real estate venture in which President Clinton was a partner. The firm's finances are at the center of Fiske's investigation.

The most prominent on the list now not only include Gov. Jim Guy Tucker but also Sheffield Nelson, who is seeking the Republican nomination for governor, and Jerry Jones, the owner of the Dallas Cowboys.

Nelson and Jones invested in a failed Madison real estate venture on Canada's Campobello Island that contributed to the savings and loan's 1989 failure, which cost taxpayers an estimated $47 million. Madison bought out Nelson and Jones' 25 percent stake the previous year.

Other, more local luminaries also dot the list: lawyer Larry Wallace and restaurateur Mark Abernathy.

Neither could be reached Monday afternoon.

Many of the individuals and companies named on the subpoena had business dealings with Clinton, Hale or Tucker.

The aspect of investigation that includes Clinton extends beyond Whitewater. Fiske also is examining Clinton's 1984 gubernatorial re-election committee.

The *Washington Post* reported Sunday that investigators for the Resolution Trust Corp. named the committee as a suspect in a criminal inquiry into Madison. One RTC criminal referral asked for a criminal investigation into whether Madison money was diverted to the campaign with the knowledge of campaign officials, the newspaper reported.

Fiske has sought information, according to the subpoena, on Cherry Valley Bank, where Clinton obtained a last minute $50,000 loan for his campaign; Maurice Smith, who used to run the bank, was a longtime Clinton supporter and recently retired as director of the state Department of Highway and Transportation; Betsey Wright, Clinton's former chief of staff who ran the campaign; and Charles Peacock, a former Madison director and borrower.

Peacock made a contribution on behalf of his son at an April 1985 fund-raiser that the owner of Madison, James McDougal, held at Madison offices to help retire Clinton's campaign debt.

Hale recently pleaded guilty to lesser financial fraud charges in exchange for his cooperation.

He has a host of business entities and associates listed on the subpoena.

They include Little Rock Traffic Judge William Watt; Bob Leslie, a lawyer and former state Republican official; Richard Grasby, another lawyer who recently sought Hale's judgeship as a Republican after Hale resigned; Dean Paul, a Malvern businessman; and two others who are scheduled to be tried on charges emanating from their dealings with Hale, Eugene Fitzhugh and Charles Matthews.

Tucker has had extensive dealings with both Hale and McDougal, although the governor and his lawyer have insisted he engaged in no illegal activities.

But Fiske has sought information on at least six entities in which Tucker has had an interest, including his cable television operations and developments in which he and McDougal jointly participated.

Even details of a deal between Tucker and Hale involving a house attracted Fiske's attention.

The special counsel's list

The people and companies recently named on subpoenas by Robert Fiske Jr., the special counsel investigating the Whitewater Development Corp. controversy:

Mark Abernathy
Charlotte Abernathy
Lisa Applegough
Julie Baldridge
J.W. Barefield
George Bates
Robert Boyce
Gary Burrell
Andrew Clark
William Jefferson Clinton
Hillary Rodham Clinton
Shelby Cooper
Harry Don Denton
Davis Fitzhugh
Eugene Fitzhugh
John A. Fiske
Vincent Foster
J. William Fulbright
Irene Gilmer
Dan Gomer
Lee Golden
Richard Grasby
David Hale
Linda Bee Hale
Michael Hall
Janet Hall
Robert Hall
Margaret Hardin
Eugene Patrick Hardin
James Hensley
Richard Herbert
Martin Jackson
Jerry Jones
Larry Kuss
John Latham
Bob Leslie
John May
Charles Matthews
James B. McDougal
Lorena McDougal
Sheffield Nelson
Gerald Nesbitt
John Niven
Mary Niven
Robert Palmer
Dean Paul
Charles Peacock
Beverly Bassett Schaffe-
John Selig
Rex Ann Simmons
Priscilla Shanks
Robert Skinner
Maurice Smith
Steven Smith
Paula Stoneman
Tom Turner
Harry Townsend
Louise Townsend
Tommy Thurlham
Jim Guy Tucker
Chris V. Wade
Larry C. Wallace
Beth Ward
William W. Watt
E. Russell Webb
F.A. "Freddie" Whitener
Roland Whitlow
Robert Wilson
Betsey Wright
Tony Wood
Greg Young
901 River Development
Amedcon Manufacturing Inc.
Appraisal Associates Inc.
Arkansas Commercial Realty
Arkansas Commercial Properties
The Bank of Cherry Valley
Bette Enterprises
Bewith & Associates
Collateration Management
Campobello Development Co.
Campobello Properties Ventures
Campobello Realty
Capital Management Services
Castle Sewer and Water Co.
Central Flying Services
Citizens Bank of Pinggott
Communications Co.
County Cable Inc.
Country Fair Inc.
D&H Construction Co.
D&L Communications
Dean Paul Ltd.
Dean Paul Sales
Designers Construction
Diversified Capital Investments Inc.
Dixie Commercial Leasing
Earth Movers Inc.
Elsie's Place
Fiske & Co. Inc.
Flowerwood Farms Inc.
Front & Co.
Goldstone Sprigg
Great Southern Land Co.
Greenfield Properties Inc.
Hale Inc.
Head Harbour Holding Co.
Industrial Development Co.
Industrial Services Corp.
International Paper Co.
International Paper Realty Co.
International Trading
Jim Bo Co.
John May Commercial Air Conditioning
K&D Landscaping
Kings River Land Co.
Lisco Inc.
Lion Oil Co.
Little Rock Clubber
Malls Communications
Maple Creek Farms
McDougal and Associates
Midwest Nationwide Auctions
Madison Guaranty Savings and Loan
Madison Financial Corp.
Madison Marketing
Madison Properties
Madison Real Estate
Masters Development
Masters Marketing
Mid-South Title Co.
North Arkansas Enterprises Inc.
Ozoan Manufacturing Corp.
Omni Resource Energies
Ozark Air Service Inc.
Ozark Aviation
Ozark Realty Co.
Palmer Properties
Park Place
Paul Sales
Peacock Brothers Oil
Peacock Farms
Peacock Financial Corp.
Pembrook Manor Inc.
Pigeonlow Lumber Co.
P.O.M. Inc.
Pulaski Bank & Trust
Quapaw Title Co.
Retail Factors
Retail Liquidators
River Valley Hydraulic
Riverfront Warehouse Inc.
Rolling Mixer Inc.
Savers Federal Savings & Loan
Southern Foods Inc.
Southtrop Construction Corp.
Security Bank of Paragould
Smith-Foster-McDougal Partnership
Sorenson Enterprises
Standard Abstract and Title Co.
Walker-Smith-McDougal Partnership
Union National Bank
United Pacific Trading Inc.
Wash-Ark Construction
Whitewater Construction Co.
Whitewater Development Corp. Inc.
White Water Estates
The Wilson Co.
Yell Forestry Products Inc.

Clinton critics in FEC hot water

Democrat-Gazette Capitol Bureau

An Arkansas-based political group critical of President Clinton's 1992 bid for the White House is out of compliance with election laws, according to Federal Election Commission records.

The group, Alliance for the Rebirth of an Independent American Spirit, or ARIAS, is out of business, its former organizers say.

The organization spent more than $21,000 on newspaper and radio advertising during the New Hampshire primary campaign in early 1992 in an effort to derail Clinton's candidacy.

One of the organizers was Cliff Jackson, a Little Rock lawyer who has been one of Clinton's most vocal critics over actions the president took as a college student in the 1960s to avoid the Vietnam-era military draft.

But ARIAS has not filed a report since 1992, and the FEC wants an explanation. All political groups must file reports with the commission even if they are not active or must file a termination report notifying the commission they no longer plan to raise or spend money related to federal elections.

The commission has received no response to two letters it sent to the group.

Clinton's reticence fueled story

Shortly after Bill Clinton concluded the press conference at which he volunteered to "tell all" about Whitewater, a regular reader called to suggest that I nominate His Excellency for an Academy Award.

Clinton was acting, of course, when he declared his complete and total innocence of any wrongdoing in his Whitewater investment, but that doesn't mean he wasn't telling the truth.

As a matter of fact, he would have had to be double dumb to lie about Whitewater.

The only thing that stands [illegible] making a $20,000 loan to his mother until he read the galley proofs of her autobiography. Like his saying that he tried marijuana but didn't inhale, his suggesting that he forgot a $20,000 loan had the ring of falsehood.

The press conference didn't answer all the Whitewater questions, principally because reporters didn't ask them, but it seems to have grounded the Whitewater controversy, which, for the last week, has gotten less ink than Hillary Clinton's brief but spectacularly successful venture into futures trading.

Lots of folks don't want to believe that Hillary could have been so successful (running a $1,000 investment into $100,000 in just 10 months) if she had been playing by the rules.

In the Whitewater backwash, the media have been doing a little self-flagellation over whether the story was really worth all the stories it generated.

The answer is that it shouldn't have been and wouldn't have been if Clinton had been as aboveboard in the beginning as he eventually was at the news conference.

Money talks

Reacting to word that he had drawn opposition in the Democratic primary, unelected Gov. Jim Guy Tucker said, "I am deeply grateful for the confidence that this reflects in my administration."

Well said, but more likely it was fear of Tucker's $1 million war chest and the inability to raise soy money and not Tucker's record that discouraged potential candidates.

The ability of the candidate for the state's top office to escape opposition puts an end to the canard that Arkansas doesn't need a two-party system because the Democratic "outs" keep the Democratic "ins" honest.

Since Bill Clinton's fourth term campaign governor against two time loser Orval E. Faubus in 1966, all Democrats have been "in."

The gubernatorial action in 1998 was in the Republican Party — Sheffield Nelson against Tommy Robinson. This year Nelson, making a second bid for the governorship, has two opponents — not that either will provide him with serious competition, because Republicans know that only Nelson has a chance to beat Tucker, who has managed to get more entrenched in two years that most previous governors have in four.

It's to laugh

A state-owned laptop computer has turned up in the Pine Bluff office of Bill McCuen's 1998 congressional campaign. The secretary of state says he had nothing to do with putting it there.

Don Griffin, a fellow who is paid by the taxpayers to make excuses for McCuen, said the campaign did not use the computer.

"There's [illegible] Griffin said. "It's illegal. It wouldn't be done."

Hardy har har.

The torch is passed

Democrat-Gazette editorial cartoonist John Deering, who has virtually monopolized Arkansas cartooning awards for the last several years, has won third place in the 40th annual National Headliners Awards.

When I recommended to Walter E. Hussman Jr., the Democrat-Gazette publisher, that he engage Deering as the full-time editorial cartoonist (he had been drawing part-time for the Voices page), I said, "You'll be hiring the next George Fisher."

About a year later, as Deering gained experience and Fisher's talents declined, I told the publisher, "You've already got the next George Fisher."

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

bc-clinton-comment - a0953
(ATTN: Editorial Page editors)
Clinton: Yet Another Scandal-Plagued Presidency (Washn)
Phillips, publisher of American Political Report, is author of ``The Politics of Rich and Poor.'' His most recent book is ``Boiling Point: Republicans, Democrats and the Decline of Middle-Class Prosperity'' (Random House).
By Kevin Phillips= Special to the Los Angeles Times=

WASHINGTON Make no mistake: Whitewater is about a lot more than possible small-time financial chicanery and a minor-league Washington cover-up. We are talking about control of the presidency in 1996 or earlier and the only thing that matches conservative and Republican political opportunism is liberal and Democratic hypocrisy.

GOP stalwarts, uninterested in getting to the bottom of Watergate or Iran-Contra, are now suffused with patriotism in pursuing Whitewater and the other allegations about Bill Clinton. Conversely, there are too many congressional Democrats, once outraged over the immorality of earlier GOP regimes, whose past insistence on the public's right to know has become acquiescence in this administration's desire to have the public not know.

No one should be surprised. This is human nature. It is also political history and given the inadequate attention paid to such precedents in the television age, it may be useful to examine Whitewater and other Clinton controversies in the perspective of past political scandals.

To begin with, Whitewater the land deal, with its related savings-and-loan chicanery is not enough to bring down Clinton, or any other president. Even Watergate was less a single event than a catchall. When Richard M. Nixon was forced out of office back in 1974, the anti-Nixon furor fed on a wide range of issues beyond the break-in: the Nixon administration's larger involvement in political espionage, the Daniel Ellsberg break-in, the IT&T scandal and others. The scandal furor of 1973-74 was also a showdown over which party would pay for the failure in Vietnam the Democrats who fumbled militarily or the GOP who used it as a cover for violating civil liberties.

However, if Clinton won't be brought down by any single episode, it is possible to see the outline of a larger GOP indictment a contention that Whitewater is but one facet of a flawed Clinton morality that began with draft-evasion 25 years ago; then broadened with shady financial deals in 1970s and 1980s Arkansas; took further shape with Gennifer Flowers, and may now involve a Washington abuse of power and cover-up.

For the president is America's chief of state as well as the leader of a political party, and, he is at risk if he can't measure up to a moral-leadership role. Nixon couldn't and was forced to resign; Lyndon B. Johnson, a well-known financial and political finagler, might well have been investigated and ejected in the post-Watergate climate; Clinton may be vulnerable today.

Clinton is certainly not the first financial hustler in the White House. Other modern presidents have been touched by scandal. The point is that, one way or another, most of them Warren G. Harding, Harry S. Truman, Johnson, Nixon and Bush were made to leave. If Clinton fits the [illegible] discomforting.

Indeed, polls show that from the first, many Americans did not trust Clinton because of his draft-board maneuvers, the charges made by Flowers and his Arkansas wheeler-dealer roots. This poses the question: Isn't Clinton's behavior typical of small-state governors who get to the White House? No because past governors of the smallest states haven't gotten there. Not ever. Jimmy Carter of Georgia was actually from one of America's relatively large states.

Ironically, the 20th century presidents tied to the most scandal came from high-powered background: Four were U.S. senators from major states (Harding

of Ohio, Truman of Missouri, Nixon of California and Johnson of Texas) and three of these four had served as vice president. Harding died before he could be blamed for the infamous Teapot Dome scandal. Truman brought Kansas City cronyism to the White House. And Johnson traded on favoritism to build a multimillion-dollar communications business while in Congress. Still another president linked to scandal, Bush, had earlier been vice president and CIA director. If there is a scandal precedent, it should be not to promote vice presidents or ex-vice presidents.

But a second moral might be: Perhaps Americans made a mistake in ignoring the old rule, true since Franklin Pierce in 1852, of not picking a president from one of the smallest states. The rule has two components: Small-state nominees often represented the ideological fringe: Barry M. Goldwater of Arizona in 1964 and George S. McGovern of South Dakota in 1972 are two examples. The second problem is that small-state politics often develop out of a small-time climate, where the practices leave something to be desired. Americans already had some of these doubts about Clinton even as they elected him in 1992 in order to be done with Bush.

Looking ahead, it's unclear if the whole surfeit of Arkansas hustler accusations made against the Clintons from sweetheart commodities deals to shredded financial records, obstruction of justice and sexual harassment can ever reach critical mass and make Clinton an Ozark Elmer Gantry, unacceptable to Americans. But the argument against electing another small-state governor is already substantial.

Even if some accusations against Clinton get partially proven, the public has many types of recourse. Only one is legal; most are political. Because so many allegations involve behavior in Arkansas rather than Washington, Clinton is unique compared to the other scandal-plagued, 20th century presidents in having his controversies emerge early enough for his first midterm elections. Truman's mink coat, deep-freeze and five-percenter messes and Nixon's Watergate didn't surface until the second midterms (1950 and 1974 respectively).

The importance of 1994's scandals coming in time for the first midterms is obvious: Instead of the usual small gains made by the party out of power, the GOP has a larger opportunity. They could wind up gaining 3-4 Senate seats and 20 or so House seats enough to stalemate Clinton and his programs in Congress during 1995-96. True, the Republicans could be at risk if they overplay Whitewater, but their broader accusations against Clinton are probably good politics. The earlier Truman and Nixon scandals produced major opposition gains in the midterms.

Controversies now embroiling Clinton may seem unique. But the politics of scandal are a familiar tale in U.S. history. While some lessons are encouraging and some aren't, they're all worth keeping in mind as the various accusations and stories play out.

END-OF-AUTOBREAK(1)-
AUTOBREAK(2)-FOLLOWS

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MONA CHAREN

'Would you do it' failing grade

One great casualty of the Whitewater affair may be the presumption of Democratic rectitude, from which undeserving pols have benefited for too long. The unwritten assumption in the press has been that Democrats, who so often receive backing from unions, environmentalists and other opponents of business interests, must themselves be untainted by money or the pursuit of it.

It was always an absurd belief. The lure of lucre knows no party, and money is green whether it comes from the AFL-CIO or Exxon. Former Speaker of the House Jim Wright, a Democrat, was forced from office for a sham book-selling arrangement. His deputy, Tony Coehlo, resigned rather than answer questions about his ties to corrupt savings and loans. Rep. Fernand St. Germain was forced from office for multiple ethical lapses.

But now that the Democratic first couple themselves have been shown to be eager (shall we say greedy?) for financial as well as political prizes, the lesson may be driven home at last: Democrats love money as much as Republicans do. They're just more hypocritical about it.

How devastating to the carefully crafted image of policy queen and righteous debunker of the 1980s is Hillary Rodham Clinton's foray into cattle futures. Isn't this the woman who said that the trouble with our health care system is that "too many people are making too much money." Cashing in on pork bellies? How capitalistic!

There is a great deal of speculation that Mrs. Clinton may have profited improperly in these trades, and it is known that her broker had his license suspended for favoring some clients over others (winnings go to Ms. X, losses to Mr. Y). Still, it is possible [illegible] ing wrong.

Except one thing. Almost none of the activities Mrs. Clinton has been revealed to have taken part in as a private lawyer pass the informal "Would you do it?" test. She permitted a high official of Tyson Foods, which stood to gain a great deal from her husband the governor, to give her investment advice. Did that create a presumptive debt on the part of the Clinton family? Would you do it?

According to a lengthy report in the New Republic, she used the private plane of a convicted drug dealer more than once. Would you do it? She benefited financially from business created for her firm by acts her husband took as governor. Would you do it? She reportedly took her draw as a partner in the Rose Law Firm in 1992 to avoid being taxed at the higher rates her husband was going to pass into law in 1993. Would you do it? She was part of an investment partnership that shorted certain health-related stocks just before she and her husband publicly attacked the pharmaceutical companies and drove down their stock prices (for no significant profit to her, as far as I know). But would you do it?

Until now, the Clintons were objectionable because of their zeal to enlarge an already obese government. Now they look unscrupulous and a little tawdry for their willingness to use government positions to enrich themselves.

Still, it would be nice to think that now we could somehow come to a truce in the bloody sport of scandal mongering that grips our national life so frequently. I don't particularly want to see the Clinton presidency crippled by Whitewater. I would like to see it crippled by other things — like the horrendous health care proposal, or the conduct of Surgeon General Joycelyn Elders, or its fumbling foreign policy.

But I cannot contain a certain exasperation as I watch members of the press wring their hands over the handling of the Whitewater mess when no such pangs of conscience disturbed their sleep as Robert Bork, Clarence Thomas, Ed Meese, Carol Ionnone and scores of other conservatives were being pilloried. The Washington Post is now sitting on the story of Paula Jones, who alleges that she was sexually harassed by Bill Clinton in 1991. Indeed, a Post reporter was suspended when he objected to his story being spiked. Would The Post display such fastidiousness if the accusation were about Jesse Helms?

The Clintons [illegible] as world-class hypocrites, but theirs is not the only hypocrisy on display.

Mona Charen is a nationally syndicated columnist.

Clintons get good reviews on affair

Whitewater flow rolls over critics

By Josef Adalian
THE WASHINGTON TIMES

While last month's evening news broadcasts were filled with stories about the Whitewater-Madison saga, most sources interviewed on-air had nice things to say about President Clinton and his wife, according to a new study by the Center for Media and Public Affairs (CMPA).

The center's analysis of all sound bites aired during the nightly news programs on ABC, CBS and NBC during the first three weeks of March shows that more than six out of 10 comments made about the president's ethics were positive. About the same number (55 percent) spoke favorably of first lady Hillary Rodham Clinton's actions.

"The amazing thing is that with all of the hubbub and the numbers of stories we seem to be seeing, the coverage [of the president] comes out more positive than before Whitewater began," said John Sheehan, executive director of the CMPA.

"The reporters are reporting the story, which by itself is negative," he added. "But the people they talk to about it are saying positive things about the president.

Other key findings from the study:

- Of the three network newscasts, "The CBS Evening News with Dan Rather" featured the most pro-Clinton statements, with 72 percent of sources quoted saying favorable things about the president. ABC's "World News Tonight with Peter Jennings" offered the harshest assessments of Mr. Clinton, with only 36 percent of its interviewees speaking kindly about his performance. "NBC Nightly News with Tom Brokaw" was in the middle of the pack, with a 54 percent positive rating.
- Compared with past White House scandals, Whitewater is [illegible]. The three networks combined aired 86 Whitewater-related stories, or an average of 4.3 reports per night, March 1-20. The networks ran three times as many stories — 12.9 nightly — on the Iran-Contra affair in November and December of 1986, and 13.4 nightly reports on Watergate in the spring of 1973.
- The president's critics were actually criticized more than the president himself. Republicans in Congress were cast in a negative light in roughly two out of three sound bites, and 76 percent of Mr. Clinton's detractors in general received negative assessments.

CORRECTION

In a chart published March 30, parentheses to indicate losses were inadvertently dropped for November 1978 ($15,026) and April 1979 ($8,740) in the monthly balances from Hillary Rodham Clinton's commodity trading.

Deficit picture sticks despite economic spurt

By Patrice Hill
THE WASHINGTON TIMES

The strength of economic growth and uptick in interest rates won't significantly affect deficit forecasts by the Congressional Budget Office, CBO Director Robert Reischauer said yesterday.

The agency in January predicted the deficit would fall to a six-year low of $171 billion in 1995 from $223 billion this year.

"I wouldn't expect the deficit numbers to be jerked around by large amounts," that is, by more than $20 billion to $30 billion each year, the head of the agency that calls the shots on budget issues for Congress told reporters and editors at The Washington Times.

The CBO's forecast predicting the economy will grow at a 2.8 percent rate this year might be raised around 0.2 percentage points, if the CBO were revising that forecast today, he said. The official CBO revision is not due until midsummer.

"Are we too pessimistic for this year? Maybe. There has been more rapid growth in the fourth quarter [of 1993] and the first quarter [of this year], but we may have slower growth in the final quarters of the year," he said.

While the economy is growing more rapidly than CBO predicted, interest rates also are rising faster than CBO forecast in January.

Three-month Treasury rates hit 3.71 percent at a Treasury auction yesterday, their highest level in al-

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BUDGETS

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most two years. CBO had forecast T-bill rates of 3.5 percent this year.

Those rate increases add billions of dollars to the deficit because of the higher cost of paying interest on the government's $4.5 trillion debt. However, the strong growth of the economy may be generating higher revenues to offset that adverse effect, Mr. Reischauer said.

Mr. Reischauer had "no criticism" of the Federal Reserve for raising interest rates for the first time in five years on Feb. 4, a move that set off the recent steep round of rate increases in the bond market.

He said financial markets, which have driven up long-term rates by a full percentage point since the Fed's action, "have overreacted" to the Fed's action as well as economic reports showing increased growth.

Mr. Reischauer [illegible] said he got his start as an economist by looking for lost quarters under the sofa cushions as a child, vaulted into the spotlight last month and ticked off nearly everyone in Washington with his agency's analysis of the Clinton health care reform plan.

That analysis shocked and offended the White House and its Democratic supporters on Capitol Hill by finding that Mr. Clinton's proposed health alliances, or insurance purchasing cooperatives, should be included in the budget, adding more than $500 billion to federal outlays each year.

On the other hand, to the dismay of the plan's critics, the agency found that the Clinton plan, if successful, would save businesses $150 billion a year in health care costs and start to reduce the deficit after 10 years.

"There was a fair amount of surprise on all sides," said Mr. Reischauer, recalling how he fielded calls from fuming members of Congress.

Before taking a close look at the Clinton plan, Mr. Reischauer said he personally thought it should be off-budget, but he changed his mind during the agency's lively behind-the-scenes debate.

Despite the power the agency wields — it currently is preparing potentially make-or-break estimates on rival health care plans in Congress — "we're not that politi[illegible]

Congress to remove him before his term ends in January.

Most of the agency's critics — which frequently include top members of Congress — are reduced to "letting off steam" after the agency has released its findings and they find it's too late to change them, he said.

"We get worried if we don't hear from someone each week with some disparaging remark."

Hosokawa: Japan more open to trade

As the United States pushes Japan to open its markets to U.S. products, Prime Minister Morihiro Hosokawa says he is taking action that will increase public spending and continue income-tax cuts to spur consumer spending and raise demand for imported goods.

AP

By Morihiro Hosokawa, prime minister of Japan.

Japan is changing. Just as America is reforming in order to build a better America, Japan is also working for reform. In a historic segue from the Cold War, our two nations, which share not only the basic values of democracy and the free trading system but also the common border of the Pacific Ocean, are pressing toward reform.

I have proceeded with the historic mission of my administration: structural reform, which encompasses political, economic and administrative reform. Economic reform is particularly important in order to pull Japan out of the current recession and once again make it a powerful engine for the world economy. Bearing that in mind, I decided upon the external economic reform measures announced last week as one part of our unswerving efforts.

These measures have identified the path toward economic reform, including domestic demand-led economic management and further improvements to the market mechanism centering on deregulation, and thus express Japan's resolve to strive for reduction of the current-account (trade) surplus.

As the first pillar of these measures, I have stated my own resolution to advance domestic demand-led economic management. Compared to the steady recovery of the American economy, Japan's economy remains sluggish. Bearing that in mind, I have done all I could to come up with the best package possible.

As the second pillar, I have articulated the direction of policies on a variety of measures designed to open the Japanese market further. Toward that end, we have brought to light the priorities to be reviewed for deregulation in the areas of land and housing construction, information and telecommunications, and import promotion, market-access improvement and distribution; and we have provided the basic orientations we should follow in the review process.

As the third pillar, despite the failure of Japan and the United States to reach an agreement in the three priority areas of the Japan-U.S. Framework Talks, the government of Japan has decided to implement voluntary measures in these areas: government procurement of telecommunications and medical technologies, deregulation of insurance and issues concerning automobiles and automotive parts.

I hope that foreign firms will, with enthusiasm, take advantage of the opportunities provided by these measures, thereby leading to an increase in imports to Japan from the United States and elsewhere.

Japan is America's largest export market after Canada, and Japanese investment is greatly contributing to the creation of American jobs and to the enhancement of production in U.S. industry. Japan and the United States are linked by resilient bonds of economic interdependence.

During my recent visit to Washington, President Clinton praised the Japan-U.S. relationship, stating, "No relationship in the world is more important today." I could not agree more. We all know that Japan-U.S. relations go beyond the economic aspect, spanning a broad spectrum of cooperation in the political and security fields and cooperation for such global issues as development, environment, population and AIDS.

I firmly believe that these measures will further strengthen the ties between Japan and the United States.

With the Clintons, you gotta be a believer

They wouldn't do anything wrong; haven't they told us?

By Joe Urschel, USA TODAY columnist.

Why is it so hard for everyone to believe Hillary Clinton ulled off a $100,000 commodes bonanza with only $1,000 id the fact that she is simply narter than the rest of us?

I believe it. But I have always found the Clintons and eir disciples credible. Why uld they lie? They are the st ethical people we know, d they've said so.

believe Vince Foster's suie had nothing to do with

as prop-

for White House counsel rnard Nussbaum to remove Whitewater files from Fos-'s office so investigators ldn't get them.

believe the meetings been White House staffers the Treasury Department were "not improper." The White House was not trying to impede the independent Resolution Trust Corp. investigation into the failure of Madison Savings and Loan.

Just like when George Stephanoupolos talked to his buddy, Treasury chief of staff Josh Steiner. I believe he was blowing off steam and not trying to get Republican Jay St[illegible] fired.

When White House press secretary Dee Dee Myers said she and 100 other White House staffers failed to obtain security clearance from the FBI after over a year on the job, I believe it was a simple matter of "procrastination." It wasn't due to arrogance or some nefarious details in their past like drug convictions, tax delinquencies or unpaid student loans.

I believe Bill has no obligation to release his 1985 campaign financial records simply to prove no Madison money was funneled to his campaign.

I believe the president merely forgot that he loaned his mother $20,000 to buy a house, and that it was an honest mistake that money showed up as a Whitewater tax loss.

The president said he always turned his records over to a tax accountant and told him to "resolve all [illegible]

[illegible] that. Isn't that what we all do? Round up to the nearest $100 and over-obligate everything?

So when *Money* magazine concludes the Clintons may owe $99,858 in back taxes, I believe it must be controlled by those powerful vested interests the Clintons say will always fear "change agents."

I believe Hillary's healthcare task force shouldn't be faulted for holding secret meetings. Why worry? The woman's a saint.

I believe she was practicing the "politics of meaning" when she failed to put her investments in a blind trust until six months after she took office as co-president. I believe she never shorted pharmaceutical stocks while calling the pill companies thieves. I believe the president didn't know Gennifer Flowers. When former Arkansas state employee Pau[illegible] she was [illegible] harassed by then-governor Clinton, I believe she's lying. Same with those state troopers who said they used to round up dates for him. I believe the president never inhaled and had a deep-seated moral objection to the war in Vietnam.

Why can't *everyone* believe this stuff? It's incredible.

WASHINGTON

RTC releases more Madison documents

The Resolution Trust Corp. Monday released more than 8,000 pages of documents from Madison Guaranty Savings & Loan, at the center of the Whitewater controversy, detailing its collapse under the weight of risky investments, bad loans and a lack of cash reserves.

The papers, released under Freedom of Information Act requests by news organizations, do not focus on President or Hillary Rodham Clinton or the Whitewater Development Corp. But the papers do offer a glimpse into Madison's failing fiscal health, much of which occurred under James McDougal, a Whitewater partner of the Clintons. Asked for comment, McDougal described the RTC, the S&L cleanup agency, as "an arm of the Republican National Committee." McDougal, acquitted of bank fraud in 1990, is running for Congress in Arkansas. Special counsel Robert Fiske is probing the failure of Madison, trying to learn whether depositor funds were improperly diverted to Whitewater or to Clinton's 1984 gubernatorial campaign fund.

Meanwhile, *The Wall Street Journal* reported Fiske is expected to release a report this month supporting the conclusion by U.S. Park Police that former White House deputy counsel Vincent Foster killed himself. Foster, who died July 20, had handled the Clintons' financial affairs and was working on Whitewater-related matters. Some Whitewater documents were removed by White House officials on the night of his death and were given to the Clintons' personal attorney, David Kendall, who gave them to Fiske.

ETHICS QUESTION: The Congressional Accountability Project, one of Ralph Nader's consumer advocacy organizations, filed a complaint with the Senate ethics committee against Sen. Phil Gramm, R-Texas. The complaint accuses Gramm of misusing taxpayer money for campaign travel and for free mailing. Gramm said it was "grossly dishonest" for Nader to resurrect old charges previously dismissed by the ethics committee. He accused Nader of working with the administration "to intimidate and silence the Republican opposition."

USA TODAY

GRAMM: 'Intimidation' factor

NORTH KOREA NUKES: North Korea's doubling of its capacity to produce plutonium disturbs the Clinton administration but there is no evidence over the last three years the enhanced technology has been put to weapons use. Such a step would end any chance of establishing a serious diplomatic exchange with the United States, the State Department said. North Korea rebuffed international inspectors and said it planned to "normalize" its nuclear activities.

FAME! One hundred former members of Congress have been nominated to be among the first 10 inducted into the new Hall of Fame for Congress, the newspaper *Roll Call* reported. The hall will open in late May or June.

Also: Continuing a humorous Democratic tradition, 10 senior senators now have telephone booths named for them in the Democratic cloakroom: Robert Byrd of West Virginia, Claiborne Pell of Rhode Island, Edward Kennedy of Massachusetts, Daniel Inouye of Hawaii, Ernest Hollings of South Carolina, Sam Nunn of Georgia, J. Bennett Johnston of Louisiana, Joe Biden of Delaware, John Glenn of Ohio, and Wendell Ford of Kentucky.

ELSEWHERE IN THE WORLD

Muslim city of Gorazde again under Serb attack

By Darko Bandic, AP

ROSE: U.N. commander to visit site

The Muslim city of Gorazde, site of some of the war's fiercest fighting and the United Nations' greatest frustrations in Bosnia-Herzegovina, was attacked again Monday. With only four military observers in Gorazde, the United Nations has appeared helpless as Bosnian Serbs shell the city of 65,000 people. British Lt. Gen. Michael Rose, the U.N. commander in Bosnia, plans to visit Gorazde on Wednesday. In Washington, meanwhile, President Clinton denied that Bosnian Serbs had a "green light" from the United States to overrun Gorazde. Officials said Washington is mulling a possible NATO air strike if the siege intensifies.

VIETNAM CONFLICT: Three U.S. citizens seeking evidence of U.S. servicemen held after the Vietnam War have been denied access to what they claim is a prison. Vietnamese officials said they must leave the country. Billy Hendon, a former Republican congressman from Asheville, N.C., said he and two colleagues were blocked from visiting what he said are prisons where hundreds of U.S. servicemen may have been held.

ISRAELI PULLOUT: Monday was moving day for the Israeli army at their Gaza Strip headquarters. Soldiers took farewell photographs and loaded cabinets, desks and a still-cold refrigerator onto a trailer in the courtyard. But even as they packed things up, soldiers had to dodge stones hurled at them by young Palestinians. Israeli troops are to leave Gaza and the West Bank town of Jericho April 13 under the PLO-Israel peace accord. In Cairo, Egypt, the Palestine Liberation Organization and Israel agreed to station about 9,000 Palestinian police in Gaza and Jericho.

AIR CRASH: A Dutch KLM airliner carrying 24 people crashed just outside Amsterdam's Schiphol airport, killing three and severely injuring 21. Flight KL433 from Amsterdam to Cardiff, Wales, had engine problems about 30 minutes after takeoff, officials said. It turned back but overshot the runway and crashed in a field.

HOSTAGE RELEASED: American Red Cross worker Alfred Petters was released unharmed by Somalian gunmen who had abducted him Thursday after killing his security guard. Suzanne Hofstetter, the head of the International Committee of the Red Cross in Somalia, said no ransom was paid. Meanwhile, in Cambodia, local police were sent to obtain the release of a U.S. relief worker being held since Thursday by Khmer Rouge guerrillas. She's Melissa Himes, 24, of Winston-Salem, N.C.

NORTHERN IRELAND: Sinn Fein, the Irish Republican Army's political arm, demanded that Britain end an impasse by clarifying its latest peace initiative for Northern Ireland. The initiative offered Sinn Fein a place in negotiations on Northern Ireland's future only if the IRA permanently ends violence. "The declaration ... merely says it is a first step," Sinn Fein [illegible] Gerry Adams said, "so it is [illegible] fourth step." Today, the IRA begins a three-day cease-fire, its longest truce in 19 years.

Jim Hoagland

The Nixon Parallel

Did America, thinking it was electing John F. Clinton, get Richard M. Clinton instead?

Horrid question, be thee Nixonian or Clintonesque. But it rises in Loch Ness style from the Madison-Whitewater-"Red" Bone swamp, a murky and expanding territory located at the confluence of money and power as they flowed through the state of Arkansas a decade and more ago.

The latest Washington buzzword in the unrelenting spilling out of the Clinton family saga—which connects Balzac to "Days of Our Lives" via Robert Penn Warren—is "legitimacy." The unlikely Nixon-Clinton comparison is spun around this word by some of the capital's political cognoscenti.

The most cogent version goes like this: Just as a large segment of liberal political opinion never could accept Nixon as a "legitimate" president, neither can a large segment of conservative political opinion today accept Clinton's legitimacy in the Oval Office—no matter what he does.

In two administrations separated by a political generation, four other presidents and a Cold War, opponents do not simply disagree with or dislike the politics of the commander in chief. They believe his past behavior has disqualified him from the office he has somehow gained. He is not simply to be opposed, but to be brought down, or at least bloodied and nullified.

Nixon's slash-and-burn politics, Red-baiting and smarmy sanctimony earned him the undying enmity of otherwise tolerant liberals long before he turned the crime of Watergate into a fatal political blunder. For Clinton, draft ducking, toking on a marijuana cigarette and a family life that he acknowledges has not been perfect create the same effect: He is unable to establish moral authority with opponents who might otherwise be open to his centrist style and policies.

The comparison, built on reactions coming from others, would be unacceptable to both men. Admitedly, it provides only a tenuous connection between two individuals and two administrations that differ far more than they resemble each other. The steady dripping of Whitewater into a media-generated controversy shows that the Clinton White House lacks a Cerberus standing guard a la Haldeman and Ehrlichman.

But the continuing fallout from The Bold and the Beautiful Back Home in Arkansas carries traces of the Nixon era. Clinton seems thus far unable to rise above this debilitating controversy. He is mired in a running battle with his critics and the media on their level, turning corner after corner only to find new machine-gun nests going up on the next street. The Clintons remain at the center of the controversy.

It was not in Nixon's nature to move into the shadows if a fight was at hand. The Clintons also seem to be uncomfortable if they are not at the center running things, even when it means being in the line of fire.

They do not deflect—one of the favorite maneuvers of John F. Kennedy, Clinton's apparent political model. Kennedy the politician was like the morning dew, liquid and unseizable. Nixon and Clinton, as different as they are as individuals, are both political whirlpools, drawing all in toward their personal vortexes.

Like their opponents—and their supporters—they see political combat in extremely personal terms, enraged that their families as well as themselves draw fire. And like Nixon, Clinton sees—correctly—that a certain part of the electorate will treat every act by him as illegitimate. Many conservatives do not believe he deserves morally to be president. No matter if Whitewater goes away. They will not.

The Nixon presidency, with its enemies list, demonstrated the dangers of exaggerating how large a slice of the opposition such people represent. Disaster lurks in believing that all opposition or criticism springs from personal animosity and that only a conspiratorial unquestioning few can be trusted. Down that road lies the poisonous atmosphere of a royal court and the self-defeating obsession of news managing and leak-plugging at all costs.

The disclosures about Hillary Clinton's money-making flair in playing the cattle futures market with the help of broker Robert L. [illegible] fuel to the bonfire of moral va[illegible] critics are building. How dare [illegible] lecture us about greed? ask [illegible] friends.

Here a Nixon analogy may [illegible] Clintons, now that they have [illegible] disgorge information both on [illegible] and on "Red" Bone gains that the [illegible] 1992 campaign.

If the Clintons (or their oppon[illegible] of irony, this modest proposal [illegible] Instead of running away from [illegible] that is proof of Hillary Clinton's [illegible] the president and the First L[illegible] it—treat it like Nixon's going to [illegible] his opponents' agenda. He disarm[illegible] his own supporters who have be[illegible] ons of good relations with th[illegible] Beijing. In like manner, perhap[illegible] may now see playing cattle futur[illegible] self-fulfillment.

The key question is this: Woul[illegible] for Bill Clinton in 1992 change t[illegible] the basis of the Madison-Whitev[illegible] disclosures? My guess is most wo[illegible] improving state of the economy. [illegible] his opponents, Clinton's still the [illegible] has more than enough time to ke[illegible] from ending in a political train wr[illegible]

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THE WASHINGTON POST TUESDAY, APRIL 5, 1994

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

GET THE FACTS, MR. FISKE

Whitewater has deeply wounded the Clinton administration. The diversions of time, energy and effort to an episode that dates back to Bill Clinton's governorship must not be allowed to hamper the workings of our government. But how could it not in the ongoing feeding frenzy of the press? In this atmosphere of suspicion anyone caught in the Whitewater web is tagged with a conflict of interest at best and an association with criminality at worst. The presumption of innocence has now shifted to the presumption of guilt. This is unfair and maddening because we do not have the facts to determine whether anything illegal or even improper took place. Under these circumstances, it is incumbent on special prosecutor Robert Fiske to accelerate his review and release what facts he knows – in stages if necessary.

Given the media frenzy, the special prosecutor must get Whitewater facts out quickly – in stages if necessary.

One fact is the political ineptitude of White House staffers. Their modified stonewalling raised the one question that turned Whitewater into a national drama: If the Clintons aren't hiding anything, why do they act as if they have something to hide? These folks brought to this episode all of the crisis management skills of Marie Antoinette. "Whitewater is not about cover-ups," said White House Counselor David Gergen. "It's about screw-ups." The staff was not helped by the self-destructive reluctance of the Clintons to face the problem squarely – and early. Now words like *grand jury, subpoena, stonewalling* and *shredding* have re-entered the public dialogue, triggering suspicion in the public mind because of their association with past presidential scandals.

Meanwhile, the press is on a rampage. Press pressure causes the Clinton staff to react even more defensively, so that what may be no more than bumbling seems to suggest cover-up. The natural instinct to find out what is going on in the Whitewater investigation in other parts of the executive branch gets twisted into suspicions of obstruction of justice. Too often the press ignores careful scrutiny and analysis of the facts and goes for charges and allegations by one side and countercharges by the other. The public thinks something must be wrong – but it doesn't know what.

Republican Congressman Jim Leach perfectly illustrates the failure of press scrutiny. One day he announces he is going to make a "blockbuster" statement in Congress. His assertion: "The family of the former governor of Arkansas received value from Whitewater well in excess of resources invested." In other words, the Clintons took more money out of Whitewater than they put in and lied when they said they lost money. But Leach's facts did not hold up. He accepted as a fact from James McDougal, their Whitewater partner, that the Clintons only invested $13,500. McDougal now acknowledges he substantially underestimated the Clinton investment, which came to nearly $47,000.

On the benefit side, Leach said the Clintons received $20,000 from the sale of a model home, but he failed to understand a transaction where the real gain was no more than $2,000. Overreaching again, he added to the Clinton benefits the sum of $26,000 in legal fees paid to Mrs. Clinton's law firm, as if legal hours billed in client work do not represent legitimate income. Leach, whose credibility today rests on his white hair and his sweater, was barely challenged on "Meet the Press," so his unsubstantiated charges "leached" into the public dialogue.

His other charges do not hold up much better. His assertions of White House pressure on the investigation were based on the word of one bureaucrat whose claims were flatly denied verbally and in writing by the other official involved – a story that the *Washington Post* buried on Page 9. No wonder many in the media think that much of the coverage has lost its sense of proportion. The press seems to be behaving like a baby – a huge appetite at one end and no sense of responsibility at the other.

The country needs to enact critical domestic legislation on such issues as welfare, crime and health care; meantime, we face the usual array of foreign problems. We cannot afford a failed presidency, especially if it is falsely damaged by innuendo, speculation and hyperinflated interpretation of events a decade or more ago. Special prosecutor Fiske has a special responsibility to bring forth the facts as quickly as he can. ■

BC-GRADY-COLUMN op-ed editors:PD

What can the media learn from Whitewater coverage? Just say no

By Sandy Grady

Knight-Ridder Newspapers

WASHINGTON At his prime-time news conference Bill Clinton was asked by a reporter, ``Mr. President, what have you learned from Whitewater?''

If Clinton had been in a snarling, confrontational mood Richard Nixon style he might have peered at the floodlit East Room assembly of reporters, and turned the question on its head:

``Well, ladies and gentleman of the media, I could ask what you have learned from Whitewater?''

Clinton withheld the jab. But the question still nags:

Why the hype and hysteria on this Story Without a Scandal?

Whitewater may turn into the greatest embarrassment to the American press since the Chicago Trib's famous 1948 headline, ``DEWEY DEFEATS TRUMAN.''

When Whitewater's feeding frenzy was at its fiercest, pundits hedged their bets the Clinton presidency would be badly damaged if there was wrongdoing, the Republicans hurt if their charges fizzled.

Nobody foresaw a third outcome: the press taking a big hit.

Readers and viewers are souring on the media for ballyhooing the Whitewater affair out of proportion. An ABC-Washington Post poll shows 71 percent think the press ``is paying too much attention'' to Whitewater. Most people think ``it isn't important.''

I think they're right to wonder why an Arkansas land deal 15 years ago has been distorted into the kind of flaming media orgy given serial murders.

After all, 80 percent of the Whitewater story was reported by Jeff Gerth in the New York Times in March 1992. No one much cared. Despite 1994's blitz of headlines, no earthshaking facts have been added.

Yet Whitewater has turned into a hellbent fox hunt in which the hounds often tumble into a ditch. In its pursuit of villainy, the press has at times fudged the truth. Or been flat wrong.

Newsweek reported Hillary Clinton put no money into her 1970s commodity-trading bonanza. When it was established she invested $1,000, bureau chief Evan Thomas admitted the mistake but ducked an apology.

``We don't know everything yet,'' he said. (Huh?)

Newsweek did admit it misquoted a lawyer for the Clintons as saying Hillary had had a ``sweetheart deal.''

Then there was Time's doomsday cover (``Deep Water'') with a black-and-white photo showing a grim George Stephanopoulos and a brooding Clinton clutching his forehead. By the photo's stark mood, the Prez & Co. might have been discussing impeachment or prison.

The magazine, quick to razz TV networks for doctoring evidence, had run an official White House photo taken during a routine November meeting. Press aide Dee Dee Myers was cropped from the photo probably didn't look miserable enough.

Time's hard-breathing story said Stephanopoulos' angry phone calls about S&L investigative lawyer Jay Stephens bring up ``the dreaded words `obstruction of justice.''' Even Republicans shrugged off the calls as normal. Whitewater chief investigator Robert Fiske blasted Time's boast that it had used sources inside his probe.

Clinton backers bought a $41,000 New York Times ad (``We Interrupt This Newspaper to Give You the Facts'') to point out mistaken press ``factoids.''

Among them: That the Clintons went into business with James McDougal when he operated a savings and loan, that Hillary Clinton appeared before state regulators to help the S&L when her husband was governor, that Clinton protected McDougal from state regulators and that the Whiteweater deal was financed by an S&L.

But never mind ``factoids'' in the mob chase. Here are my guesswork theories on why media coverage of Whitewater ran amok:

After 12 years of pursuing Ed Meese, John Tower, Ollie North, Robert Bork

and other Republican figures, the press jumped hard on the first hint of misdeeds by a Democratic president. You know, ``fairness.''

Editors squeamish about playing reports of Clinton's sexual hijinks compensated by turning artillery on a old financial ``scandal.'' Reporting on money is more acceptable than sex.

Washington's permanent Scandal Machine starts frothing with the blind impulse of Pavlov's dogs. The ``out'' party joins the muckraking machinery. So we get gridlock by scandal.

The Clintons' early stonewalling whetted instincts of reporters, whose mistrust of Clinton dates goes to the '92 campaign. Clinton's candor on TV and release of tons of documents took some zing from the chase.

Face it, health care and welfare reform are b-o-r-i-n-g. If Whitewater could be churned into another Watergate (it isn't by a mile), any reporter could hit the jackpot as Bob Woodward Junior.

The competitive media wars Time vs. Newsweek, network vs. network, New York's battling tabloids pump inconsequential Whitewater bits into Armageddon. Throw in Rush Limbaugh's blather about Vince Foster's ``murder'' and you've got hysteria.

Too bad Clinton didn't ask what the press has learned from its wild Whitewater ride. The answer?

Not much.

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(Sandy Grady is Washington columnist for the Philadelphia Daily News.)

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'Not a Yuppie'

A look at the Clintons' income through the years

By Kevin McCoy and John Riley
STAFF WRITERS

To hear her friends and supporters tell it, Hillary Rodham Clinton was always selfless.

She spent quality time caring for her young daughter. She devoted countless hours to children's causes, hospitals and the environment, even while pursuing a successful career as a lawyer.

But financial documents, public records and interviews show Clinton was at least equally concerned with making money.

She traded cattle futures with advice from a lawyer for Tyson Foods, the Arkansas-based poultry giant. She was a drawing card for clients at Little Rock's Rose Law Firm who sought influence with her husband, the governor. And she collected fees as a board member of two of Arkansas' most powerful corporations.

In President Bill Clinton's eyes, there's never been any question about Hillary's priorities. At his nationally televised news conference 10 days ago, he denounced any notion that the first lady was another greedy yuppie during the 1980s.

"Everybody who knew her knew that every year she was giving up a whole lot of income to do public business — to advance the cause of children and to advance the cause of the state," Clinton said. "I think in the end . . . her moral authority will be stronger than it has ever been."

Last week, however, the release of trading records revealed that in the late 1970s, Hillary Clinton parlayed $1,000 into nearly $100,000 in 10 months of aggressive maneuvering in speculative commodity futures ranging from cattle to soybeans. And that White House disclosure fueled the debate the president had tried to put to rest.

Like Whitewater, the Ozarks real-estate venture with savings and loan wheeler-dealer James McDougal that has brought the Clintons political headaches, the cattle futures controversy over advice Hillary Clinton received from Tyson Foods lawyer James Blair aroused suspicion that the Clintons might have benefited economically through favors bestowed by a business seeking special treatment with the state.

The Clintons' economic success was achieved primarily through her efforts, and Hillary Clinton's earnings made her the family's primary breadwinner. But friends say that — commodities trades notwithstanding — Hillary Clinton was never a yuppie.

"Yuppies in the 1980s were the people that fled public schools, made lots of money, moved to the suburbs, thought social causes were taking a basket to the needy at Thanksgiving and used the pronoun 'I' instead of 'we,' " says Skip Rutherford, a Little Rock public relations executive and Clinton intimate. "And I don't think Hillary Clinton fit any of that."

But Roy Drew, a Little Rock investment counselor, saw another side. Drew managed an investment account at E.F. Hutton in 1983 and 1984 for Hillary Clinton and two other Rose Law Firm partners — Webster Hubbell, who went on to become the Justice Department's third-ranking official under Clinton only to resign; and Vincent Foster, the deputy White House counsel who committed suicide last year.

Drew recalls that Hillary Clinton was the "point person" for the group, known as Mid-Life Investors, calling him three or four times a week to ask how the stocks were doing, and on at least one occasion telling him to buy a stock in a company Drew knew nothing about.

"She was very unsophisticated but highly interested," Drew recalls. "She was clearly somebody who wanted to make a buck."

In 1977, the year Bill Clinton entered public life as Arkansas' attorney general, the couple had a total income of $42,626, with $518 from investments. By 1992, the year before Clinton entered the White House, their income had mushroomed to $297,127, and they reported holdings on disclosure forms in a range of $533,000 to $1.5 million. During the 1992 campaign, Clinton aides pegged the couple's net worth at more than $700,000.

Savvy investing by Hillary Clinton certainly played a part. The commodities trades — starting in 1978 when the Clintons had $59,000 in other income and had just taken responsibility with McDougal for $200,000 in Whitewater loans that would cost them $10,000 in interest payments that year — were her most spectacular success.

The records released last week, according to experts who have reviewed them, depict an aggressive trader with a strong stomach and extraordinary good luck — or one who benefited from favorable treatment at a brokerage house run by a former Tyson official who was later accused of allocating a greater number of profit-making trades to important customers. She made $5,300 on her first day of trading, and later successes were enough to buffer her against losses that eventually reached $26,000 on a single day and that could have rapidly wiped out the Clintons' meager resources earlier. "She could have been sacked for everything she owned," said Al Grody, a former Cargers & Lybrand partner who runs Financial Intergroup, a consulting firm specializing in futures.

Experts also said Clinton's account was underfunded and unusually thin for the volumes she was trading at the time, and under today's standards, most brokerages would not take her account.

"It wasn't an everyday thing for a broker to carry a customer like this, but it wasn't completely out of the ordinary either," said Chicago lawyer John Troelstrup, a former regional counsel for the federal Commodity Futures Trading Commission.

While the commodity trades were Clinton's most successful investment, they weren't her only big score. In 1985, for example, she invested $2,000 for a small interest in Arkansas Cellular Communications — a company put together by Bill Clinton political adviser David Watkins, now a White House staffer — to compete for the cellular telephone franchise in Little Rock. In 1988, her interest was worth $48,000 after the company bought out a rival bidder with the help of a $60,000 loan Hillary Clinton guaranteed, and was in turn bought out by national cellular giant McCaw Communications, according to published reports.

And by the start of the 1992 presidential campaign, the Clintons' financial disclosure statements and tax returns indicate they had built their wealth through a wide array of investments — from common stocks and mutual funds to municipal bonds and limited partnerships in energy exploration firms.

Throughout the '80s, the key to the couple' rising economic status was Hillary Clinton's growing prominence and earning power at the Rose Law Firm. While Bill Clinton's salary as governor topped out at $35,000, Hillary's law practice income steadily grew — from $24,000 in 1978, to $69,000 in 1985, to $109,000 in 1991, to $203,000 when she left the firm and withdrew her capital contribution in 1992.

Firm partners have confirmed that — as Clinton said in his news conference — Hillary Clinton did not share in the law firm's profits from representing the state or its agencies while her husband was governor. But she did receive a share of the firm's retainers for nomic players such as Tyson, the brokerage conglomerate Stephens Inc., Worthen Bank and others — with business before the state.

And she did at times actively represent clients with issues before the state, as was the case when she received a $2,000-a-month retainer from McDougal for 15 months while he was seeking permission from the state's securities commissioner to recapitalize his thrift, Madison Guaranty Savings & Loan.

In addition to practicing law, Clinton invested considerable energies serving on the boards of a wide range of organizations — some philanthropic in nature, others profit-making companies that in some years, according to tax returns and other public documents, produced more than $60,000 in annual director's fees for her and in some cases paid thousands more in legal fees to the Rose firm.

For example, the Rose Law Firm was paid more than $100,000 by the Center for Education and the Economy — a Rochester-based nonprofit organization on whose board she served — under a 1991 contract for her services in promoting the center's agenda.

Inside Arkansas, Hillary Clinton's philanthropic work included a 5-year stint on the board of the Arkansas Children's Hospital and a key role prior to her board membership in helping to establish a neo-natal clinic that now serves as a southeastern regional facility. She also had a founding role at Southern Development Bancorp, which has sought to make community development capital available to catalyze growth in distressed rural areas.

Clinton served as a director without fees from 1986 until 1992, according to Southern Development president George Surgeon. The Rose Law Firm was hired as the company's primary outside law firm and since 1985 has received an aggregate of $120,000 in fees from the corporate parent and another $130,000 from subsidiaries and affiliates on whose boards Clinton did not serve, but Surgeon said Clinton played no role in the selection and has only occasionally done legal work herself.

Outside Arkansas, Clinton received national attention for her work with a variety of organizations including the Children's Defense Fund, a national organization devoted to the rights of the young where she served without compensation as a director beginning in 1978 and as chairwoman of the board from 1986 to 1992.

She was also a director of Manhattan's Children's Television Workshop, where she received $8,400 in fees from 1989 through 1992, and of Public/Private Ventures, a Philadelphia-based nonprofit organization that develops programs to help at-risk children. She received $1,800 in annual fees from the organization between 1990 and 1992.

Like others from the nonprofit sector who worked with Clinton, Mike Bailin of Public/Private Ventures says money was the last thing on her mind.

Simultaneously, however, Clinton served on the boards of three companies whose main business was making money — and whose actions did not always mesh neatly with her progressive politics.

Clinton took her first corporate directorship in 1986, when Sam Walton, founder of the Arkansas-based Wal-Mart Stores Inc. discount retailing empire, named her to his company's board. She and other directors were paid $15,000 annually, plus expenses and $1,500 for each board meeting, Wal-Mart proxy statements show. In addition, she amassed Wal-Mart stock that was valued at between $100,000 and $250,000 in a 1993 federal financial disclosure statement filed by President Clinton.

During her tenure on the Wal-Mart board, the Food and Allied Service Trades of the AFL-CIO forced the company to allow a stockholder vote on establishing a committee to guard against imported Chinese goods produced by forced labor. Wal-Mart opposed the vote, insisting the company already had a policy against the practice.

Jeffrey Fiedler, secretary-treasurer of the labor group, said Clinton and other Wal-Mart board members had no direct involvement with the issue. Fiedler noted, however, that the Clinton family did not vote on the proposal, which was defeated.

Company officials said Clinton sensitized Wal-Mart to environmental concerns.

Clinton also served on the board of directors of a Virginia-based company with a mixed environmental record. Public records show she earned between $29,000 and $31,000 annually between 1990 and 1992 as a director of Lafarge Corp., one of the nation's largest cement manufacturers.

Environmental Protection Agency records show Lafarge was among several firms found responsible in 1992 for illegal waste dumping at locations in Florida and Indiana.

Another Arkansas-based company that counted Clinton among its directors also faced public controversy during her tenure. In 1989, she joined the board of TCBY Enterprises Inc., a yogurt manufacturer and franchiser whose proxy statements show she was paid $1,000 for each board meeting. Stacy Duckett, chief spokeswoman for TCBY, said the company also retained the Rose Law Firm for securities work.

Duckett said she could not provide an estimate of the law firm's compensation. But a source familiar with the legal work estimated TCBY paid the Rose Law Firm more than $700,000 between 1989 and 1992, when Clinton resigned from the board. The company continues to use the firm, Duckett said.

Among the TCBY legal matters handled by the Rose firm during Clinton's board tenure was a January, 1990, federal lawsuit in which the company was accused of issuing false statements and failing to disclose adverse financial information in a bid to inflate the value of company stock.

In the suit, which did not name Clinton or other directors, a stockholder charged that TCBY falsely stated it was growing rapidly when, the suit charged, firm officials knew sales were decreasing.

Court records show that then-Rose partner Vincent Foster, the deputy White House counsel who committed suicide last year, was TCBY's lead defense lawyer. The company settled the stockholder case in 1992 without acknowledging any wrongdoing. The agreement, however, required TCBY and its insurers to

Poll: Mixed Results For First Lady

REUTER

Thirty-seven percent of Americans believe first lady Hillary Rodham Clinton was lucky and invested wisely in the commodities market in the late 1970s, but 32 percent believe she took advantage of unethical deals, according to a Newsweek poll released yesterday.

The poll, published in the issue that appears on newsstands tomorrow, also said an additional 31 percent did not know or had not followed the issue closely enough to comment.

Last week, the White House released documents detailing how Hillary Clinton turned an initial $1,000 commodities market investment into nearly $100,000 in 1978-79.

The commodities trades appear to have had no connection with the Whitewater land deal the Clintons also launched in 1978, the year Bill Clinton was elected Arkansas governor. That deal has come under scrutiny as part of a federal probe into a failed savings and loan institution.

Fifty-one percent of those polled thought that on balance, Hillary Clinton has helped her husband's presidency, with more women than men seeing her as an asset — 55 percent to 47 percent.

But the poll also found that 46 percent believed her public role in making and promoting administration policies was larger than it should be. Eleven percent said it was too small and 31 percent said it was about right for the wife of a president.

President Bill Clinton has assigned his wife responsibility for his most far-reaching domestic program — the reform of the ently U.S. health-care system.

Asked to assess media attention of the Whitewater case, 37 percent said the media was giving too much attention to it, 28 percent said there was the right amount of coverage and 9 percent said there was too little.

The poll — conducted by Princeton Survey Research Associates — interviewed 753 adults by telephone on March 31 April 1 and has a margin of error of plus or minus 4 percentage points.

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Hillary's NY Client

Nonprofit group paid Rose firm $101,630

By Lou Dolinar
STAFF WRITER

A nonprofit education foundation, partly funded by New York State and supported by political backers of then-Gov. Bill Clinton of Arkansas, was one of first lady Hillary Rodham Clinton's principal law clients in 1991, according to IRS filings and New York State Education Department reports.

The group, the Rochester-based National Center on Education and the Economy, paid $101,630 for the first lady to work half time over eight months for a study group, the Commission on the Skills of the American Workforce, said Marc Tucker, the head of the center, which also has offices in Washington, D.C. The money was paid to the Rose Law Firm of Little Rock, Ark., where Hillary Clinton worked.

That sum roughly equaled Hillary Clinton's 1991 income at Rose. At least $63,000 of the retainer was covered by a long-standing annual New York State grant to the center, state audits indicated.

The transaction -- which comes on the heels of Whitewater and of revelations of commodities trading by Hillary Clinton -- is yet another instance of the first lady's business affairs becoming entangled with her husband's political career. It also shows how billing practices of a law firm can conceal politically sensitive relationships.

The timing of the payments coincided closely with the Clintons' efforts to increase their national exposure for Bill Clinton's run for the White House.

At a time when Bill Clinton was seeking support for his candidacy, Hillary Clinton was meeting with educators, governors and state legislators to promote the center's agenda, according to Tucker and other written reports.

At the time, the center was headed by the man who would become the administration's most visible supporter in the private sector, John Sculley, of Apple Computer. Ira Magaziner, author of the administration's health-care proposal, was also on the center's board and loaned full-time staff to the commission, Tucker said.

Gov. Mario Cuomo was honorary chairman and had helped establish the center with millions more in state funding and appropriated by the State Legislature that gave Tucker broad latitude for spending money. Neither Cuomo, Magaziner, nor Sculley was willing to be interviewed.

Tucker confirmed the payment to the firm and defended the hiring of Hillary Clinton to promote the group's education agenda. "If I had to hire someone in Washington to do what Hillary did, it would have cost me a lot more than that," Tucker said. "What she did was utterly invaluable." Tucker and NCEE are nationally respected for their involvement in worker training and curriculum.

Tucker denied that Sculley, the chairman of NCEE and a member of its finance committee, was responsible for hiring Hillary Clinton. He also said that Magaziner's role was restricted solely to persuading her to work for the group.

Although Tucker said he negotiated the fee, he said he did not know how much of the money the first lady actually received. White House counsel Lloyd Cutler, responding to questions placed with the first lady's press secretary, said the center "was treated like any other client she might have had."

It is customary, Cutler said, for a client to contract with a law firm for the services of one of the law firm's partners. "The fee goes to the firm," he said, "and she had a percentage share of the net profits of the firm."

Public disclosure of the retainer came a week after the president in a news conference depicted his wife as having made sacrifices because of her work with groups like NCEE. She gave up "a lot of income," he said, because she dedicated "an enormous percentage of her time to public service work, helping children and helping education and doing a lot of other things . . ."

The most unusual part of the payment, based on the filings, is that it appears Hillary Clinton was hired to run a commission that was supposed to have gone out of business by mid-1990, long before she got involved. The White House disputed that charge.

On Friday, Tucker explained this discrepancy by saying it had been his intention all along to launch an "implementation" phase of the commission after the actual report was done, and implementing the report's recommendations was Hillary Clinton's job.

But a review of several hundred pages of records filed with the state and the IRS suggests there was actually a change of plans:

One report, covering July-September 1989, notes the creation of the "Commission on Skills of the American Workforce" with a targeted completion date of May, 1990; there is no mention of any "implementation" phase. Rather, another report, covering April, 1990, says "The final meeting of the Commission on the Skills of the American Workforce took place on April 18 at the Chase

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Unlikely pair lead Whitewater charge

D'Amato, Cohen a GOP 'Odd Couple'

By Jill Zuckman
GLOBE STAFF

WASHINGTON – They are the Oscar Madison and Felix Unger of the Whitewater affair. In the Senate, all eyes are on two Republicans who couldn't be more different than the Odd Couple.

Sen. Alfonse M. D'Amato, 56, is the scrappy pit bull with a New Yorker's nasal twang. His nickname is "Senator Pothole," for his aggressive pursuit of pork-barrel dollars. Over the years, his reputation has been shadowed by repeated allegations of political corruption.

"My role is not to play the role of the saint," D'Amato said in an interview.

By contrast, Sen. William S. Cohen, 53, of Maine, is the proper New England intellectual with a penchant for poetry and fiction writing. He is also a veteran of the Watergate hearings as a House member, and of the Iran-Contra investigation years later in the Senate.

Together, Cohen and D'Amato packed a powerful punch recently as they stood side by side, calling for hearings into the Whitewater affair, a 1980s Arkansas real estate deal that has mired the White House in controversy. Eventually their Senate colleagues concurred, voting 98-0 in favor of hearings.

At first, though, D'Amato had stood alone. Day after day, week after week, on the Senate floor with his right arm in a sling, he hammered away at President Clinton's investment in the land deal and its possible link to a failed savings and loan.

D'Amato called for an extension of the statute of limitations for the government to bring civil actions for fraud and gross negligence against officers of failed thrifts. He got what he wanted. And D'Amato called for a special counsel to investigate his allegations. He got that, too.

But in return, he met with Democratic attacks and derision over his new posture as a righteous crusader, considering that his own past problems include formal rebuke by a Senate commitee.

A few Republicans whispered that it was embarrassing for D'Amato to be out front on Whitewater. Some lawmakers hinted that D'Amato's vulnerability led Senate Minority Leader Bob Dole of Kansas to push Cohen to the fore.

But both D'Amato and Cohen say that's not exactly how it happened.

Cohen said he simply spoke up at a Republican luncheon to suggest how to proceed with hearings without trampling on the special counsel's job. Dole then told him, according to Cohen, "You've been through this before, and maybe you have some recommendations to give Al D'Amato."

Later that day, Cohen said, D'Amato called him and invited him to sit in on a meeting with Robert B. Fiske, the special counsel.

Cohen wants no part of D'Amato-bashing and says he has no wish to take credit for pushing the Whitewater issue forward.

The Maine senator, a veteran of two decades on Capitol Hill who has devoted considerable time to fiction writing – including three published mystery novels – takes a less conspiratorial view of the Whitewater scandal than does his New York counterpart.

Cohen, known for his independent approach to issues, said he believes the current White House contretemps does not even begin to rise to the level of a Watergate or an Iran-Contra scandal. And he is unusually well-positioned to make such an assessment.

During the Watergate hearings of 1974, Cohen was a freshman member of the House Judiciary Committee, doggedly pursuing the allegations against President Nixon. Thirteen years later, he served on the committee that investigated the Iran-Contra scandal, in which Reagan administration aides were accused of diverting arms-sales profits to anticommunist rebels in Nicaragua.

This time, his view is that the Clinton administration "shot itself in the foot" as it tried to handle the fallout from questions about the Whitewater land transaction.

Of his recent partnership with D'Amato, Cohen says that D'Amato frequently seeks out his counsel and that it is not so surprising he would do so on Whitewater.

D'Amato, for his part, denies that Cohen was forced on him by his Republican colleagues. He said that Fiske requested a meeting to dissuade him from pursuing hearings, and that he asked Dole if Cohen would also attend.

In addition to valuing Cohen's experience, D'Amato said he wanted him there to verify his account of the meeting in case people didn't believe him. He even called bringing in Cohen a stroke of "genius" on his part.

But being in the Whitewater hot seat has been something of a tough spot for the New York senator. "It was very uncomfortable at times," D'Amato said of his new exposure in the Whitewater case. "I said to myself, 'What am I doing out here?' "

D'Amato's past problems with ethics include being rebuked by the Senate Ethics Committee for allowing his brother to use his office on behalf of a defense contractor. The brother was convicted last year of mail fraud for accepting $32,500 from the contractor in exchange for agreeing to lobby the senator.

Previously, when D'Amato was a local party official on Long Island, he was said to be involved in a scheme to force public servants to give money to the Nassau County Republican Party. D'Amato told a federal grand jury he didn't know anything about it, but documents found later suggested he did.

Dole has also defended D'Amato as receiving a "bum rap." On the "Larry King Live" show, Dole said the Ethics Committee investigated D'Amato "from top to bottom" and let him off with a reproof, yet "there's still a feeling out there that somehow the guy is not OK."

Cohen called D'Amato's past troubles "a matter of public record," and said other senators have had problems, too. "Once we get into name-calling," Cohen said, "you've lowered the level of debate on this, and that does not bring credit to anyone."

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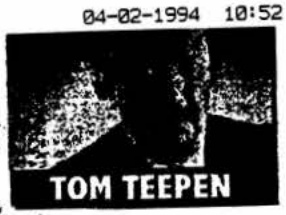

TOM TEEPEN

Barbs flung at Clintons miss mark

The folks who just can't get the Clintons out of their craw are hedging their Whitewater bet with a new line: Never mind if the fuss turns out to be much ado about little. Bill and Hillary have it coming to them anyway, just because of who they are.

Who they are, in this scenario, are leftovers of the self-righteous '60s, creatures of a cohort of moral know-it-alls who grooved around campuses opposing the Vietnam War, hogging it up in sleeping bags and simpering on and on about love and peace.

They forever ticked off their button-down peers, who knew the war was good, that sex should make you feel guilty and that love and peace were no way to make money.

What is worse, the Clintons didn't grow up. There's forgiveness for campus activists who later came to the sinners' bar to recant and promised to go forth and do no good.

Hillary Clinton, however, kept prattling on, with groups such as the Children's Defense Fund, about the nation's failure to meet the needs of its young. Bill Clinton stumped for, oh, education, racial justice and other squishy stuff and even seemed to mean it.

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The Clintons, however, have practiced no such excesses. Indeed, agree or not, their politics is essentially pragmatic. Universal medical coverage, for example, may be asserted as a positive value in its own right — and what is wrong with that? — but it is pushed for the better national productivity it promises.

We will be signing on to a dangerous principle if we take up with the notion that any interest in doing well precludes an interest in doing good. Is there no room in capitalism for the care of the commonweal?

Tom Teepen is national columnist for Cox Newspapers. He is based in Atlanta.

situations and software. My security is my knowledge," says the 29-year-old temp. "In this economy, people are moving from job to job much more swiftly. I feel on the cutting edge of things."

But there can be major drawbacks. Chris Lane, a 28-year-old temporary paralegal in the Boston area, says that his current assignment at Mediplex lets him "get in the door" as a paralegal. He earns $9 an hour, but has no health coverage and works two other jobs to make ends meet. "I definitely would prefer to have full-time position," he says.

But the temping of America continues apace. At blue chip Hewlett-Packard Co., a "flex force" of contingent workers now accounts for 8 percent of the company's 60,000 US work force.

Locally, at Millipore Corp.'s Waters chromotography divison in Milford, nearly 10 percent of the 1,000-member work force are temporary employees working as assemblers, lab chemists, software developers and support staff. "They're an integral part of us doing business," says Stephen Mellor, employment manager at the division. Such workers give the company a flexible pool of talent "without having to own it."

Proponents say temporary and contingent workers let employers respond quickly to market fluctations, temporary workloads, special projects and unexpected staff vacancies. To avoid hiring-and-firing cycles, employers say they are staffing for valleys, not peaks.

All this, however, leads to an ever-more Darwinian labor market. Highly-skilled and educated workers, such as software programmers or chief financial officers, may fare well. Those near the bottom of the job ladder, such as janitors, clerks or home health care workers, could end up lagging even more.

"What it spells is a larger and larger portion of the country being left behind. The underclass is growing," says David Chu, research director of the Service Employees International Union, which has criticized the trend.

But the contingent work force is here to stay, specialists say. Rather than fighting the trend, policymakers and employers should focus on ways to improve health coverage, pensions, training, and skills development for the legions of nomadic workers, says Belous of the National Planning Association.

"You're not going to be able to reverse the tide," Belous says. "Our challenge is to humanize contingent work."

New US workers: exib e, d sposab e

'Temping of America' rolls on

By Maria Shao
GLOBE STAFF

The newest members of the American work force are called everything from "disposable workers" to "just-in-time employees" to "flexforce workers."

But no matter what label you use, they have become part of a sometimes destabilizing, contentious change permeating the world of work.

For years, US corporations cut large numbers from their payrolls to reduce costs and improve efficiency. But even as the economy has strengthened, a growing number are turning to armies of temporaries, contractors and part-timers.

Some employees prefer the flexibility of so-called "contingent" work. However, many are being swept up by a "temping of America" that is turning upside down longstanding assumptions about jobs. Employers seem to be moving toward a two-tiered work force in which a core of essential full-time employees is supplemented by contingent workers. In the process, middle-class expectations of a job that carries pension, sick leave, vacation, health insurance and a prospect of upward mobility may be irreversibly slipping away, some specialists say.

Consider, for instance, that the largest private employer in the nation last year was Manpower Inc., the Milwaukee-based temporary help firm that dispatched 640,000 workers on short-term assignments. That surpassed even General Motors Corp., whose 330,000 fulltime US workers made it the largest manufacturing employer.

"This is the work-force equivalent of a one-night stand. There's no long-term commitment" from either the employee or the employer, says Richard S. Belous, chief economist of the National Planning Association, a research group in Washington. However, he notes, the trend also produces a big plus, providing workers, employers and society at large with tremendous flexibility.

Many in industry praise the concept of a flexible work force, saying that, in an era of cutthroat global competition, American companies need to be lean and must be able to adjust staffing to meet the ever-changing demands of their markets. "If they couldn't be flexible, they couldn't compete, and they would go out of business," says Herb Cogliano, vice president of Sullivan & Cogliano Cos., a temporary help business in Waltham. "It's the realities of the new world economy."

Meanwhile, the trend forces legions of workers to carve out a risky, uncertain existence. Often without health insurance or pensions, they are modern-day nomads, roving from assignment to assignment.

Some critics go further, saying that contingent work creates second-class workers, who earn less and lack the benefits, training and career advancement opportunities of permanent full-timers.

Sen. Howard M. Metzenbaum, an Ohio Democrat and a vocal critic, recently said in the Senate that employers who rely on contingent workers "are cutting the heart out of the American work force. This insidious trend is tearing at the social fabric of our nation."

Says Karen Nussbaum, director of the women's division at the US Labor Department: "We're really breaking those assumptions about the relationship between the worker and the enterprise. It puts an incredible strain on working people." Nussbaum, who follows the issue closely because so many contingent workers are women, says the shift toward contingent work may be as profound as the change society underwent when workers went from farms to factories.

Worried that the trend will undermine its goal of "high wage, high skill" jobs in the rebounding economy, the Clinton administration is conducting an interagency study on contingent work. Specifically, the Department of Labor is looking at whether federal regulations on pensions, unemployment insurance and other programs leave gaps in coverage for contingent workers.

Nowhere is the shift more visible than in the fast-growing $28 billion temporary help industry. The nation's temp agencies dispatched an average of 1.6 million workers a day last year, more than three times the 472,000 in 1983, according to the National Association of Temporary Services. Although temps – defined as those hired out through temporary employment agencies – still represented only 1.4 percent of the work force last year, that was up from 0.5 percent in 1983.

When other workers such as contractors and part-timers – whose ranks are being increased by people who would prefer full-time work – are included, the contingent work force swells to some 34 million, or even higher, according to some estimates. That would mean one out of four American workers does not have a traditional full-time job.

It should be noted that some people think such numbers are too high. They note the lack of consensus on what exactly constitutes a contingent worker. For example, some statistics indicate that as many as two-thirds of part-time workers are voluntary part-timers. Mothers and students have long been a significant portion of the part-time work force. And some skeptics question whether self-employed workers should be counted among the contingent work force.

Nonetheless, most agree that contingent workers span the wage and skills spectrum. They include secretaries, clerks, janitors, and increasingly, professionals such as computer graphics specialists, lab technicians, doctors and even chief executives.

Temp firms come in virtually every flavor, too. The Registry, based in Newton, has 15 US offices providing software engineers and computer programmers. Paladin Cos. Inc. of Chicago supplies advertising, marketing and communications professionals. Interim Services Inc. of Atlanta, a $1 billion-a-year giant just spun off from H&R Block, supplies rent-a-doctors as well as other professionals.

Certainly, there are plenty of people, such as working parents, who seek the freedom and flexibility of short-term jobs. Jan Cellana, a Marion resident, has been an independent human resources consultant to large companies such as Lotus, Reebok and Bank of Boston. She views contracting as a career – not a stopgap – because she wants time for her 2-year-old daughter.

"It becomes a quality of life issue. The company doesn't own me, and doesn't own my time. I work a basic eight or nine hour day. I cannot and will not work 12 hours a day," says Cellana, a single mother. "I'm not interested in career advancement. When you contract, you think about your career in a different way."

Temping also can serve as good experience between jobs or during career changes. Ken Cefalo, 36, of Winchester, sees his recent temp assignment as a lab technician at the Good Humor-Breyers ice cream plant in Framingham as a way to help him secure a permanent position in a microbiology lab. "This is an excellent avenue to get experience to put on your resume," says Cefalo, who earns about $9.50 an hour.

The National Association of Temporary Services, the industry's trade group in Alexandria, Va., says temp assignments can be a "bridge" to permanent work. The group says that 30 to 40 percent of temps find regular fulltime work through their temp assignments.

And some temps say the diversity of assignments helps them keep their skills up-to-date. After being laid off in 1990, Holly Goodrich of Somerville began temping as a computer graphics specialist, earning about $30,000 a year. "Through all those jobs, I have been able to accumulate vast knowledge of various

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Barbs flung at Clintons miss mark

The folks who just can't get the Clintons out of their craw are hedging their Whitewater bet with a new line: Never mind if the fuss turns out to be much ado about little. Bill and Hillary have it coming to them anyway, just because of who they are.

Who they are, in this scenario, are leftovers of the self-righteous '60s, creatures of a cohort of moral know-it-alls who grooved around campuses opposing the Vietnam War, hogging it up in sleeping bags and simpering on and on about love and peace.

They forever ticked off their button-down peers, who knew the war was good, that sex should make you feel guilty and that love and peace were no way to make money.

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The Washington Times SUNDAY, APRIL 3, 1994

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WILLIAM MURCHISON ✓

Blaming the GOP for Whitewatergate woes

This president lacks gravitas — seriousness, depth. He schmoozes brilliantly, oozes human sympathy.

To hear the White House tell it, greased and painted Republicans hold ghastly vigil outside 1600 Pennsylvania Ave., their lurid howls piercing the night. They stoke the pyre on which they hope to incinerate the president of the United States: himself, no other, except maybe, for good measure, his wife.

There isn't much in this, really. Few Americans are interested in seeing the Clintons incinerated on company time. It may sound fun, but a president who has lost his political and moral authority is no good to anyone, friend or foe. The world's most powerful nation requires a powerful president: one who can exercise authority at home and abroad. A crippled presidency is an ugly sight, as Watergate memorably taught us. Far the best time to get rid of a president is election time. Our next chance comes in '96.

Meanwhile, the disintegration of a national leader is no joyous spectacle. Everyone gets hurt a little bit, as witness what the Clintons' tribulations are contributing to the financial markets' present fit of the vapors.

This brings up the point: Why the widespread satisfaction — or at least happy acquiescence — as the Clintons bob along in Whitewatergate? What is it about them? He's the president. We elected him. He's got a job to do. Don't we cut him some slack?

We might, except that:

1. For all those Big Macs, the man is a featherweight, politically speaking. There — I said it, and I'm glad. Normally, one isn't supposed to render so subjective a judgment on the president of the entire United States; one is supposed to discuss, pro or con, what he's trying to do.

But the character of the Clinton presidency needs some frank discussion. That's because the Clinton presidency has hardly any character of its own. It's so much stagecraft; so much succulent rhetoric.

No presidency is more consequential than the president himself. This president lacks gravitas — seriousness, depth. He schmoozes brilliantly, oozes human sympathy. What he doesn't do is project seriousness of conviction as to what this nation, and its government, should be doing.

The health care plan might be mistaken for a serious legislative initiative. In fact, the plan has no friends outside the White House. No one asked for the mammoth bureaucracy the Clintons propose, or for the immense tax increase necessary to implement it.

The Clinton team is lightweight: hardly a heavy hitter in the bunch, apart from the two Lloyds, Bentsen and Cutler. Arkansas cronies disappear amid whispers and scandal. The first lady exercises an authority no voter, not even a Democratic one, can recall explicitly conferring on her.

Though the president sporadically preaches moral commitment, his professions always sound odd in one who dodged the draft, womanized and, more recently, enfolded into the family a new sister-in-law, eight months pregnant.

I don't say these things don't happen in the real world. I just say it's discombobulating to find them happening in such quantity in the White House.

2. Not surprisingly, his character being what it is, Mr. Clinton lacks a core philosophy. No consistency informs his programs and proposals. You don't know when he'll stand or cut and run. Small wonder his policy statements are all over the map, as documented in a new book, "Willy Nilly," by one Edward P. Moser.

Consequently, no large constituencies have large stakes in his success. This means fewer people standing up to the presidential accusers on Whitewater, saying, how dare you, sir?

It's dangerous, I say, to wish on any president bad things, such as impeachment. Open that particular bottle, and you can't tell what genies will fly out.

As Whitewater rolls past, we sit back, hardly knowing what emotions are suitable — and wondering all the more intently, what manner of man is this president? Alice Roosevelt Longworth's judgment on Warren G. Harding and his scandal-smudged administration comes hauntingly to mind: "Harding wasn't a bad man. He was just a slob."

William Murchison, a columnist for the Dallas Morning News, is nationally syndicated.

Through the school daze

"Now that Congress has written the rules for better schools," begins a USA Today editorial in support of Goals 2000, a bill passed by Congress to "improve" public education. Should we be encouraged that the federal government will now do for education what it has done for the U.S. Postal Service?

Critics of the legislation say it is "outcome-based education," in which standards will be set in Washington by bureaucrats and political activists. Parents and local school authorities will lose what influence they have left at the hometown level.

Few would deny that American education needs repair, but how many believe that more government involvement is the solution? The Goals 2000 bill offers $105 million (for starters) to assist the states in deciding minimum knowledge levels required for their students. But why is money needed for that? Record levels of cash have been flowing into education since the Department of Education was established by Jimmy Carter as a payoff to the National Education Association for that lobby's political support.

Have the schools improved as increased federal involvement has replaced parental and local power and authority? No, they are worse. At some point, a prudent and overtaxed citizen might ask, "If all this money isn't improving the way our children think and their level of knowledge and ability to compete for and hold jobs, then maybe more money isn't the answer."

Former Education Secretary Lamar Alexander, who helped draft the Bush administration's America 2000 education plan, is concerned that Goals 2000 goes too far. "It creates a national school board," he told me.

"Experts, activists and interest groups will certify education standards. And it moves away from standards set in local communities as to what kids should learn, toward standards on how much should be spent that are to be set in Washington."

It sounds like the education equivalent of health alliances. Once hooked on federal largess, local schools will have to prove they are meeting national standards set in Washington in order to keep the money spigot on. And, like every other federal program, once the money flows, regulations and restrictions come close behind.

Consider this line in the Goals 2000 legislation prohibiting the use of phonics (learning to read by sounding out groups of letters as opposed to memorizing the pronunciation of words) and other methods designed to help children develop basic skills and think for themselves: "The disproven theory that children must first learn basic skills before engaging in more complex tasks continues to dominate strategies for classroom instruction, resulting in emphasis on repetitive drill and practice at the expense of content-rich instruction, accelerated curricula and effective teaching to high standards."

Disproven by whom? Why, the educational bureaucrats who have brought us to the current "content-rich" condition of growing functional illiteracy, closed minds and impoverished souls.

States spending the most money on education often have lower SAT scores than states spending less. Various studies have shown that, as government spending increases, fewer dollars make their way to the classroom. They are siphoned off by a growing education bureaucracy.

Private and home schools are growing in popularity precisely because parents believe they know better than government what ought to be going into their children's minds and hearts.

In an article for Indiana Policy Review magazine titled "How Much Does It Take to Get Less Than $2 billion Into the Classroom?" William Styring answered, "More than $5 billion." He charts spending in Indiana and Indianapolis public schools, noting that spending per pupil eclipsed the share of money going to classroom instruction at the state level in 1988 and in Indianapolis in 1986. The lines on the graph have been heading in the opposite direction ever since.

There is another element of Goals 2000 that should concern parents. It is a mandate that "all" students "will" be involved in community-service activities. That's a civilian version of the military draft, but with no deferments.

Academic standards are best set at the local level where parental control and accountability remain strong. Private and home schools are growing in popularity precisely because parents believe they know better than government what ought to be going into their children's minds and hearts. They would like government to repair itself rather than contributing to the "dumbing down" of the next generation.

How should parents respond to this latest government power grab? Just as they would if they knew their children's school was on fire: They should get them out, fast.

Cal Thomas is a nationally syndicated columnist.

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The Press and The Pendulum

Whitewater Stories Swing In the Ideological Wind

By Howard Kurtz

THE WASHINGTON POST SUNDAY, APRIL 3, 1994

MANY PEOPLE are telling pollsters and call-in shows that the media are devoting way too much attention to the Whitewater affair and need to get off President Clinton's back and give him a chance to govern.

Other folks are complaining that reporters waited too long to dive into Whitewater and w l undoubtedly be going for the jugular if the alleged transgressors were such tempting conservative targets as Ronald and Nancy Reagan.

Both arguments, obviously, can't be tr —at least not when applied to the mainstream as a whole. But the fact that each outlook has millions of passionate adherents suggests that how people see Bill Clinton very much colors their view of the press.

The result is a deepening mistrust of the media establishment at opposite ends of the political spectrum. In fact, the press has be c e a sort of proxy for the sharply polar- debate over the First Couple, who are variously seen as hardworking public ser- s or greedy hypocrites.

"Right now the people who are upset with the press are the people who like the Clintons," says Brian Lamb, the president of C-SPAN. "You have a lot of liberals, at least those who call our programs, who are frantic about what they perceive as the press piling on, or sleaze journalism, because they like Bill and Hillary Clinton. Rarely do you have the individual who says 'I happen to like Bill Clinton, but the press should do its job.' "

A recent Times Mirror poll tends to confirm Lamb's point: 73 percent of those who voted for Clinton said the media are paying too much attention to Whitewater,

See PRESS, C4, Col. 1

Howard Kurtz, a Washington Post reporter, is the author of "Media Circus: The Trouble with America's Newspapers."

Pendulum Press

PRESS, From C1

while only 40 percent of George Bush voters agreed. Even some repormothers are telling them to chill out.

The press pendulum has swung so wildly on Clinton that it is often hard to follow the action. Only last December, after repeatedly declaring Clinton a failure, much of the media was hailing him as the reincarnation of Lyndon Johnson over a string of legislative victories. Then came "Troopergate" and an avalanche of Whitewater stories that threatened to bury the Clintons under a ton of accusations. While this negative onslaught took its toll on the president's popularity, he rebounded yet again after fielding 17 Whitewater questions at a prime-time news confereice.

As the scandal machinery of Washington clanks into action—subpoenas issued, grand juries impaneled, congressional hearings debated—the story has reached a critical media mass. No one wants to be beaten on the story that may (or may not) cripple the Clinton presidency.

The pattern is now clear: Each Whitewater revelation or rumor brings cries of indignation from Clinton-bashers and angry rejoinders from Clinton boosters. If there are lingering questions about Vincent Foster's suicide, they represent either a venal Whitewater coverup or ghoulish speculation about a personal tragedy. If the Rose Law Firm shreds some documents, it is either an Ollie North-style destruction of evidence or the routine elimination of excess paper. If the Clintons claim to have lost money on the Ozarks land deal, it is either a laughable cover story or proof that the investment was an honest one.

The same dichotomy appears after each allegation of Clinton's philandering back in Arkansas. The president's supporters dismiss these reports as old news of dubious reliability. Clinton critics counter, with some justification, that the press seemed far more eager to report Anita Hill's uncorroborated charges of sexual harassment.

Perhaps no story has served as more of a political/cultural Rorschach test than the recent New York Times report on Hillary Rodham Clinton playing the risky commodities market. From 1978 to 1979, according to the lengthy story by Jeff Gerth and two colleagues, Mrs. Clinton earned about $100,000 on cattle futures with the help of a friend who was the outside lawyer for Tyson Foods, one of Arkansas's largest companies. Tyson, the authors note, benefited from a variety of state actions during Bill Clinton's tenure (although the powerful poultry industry has always received favorable treatm from Arkansas governors).

Still, the meticulously documented article did not challenge the contention that Hillary Clinton risked her own money (a mere $1,000, we later learned) in a perfectly legal investment. One waited in vain for the pro quo that the Times obviously tried to find.

Pundits on the left side of the political spectrum harrumphed. "Whatever they were looking for, the reporters had to recoup their investment of time with a flimsy angle," wrote Newsweek's Jonathan Alter. But conservative commentators had a field day. Here at last was evidence that the '60s liberals who campaigned against '80s excess were not above using their connections to make a fast buck.

In an editorial titled "Hillary Rodham Boesky," the Wall Street Journal, which been beating the Whitewater drums for many months, sneered: "For all their moralizing about repairing the social contract and pursuing the common good, they went after cold, hard cash like ticket-sellers at a cc y hoochie-koochie show. The so-called decade of greed didn't start with the Ivan Boeskys, Michael Milkens and Donald Trumps .... Hillary was there first."

Columnist George Will has sounded a similar theme. Whitewater's "unseemly grasping and corner-cutting," he says, threaten the First Couple's "moral preening" and "moral posturing."

At the Washington Times, which has sued Whitewater with an investigative never mustered against Republican presidents, editor-in-chief Wesley Pruden loves to chide the establishment press for going soft on the Clintonites. "Most of the reporters and many of their bosses clasped Clinton-Gore to their boomer bosoms, and the ladies in particular swooned over Hillary Rodham Clinton," Pruden writes.

How times have changed. During the Reagan-Bush years, the mainstream press played its usual opposition role while the likes of the Journal editorial page mainly defended the White House. S e polls consistently show that most journalists more liberal than the general population, me was surprised to see them reporting great vigor on Iran-contra, Ed Meese, Sununu, Clarence Thomas and other as- scandals and controversies. The c

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"What youngsters require is self-discipline, the inner ability to commit to a task ... and to feel positive."

have. Moreover, their resentment at being coerced will express itself in some form of antisocial behavior. This is because the discipline is linked to punishment rather than to a commitment to doing what is right and avoiding what is wrong.

WHAT YOUNGSTERS require is self-discipline, the inner ability to mobilize and commit to a task he or she believes in, and to feel positive—that is, self-rewarded—for having done so. For this to happen, the person needs to incorporate into the self the guiding voices, although originally they may come from parents, kin, educators and others. Such internalization occurs in structured environments, but not under authoritarian conditions. What is required is a school structure made up of responsible adults, clear rules and a cohesive set of tasks and guidelines that motivate students. These must be firmly upheld as well as reasonable and justified, so that students can understand and accept the need to abide by them.

Self-discipline is not merely essential to the effective employee, community member, nuclear family and citizen, but to the learning student. Given their critical role in a child's life, schools must pay special attention to the ways in which they already influence their students' characters, and to make a deliberate decision to be supportive rather than neglectful in such an important aspect of the formation of the young. ■

Standards—and Gobbledygook

NOW THAT THE president has signed the education standards bill, successfully completing a five-year, two-administration obstacle course, it's time for reformers to start worrying about the next phase: the complicated, possibly very clumsy process the law provides for creating actual standards and getting them into schools. Some good news on this front came to light last week. There has been a falling-out between the Education Department and two of the groups that have been working on the standards for "English language arts"—which include such central matters as reading, grammar, spelling and students' exposure to literature. This week the Education Department refused to renew its funding for those groups, saying that 18 months and nearly $1 million had produced only "vague" proposals lacking any "conceptual framework" for standards. The message, which is the good news, is that the department is willing to ride herd on the standard-setting project and to discipline those who are manifestly making no progress.

What went wrong? Granted, it's not easy to come up with lists of what students should "know and be able to do" in English and reading, war-torn subjects whose every choice can be viewed politically and whose battles have been waged on every front from from phonics instruction to standard vs. nonstandard grammar to bilingual education and the merits of the SAT. But the groups, the International Reading Association and the National Council of Teachers of English, apparently didn't get anywhere near specific enough to address these problems. (Asked what the sticking points were, Richard Long, the groups' lobbyist, says there were disagreements on "how language is acquired, how it functions, how it's expressed and how it can be taught.") Their draft, instead, consists mostly of "vignettes" or examples of ways teachers present a variety of themes in class—a helpful supplement, probably, but not what the legislation has in mind.

Every one of the subject areas "has had its tough moments," says a department official, but that hasn't stopped the arts people and the math people from finishing their work, with the history and geography groups soon to follow. There's no reason English teachers can't do the same—as they have, for instance, in the state of California. One barrier is the fogginess that's crept into elementary school curricula in recent decades; "social studies" would be having the same problem, had not planners decided to bypass the field's gooey bureaucracy by asking instead for separate standards in history, geography and civics. Language arts, by contrast, remains mired in the super-general. The department says it will throw the language arts standards open for competitive bid: Any state or subject group can submit a plan, or, like the math people, can just go off and write standards without asking for government money at all.

In other words, things are still on track—barely. The friends of education reform need to maintain their vigilance. Plenty can go wrong and kill momentum in this intricate new machinery, up to and including total professional abdication and meltdown.

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mon assumption was that media types took special delight in beating up on the Republicans (although the press assaults on Gary Hart, Jim Wright and Chuck Robb tended to undercut that argument).

When the press corps greeted the new Democratic administration with several months of hostile coverage, those who thought the Fourth Estate had cozied up to Clinton were temporarily silenced. Some attributed it to bad chemistry; others said Clinton's performance was so awful that even sympathetic journalists could not pretend otherwise. The larger truth—that the press thrives on conflict and is adversarial toward all White House incumbents—didn't seem to register. No self-respecting reporter, after all, could fail to be energized by the clash over gays in the military.

Still, the media's performance has been notably uneven. Journalists who were mesmerized by Clinton's draft record showed little interest in the Whitewater allegations when Gerth first reported them in the New York Times in March 1992. But even here there is a dispute over motive. Conservatives believe that reporters went easy on Clinton because they wanted to see him drive Bush from office. Most members of the press believe they simply lost interest in a complicated story during the manic rush of campaign events. (A month after the Gerth report, Ross Perot was the hot story and most of the investigative reporters abandoned Little Rock for Dallas.)

Unfortunately for those who believe the liberal press deliberately avoided Whitewater, it was Susan Schmidt of The Washington Post who revived the story last fall by reporting that Treasury Department officials were seeking a criminal investigation of Madison Guaranty, the savings and loan at the heart of the case. But the daily barrage in the Washington Times—particularly the disclosure that Whitewater documents had been removed from Vince Foster's office after his suicide—has clearly helped drive the story. Television came rather late to the Whitewater mania because the story seemed too arcane until White House bungling gave the affair a Watergate aroma.

The press has stumbled in other ways as well. Many news outlets turned Hillary Clinton into an almost mythic figure last year—"humorous, warm, sensitive, intelligent," as a People profile put it—only to splatter her with mud when "Saint Hillary" appeared to be stonewalling on Whitewater. While an activist First Lady is certainly fair game for criticism, many readers resent the overly nasty tone.

When I appeared with other journalists on "Donahue" to talk about Whitewater coverage, most of the audience seemed to feel the press was out of control. "I would really like to ask the media to completely quit blowing this out of proportion," one audience member said. "I realize it sells newspapers . . . but I want to know what the health care problems are, and welfare, et cetera. This is much more important to me."

In a similar vein, a Massachusetts woman recently wrote me that "the inordinate attention paid to the non-story of Whitewater" reflects "laziness" by reporters who, rather than covering "real issues," prefer to focus on "possible wrongdoing by a president who is trying to face up to the nation's problems and his capable wife who has ably taken on tasks that no other First Lady has attempted."

Whatever Clinton's partisans may believe, the press has a duty to try to get to the bottom of the Whitewater mess. But this doesn't mean that every secondhand allegation or incremental development needs to be trumpeted on the front page.

Last week, Newsweek had to correct a half-baked story charging that Hillary Clinton invested no money for her commodities trading after the primary source insisted his comments had been misconstrued. Time, meanwhile, published a stinging cover story on White House aide George Stephanopoulos that it said "brings up the dread words obstruction of justice—even in the minds of administration officials." But even prominent Republicans said that Stephanopoulos's offense—calling a friend at the Treasury Department to complain about the hiring of one of Clinton's harshest GOP critics to investigate Whitewater—was not that big a deal.

Unfortunately, some journalists are so caught up in the thrill of the chase that they forget the whole affair may still amount to little more than a failed land deal. But hey, it's more fun than writing about mandatory health alliances.

"We're acting like little prosecutors here without any of the safeguards a real prosecutor would be subjected to," says Newsday columnist Lars-Erik Nelson. He calls the Whitewater affair "a witch hunt, pure simple."

Washington Post columnist William Raspberry has taken a similar tack. "Why are we so breathlessly peddling details of what, so far, appears to be not much of a scandal? . . . An unsophisticated visitor to America could be forgiven for believing the media . . . are trying to ruin the Clinton presidency," he writes.

One reason so much vitriol has been directed at the press is that Bill Clinton probably stirs more passions, particularly among his detractors, than any president since Richard Nixon. A small but fervent minority of Americans sees Clinton as an illegitimate usurper, a womanizing, draft-dodging, I-didn't-inhale politician. And so a press corps that concluded that this president had a pretty good first year must, ipso facto, be in his pocket.

No one likes to admit that bias is often in the beholder's eye; it's much more fun to bash the media. But the plain fact is that many people are looking at the Whitewater coverage through an ideological prism that tends to distort their vision. When a Republican again occupies the White House, the conservatives now leading the Whitewater brigade are going to have a very different view of using the press to pummel the president.

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America's Welfare Wake-Up Call

A Congressional Liberal Agrees: Work Is the Key to Fixing a Failed System

By Eleanor Holmes Norton

VOICES OF every political pitch have now joined the chorus calling for welfare reform. Yet this harmony could easily degenerate into a replay of the conflicts that have impeded past efforts to overhaul the system.

The traditional appeal of welfare reform to political conservatives obscures its broad support among those most injured by the current system. In particular, the African-American community sees welfare as a major factor in draining the vital family traditions that historically have cushioned racism. Dismay and determination for reform are the predominant reactions among blacks.

The growing consensus for welfare reform is driven, I believe, far less by the desire to save money than to avoid the incalculable human costs of the system. Consuming a mere 1 percent of the federal budget, Aid to Families with Dependent Children might escape notice if it were some other program. In fact, the value of AFDC benefits per family has declined sharply over the last two decades. To most Americans today, however, welfare is no longer simply another failed program. The alarming increase in poor single-parent families, which contributes disproportionately to poverty, crime and other problems, profoundly contradicts American ideals of progress, upward mobility and family.

Rising concern about these families, their future—and ours—is well placed. A society that stands by while a growing proportion of its children—now 30 percent—is born to single mothers, rarely aided by the children's fathers, is as much at risk as the children. Today even traditional two-parent families find it difficult to provide the standard of living and the degree of parental control that similar families provided a generation ago. And the rapid multiplication of single parent families has inspired inflammatory predictions of the virtual end of civilization.

President Clinton has promised a radical reform of the current welfare system. The administration is apparently seeking to achieve reform without new money, presumably using funds already in the system in a different way. Chief among its ideas is a two-year limit on cash benefits. These and other notions raise as many questions as they answer. Although the president is expected to submit a bill soon, his proposal appears to be a work still in progress.

Some conservative social critics, notably Charles Murray, would take Clinton's campaign promise to "end welfare as we know it" a step further. Murray would end welfare immediately and take children from those families who cannot or do not support them. He advocates adoption and orphanages.

Posturing of this kind is the luxury of those who bear no responsibility for assembling a consensus for solutions or for the unintended consequences that are likely to result. One is reminded of the last bright idea of this sort: empty the mental hospitals and allow the former patients to be absorbed into "the community." The social catastrophe from that expectation is visible everywhere today, and so is the reality of painfully rare adoptions of black children and an overwhelmed and damaging foster care system. Forgetting the legal and constitutional issues, warehousing of these children on the cheap would be one likely result of an end to all economic support for poor children and their mothers. Homelessness would be another. However, extremism of the Murray variety is unlikely to be embraced by the public, which seems mindful that welfare supports children. Only 8 percent of Americans believe that welfare benefits should be entirely eliminated.

Yet welfare reform as a clarion call has a gratifyingly large majority. What is lacking is an organising principle that can move the consensus to the next stage. For health care, the president has used a simple idea, "universal coverage you cannot lose," to galvanise support for reform. By contrast, the valuable consensus for substantial welfare reform currently splinters at the level of detail: two-year limits on benefits, training and child care mandates, denial of benefits for additional children, to name a few. The emerging unifying principle is a one-word notion: work. Starting with the unadorned idea that work to support one's own child is an obligation of parenthood, we may have the best chance for putting together the several strategies it will take to reform the welfare system.

Actually, the public has already made up its mind that work should be at the center of any new approach. An overwhelming 87 percent of Americans favor requiring able-bodied people on welfare, including women with small children, to work or learn a job skill. There are no differences between blacks (85 percent) and whites (87 percent), and roughly the same high percentages come in for conservatives and liberals, Republicans and Democrats and Americans of modest income and those who are well off.

In part, these figures reflect a far-reaching change of the past generation—the flood of mothers with children into the labor force. In 1992, 65 percent of mothers with children under 6 worked, as did 81 percent of mothers with children 6 to 18. It is low-income single working mothers, of course, who most dramatically point up the discrepancy between people on welfare and those who are not. So also do figures showing that half of recipients leave welfare within two years. In an era of tough economic conditions, when increasingly, multiple family members, including teenagers, are in the labor force, there is little support for able-bodied young women who have children before marriage, do not work and are subsidized by those who do.

With work almost universally accepted as the remedy for welfare and turnover of recipients a feature of the present system, we are probably further along toward figuring out a new system than we realise. It seems unlikely that we will avoid a divisive struggle, however, unless more information is provided specifically on why some women are on welfare and others similarly situated are not.

The fact that many low-income single mothers do without welfare and the high welfare turnover rate suggest that we need to know more about the obstacles to employment that some, but not all, low-income mothers face. We do know that the prerequisites for entering the labor force are the same for middle-income and poor women—a place to leave a child that is not prohibitively expensive, job availability and a decent wage. We also need to recognise that to succeed, any new system must be sensitive to regional differences in unemployment and wage rates. We must be aware as well that creating a child care system exclusively for welfare mothers may, like Medicaid, create a further disincentive to leave welfare. Incentive grants to school systems to make educational child care a part of elementary education would be one place to begin building on the present child care patchwork.

Offering alternatives to dependency is a major part of the challenge. Getting young people back to school, to work or into training before they settle on welfare is of primary importance. This is not a revolutionary idea: The welfare programs of the New Deal years were work programs. Unfortunately, the president's public service notions notwithstanding, government is not likely to create or find millions of public jobs in this climate or in the foreseeable future. Far more likely is unintended displacement of public sector workers. Work, nevertheless, remains the most plausible idea, especially for young women.

Today, welfare perniciously captures and holds women because the rules do not allow them to work their way out of the system without losing all assistance. If some work for less than the wage they need, the earned income tax credit, and more temporary subsidies if needed, would cost far less than the financial and human costs we have accepted from the welfare system. No reform will work if welfare offers a better break than personal responsibility, as it often does today. A particularly perverse result would be to have current recipients replaced by as many or more young women just like them.

Every bit as much thought is needed about how to create detours around welfare in the first place. Part and parcel of welfare reform should be meeting the difficult challenge of discouraging premature and irresponsible parenthood, especially among teenagers.

There is much talk about the putative fathers, but very little effective action. Justifiably demonized, the fathers are not easily reached in a country where most men don't pay their child support. Moreover, half of mothers on welfare have never been married and they are the majority of long-term recipients. Perhaps the welfare reformers will be better at getting child support from the fathers—many of whom are without work or find "jobs" only in the underground economy. Requiring men to take on their responsibility is every bit as important as reaching the far more accessible women. This task, though, may be even more formidable than getting work for the mothers.

The welfare debate may still carry some of the baggage of prior decades. This time, however, if we allow the reform process to dissolve into a fractured, racially charged debate, we will squander a rare, ripe moment for change.

Eleanor Holmes Norton represents the District of Columbia in Congress.

LONG ISLAND Newsday
SAT 4/2

Madison Probe

Clinton gubernatorial campaign named as suspect

By Susan Schmidt
THE WASHINGTON POST

Washington — Investigators for the Resolution Trust Corp. last year named the 1984 Clinton gubernatorial campaign committee as a suspect in their criminal probe of Madison Guaranty Savings and Loan, citing evidence that the campaign may have conspired to benefit illegally from depositor funds, according to a source familiar with the case.

The evidence is detailed in one of the RTC's 10 "criminal referrals" on Madison, requests for further investigation that have been forwarded to special counsel Robert B. Fiske Jr.

The existence of the RTC referrals has been widely reported but their contents have not been known. The disclosure of the language used in describing the campaign's activities is the first indication yet of a specific allegation of possible wrongdoing involving the gubernatorial campaign.

The investigators' interest centered on an April 4, 1985, fund raiser held by Madison owner James McDougal at Clinton's request to help the governor pay off a $50,000 personal loan used for the 1984 campaign. In the referral, the RTC sought a criminal investigation into whether $60,500 in Madison funds were diverted to the gubernatorial campaign with the knowledge of campaign officials.

They noted that some contributions exceeded legal limits and urged further investigation of $10,500 in Madison funds that may have ended up in the Clinton campaign after passing through various Madison accounts, including one in the name of the Whitewater real estate venture, jointly owned by the Clintons, McDougal, and his then-wife, Susan McDougal.

The referral names Hillary Rodham Clinton as a possible witness, citing the close timing of the fund raiser with her legal representation of Madison before state regulators appointed by her husband. McDougal has said he paid Hillary Clinton's law firm $2,000 a month to help him win state regulatory approval for a novel stock plan for Madison.

A second RTC criminal referral that mentions the Clintons said that it appears Madison funds were diverted to the Whitewater Development Corp. and describes the Clintons as "potential beneficiaries" but not criminal suspects.

The RTC, the federal agency charged with disposing of failed S&Ls, routinely investigates failed S&Ls for potential civil claims that could help recoup some of the taxpayer-funded cleanup cost. The agency also looks into suspected criminal wrongdoing and refers evidence it develops to the FBI and federal prosecutors. They do not necessarily result in criminal charges.

President Bill Clinton and Hillary Rodham Clinton have repeatedly said they did nothing wrong in connection with Madison. They have described her legal work for the thrift as minimal, and former Clinton aides have said he had no involvement with handling the proceeds from the 1985 fund raiser.

The White House said yesterday it could not comment. "The special counsel's looking into it," said Press Secretary Dee Dee Myers. "We don't know what's in the referral."

Betsey Wright, Clinton's former chief of staff and

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Clinton Campaign Probe

INVESTIGATION from Page A7

manager of the 1984 campaign, said yesterday she was unaware the campaign committee was named a suspect in the probe. She declined to say whether she has received a subpoena from Fiske, but said she is furnishing campaign records at his request.

Wright and other Clinton aides have said that records documenting contributions from the 1985 fund raiser cannot be located.

McDougal has said he staged the April fund raiser at Clinton's request to help him pay off a $50,000 personal loan Clinton took out for campaign purposes just before the November, 1984, election.

The loan was made by the Bank of Cherry Valley, whose president, Maurice Smith, served as Clinton's 1984 gubernatorial campaign finance chairman. The Clintons also had a loan for the Whitewater venture at the bank. Smith could not be reached yesterday.

Ironically, Clinton aides acknowledge that he didn't really need the $50,000 loan that year to be reelected. But he wanted to take no chances with a Ronald Reagan landslide expected to sweep the nation, one aide said. Clinton got 63 percent of the vote, defeating GOP rival Woody Freeman handily.

The referral, according to a knowledgeable source, said Madison covered overdrafts written on the account of Flowerwood Farms, a McDougal-owned company that sources said investigators describe as one of a dozen "shell corporations" believed to be used in a check kiting scheme to funnel money out of Madison.

The RTC investigators cited loans made to real estate ventures of Charles Peacock, a director and Madison borrower, as another possible source of money that ended up in the Clinton campaign.

The Washington Post reported in December that a handful of $7,000 cashiers' checks generated at that fund raiser have been turned over by the RTC to prosecutors. One of those checks bears the name Ken Peacock, but Peacock, then a 24-year-old college student, said in an interview that he never contributed to Clinton and knew nothing about the origins of the check. His father, Charles Peacock, has said since that time that he made the contribution in his son's name.

Ken Peacock is among the witnesses listed on the referral, along with several other persons whose names appear on $3,000 cashiers' checks. They include former Sen. J. William Fulbright (D-Ark.), who is ill and has been unable to comment on the check, and Dune Landrum, who has since died.

Under 1985 Arkansas law, the maximum donation a candidate could accept from each contributor was $1,500 per election.

In addition, Fiske has been asked by the RTC to further investigate checks written to the Clinton campaign in February and October, 1985, that appear to have caused overdrafts in the Whitewater account at Madison and at Madison Marketing, another "shell" corporation owned by Susan McDougal. Those checks totaled $10,500, according to a source familiar with the referral.

Those checks and checks generated at the fundraiser were deposited at the Bank of Cherry Valley. Fiske has subpoenaed Cherry Valley bank records.

The treasurer of the 1984 Clinton campaign, L.W. (Bill) Clark, has been unavailable for comment on the campaign.

Clinton, like many politicians, used money he borrowed from banks to contribute to his various campaigns. The $50,000 borrowed in 1984 is listed as a personal contribution dated Oct. 29, on his campaign report.

State law requires that a campaign also report the name of the bank, the amount of the loan and the name of any guarantor for personal loans donated to a campaign. There is no such listing included in Clinton's 1984 campaign documents.

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The Des Moines Register 7/2

RTC officials: Leach is wrong

We didn't pressure Whitewater investigators, they insist

The Iowan's disclosure of information about the case is called 'inappropriate.'

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — Two top officials of the Resolution Trust Corp. have denied that they tried to pressure Whitewater investigators, one of the central charges made by Iowa Republican Jim Leach in a widely publicized March 24 speech on the U.S. House.

Jack Ryan, deputy chief operating officer of the RTC, and Ellen Kulka, general counsel to the government agency, also told Leach in a March 30 letter that neither of them, nor others in the agency who are political appointees, had put pressure on Resolution Trust Corp. officials in Kansas City, Mo., to drop a criminal referral against Madison Guaranty Savings & Loan, the Little Rock, Ark., thrift owned by Whitewater partner James McDougal. pressure has been exerted by anyone in the administration concerning Whitewater.

But Leach said in a statement [illegible] that "it is a point of fact that [illegible] ture," that an RTC official told an investigator [illegible]

[illegible] Kansas City [illegible] regional office of the RTC [illegible] agency in charge of the [illegible] investigation, [illegible] stated whether [illegible] Madison.

[illegible] Resolution Trust Corp. [illegible] real estate [illegible] investigations ultimately produced a criminal referral to the Justice Department.

Leach, the senior Republican on the House Banking Committee and the leading congressional critic on Whitewater, said on the floor of the House that officials from the Washington office of the RTC visited Kansas City "to pass on the message that senior officials in Washington wanted it understood that they wished to

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RTC

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claim Whitewater was not responsible for any losses at Madison."

To back up his claim, Leach released copies of notes of a taped conversation between RTC attorney April Breslaw and Jean Lewis, a Kansas City investigator who has since asked for protection under federal whistle-blower laws. An aide to Leach said the congressman has listened to the tape and has said it substantiates the notes kept by Lewis.

In those notes, Breslaw said "the people at the top" keep getting asked about Whitewater.

"April stated very clearly that Ryan and Kulka, the 'head people,' would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them," Lewis wrote.

"She felt like they wanted to be able to provide an 'honest answer,' but that there were certain answers that they would be 'happier about,' because it would get them off the hook."

Breslaw has disputed that account of the conversation. "I categorically deny the accusation that I said anybody from Washington wanted any particular outcome on any issue," she told The New York Times.

Ryan and Kulka said in their letter to Leach, "While we do not know precisely what was said or the context in which it was interpreted, we are quite sure that neither of us has given any such instructions to RTC staff."

They also said that "as a general matter, it is clearly inappropriate for a government agency to publicly discuss referrals made to the Justice Department regarding possible criminal violations because such discussions could undermine the department's ability to prosecute the case if the facts are determined to warrant prosecution."

They said that Leach, "disregarding this policy," has demanded information on such matters and has publicly released "documents and internal memoranda which were obtained from employees of the RTC who were not authorized to disclose them."

The "rush to disclose confidential documents and to obtain information which is partial at best from junior staff has led to substantial misinformation being disseminated to the public," Ryan and Kulka wrote.

Leach, in his reply, said, "It is always a matter of judgment as to what to release publicly." He said he made a "careful effort" to release nothing that would harm the special counsel's strategy. "If the material has shed an embarrassing light on government policy and policy-makers, we can only say that the documents speak for themselves," Leach said.

He praised the RTC for hiring outside lawyers to advise the agency on issues surrounding the failure of Madison and for cooperating with Fiske. But Leach said he is "particularly concerned" about a restructuring of RTC staff that may "take away regional independence" of RTC offices around the country.

Leach disputed a contention by Ryan and Kulka that disagreements between the Washington branch of the agency and its regional offices are common. "The fact is that it is virtually unprecedented for RTC Washington to attempt to influence the content of a criminal referral developed by a regional office in the way RTC Washington attempted," he said.

It was only because of the "courageous" refusal of the investigators to change the referrals that they were sent on to the Justice Department, Leach said.

Leach and Ryan also are sparring over release of records from the RTC. Leach has requested documents relating to Madison and Whitewater in preparation for hearings to be held in the House.

But Ryan said in a letter to Leach that procedures have not been finalized, and it is unclear which committee will handle the hearings. It is also uncertain when the banking panel will hold its regularly scheduled hearing on the S&L bailout. Ryan said it is therefore "inappropriate" for the RTC to give Leach documents "until we have been notified by the proper officials."

Congress is in recess and Leach has been keeping a low profile at his home in Davenport. But he has arranged a full schedule of appearances in his eastern Iowa district on Tuesday, Wednesday and Thursday, with stops in Iowa City, Marion, Cedar Rapids and Davenport.

The Washington Times SATURDAY, APRIL 2, 1994

Cowardly lions in PC land

Just when it looked as though Political Correctness had reached the outer limits of absurdity, news comes that a new frontier has been breached. This time the scene is Carnegie Mellon University. In the dock is student Patrick Mooney, a senior political science major, accused of harassing a drama professor, one Tim Saternow, who is homosexual. If the school finds him guilty and punishes him with either expulsion, suspension or a sentence of "community service," the reductio ad absurdum will have been achieved of what seems already the pretty absurd effort to suppress diversity of opinion in the name of diversity itself.

The case, such as it is, centers on an encounter between Mr. Saternow and Mr. Mooney in a university hallway. Mr. Mooney and several friends, it seems, had just noticed a poster pinned to a hallway wall. It had a picture of Roman Catholic Cardinal John O'Connor with the legends "Know Your Scumbags" and "Stop the Church." Mr. Mooney, who is Catholic, was asking aloud how anyone could put up such a poster when Mr. Saternow was passing by. The professor chimed in that the poster's description of the Cardinal was true. Mr. Mooney responded, according to Mr. Saternow, by loudly asking, "'Why are you homosexuals attacking the Church?'"

That is the outrage for which Mr. Saternow wants Mr. Mooney punished.

What is at issue here might to most of us seem simply an exchange of opinions. But, as it turns out, some opinions are more equal than others these days. Mr. Saternow injected himself into a conversation with the students — uninvited, it may be pointed out — with the highly opinionated claim that the most prominent leader of the Catholic Church in the United States is a "scumbag." That, of course, is just free speech, a statement of opinion. But when Mr. Mooney responded and disagreed with Mr. Saternow, that disagreement amounted to harassment.

Mr. Saternow seems particularly offended that Mr. Mooney should have asked about "you homosexuals." (Mr. Mooney denies having used the word homosexual.) The students did not know Mr. Saternow, so how would Mr. Mooney have known he is gay? "He might have seen the pink triangle on the back of my book bag," Mr. Saternow stated in his letter to the dean's office.

Once again, it seems, political views are a privilege to be enjoyed only by the politically fashionable. Wearing a pink triangle is a political statement. In effect, Mr. Saternow was proclaiming, at the very least, that he is homosexual, and likely too a politically active member of the gay rights movement. And yet somehow it is illegitimate for Mr. Mooney to recognize and respond to that statement?

There is no accusation that the student used any derogatory words for homosexuals, just that he recognized Mr. Saternow as part of the homosexual rights movement. This, in the context of a debate about a poster plastered up by gay rights activists. However, in Mr. Saternow's view, not only can those who disagree not express that disagreement, they are not even allowed to recognize that the protests are coming from an organized group. As he wrote in his letter to the dean, he felt harassed by Mr. Mooney's "loud denouncements of homosexuals attacking the church" and his assertions as to "what real truth was."

To be disagreed with is to be harassed these days. What a pale and dreary world. Civility is well and good, but civility has plenty of room for voices raised in heated debate. But the whiners at Carnegie Mellon and elsewhere can't stand the heat of even the slightest hallway spat. They are like the Cowardly Lion in the Wizard of Oz, all full of bluster, threats and brio, but reduced to tears at the least sign of resistance. Mr. Saternow wears a pink triangle but is offended to be recognized as a homosexual. He calls a Cardinal a scumbag but feels abused when asked to defend his remark, and then runs to the principal.

This is not how adults behave. Then again, unhappily, this is exactly how adults behave. And having learned the lessons of our age, Mr. Mooney has chosen to defend himself, not on the grounds of free speech, but on the grounds that the poster and Mr. Saternow's comments were themselves instances of bigoted harassment. Where is Thomas Paine when you need him?

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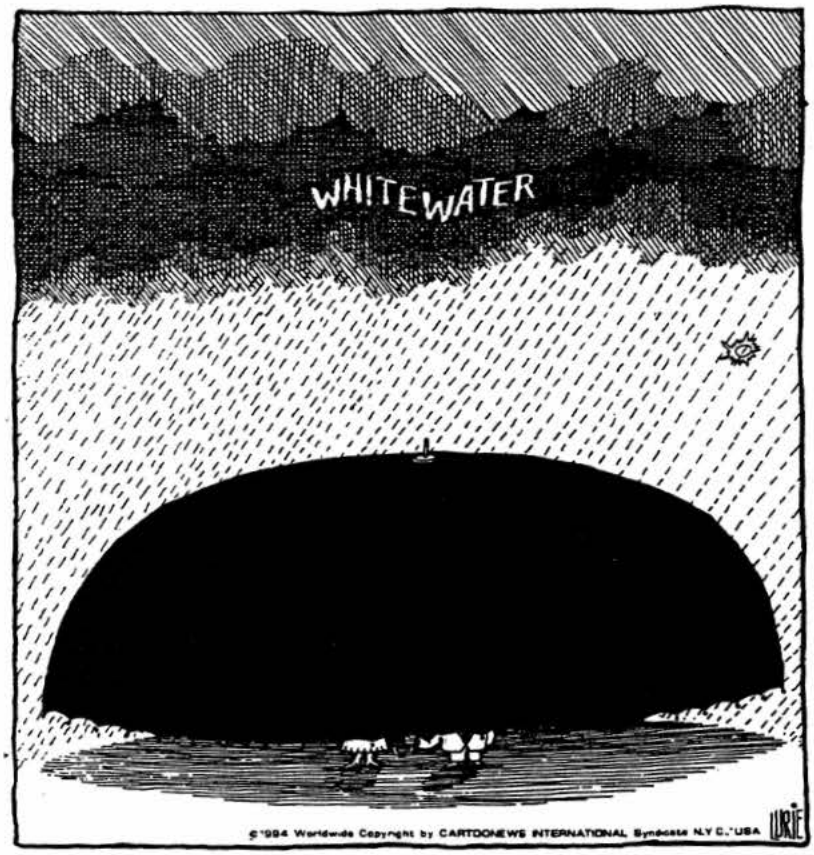
Sound of an oxymoron



"We have nothing to hide!"

Called on to explain his spouse's dual role as first lady of Arkansas and counsel to a dubious banking operation, not necessarily in that order, Bill Clinton rolled out the ultimate weapon in his news conference last month.

The president noted that "today, in an interview, professor Steven Gillers of New York University, who is a widely respected national expert on legal ethics, once again said there was nothing unethical in doing this." If a professor who teaches lawyers their ethics says something is all right, how could it possibly be wrong? (Those who have not been been completely anesthetized by the Clintonized culture will recognize that as a rhetorical question.)

In an age when an uncontrolled adversary system has replaced outmoded concepts like justice and truth, the very concept of legal ethics has acquired the sound of an oxymoron. So naturally, the namesake and personification of our Clintonized culture would defend a suspect tangle of political and private interests not by arguing its reason or justice or necessity, but by the argument from authority, in this case a professor of legal ethics.

The very definition of ethics, at least in its earliest and purist form, referred to obligations above and beyond the law. Leave it to this president to reduce ethics to another legal specialty. Ethics 1990s-style has become the science of what one may or may not get away with, which is the precise opposite of an ethical approach.

It would be unfair to assume that this adulteration of ethics is limited to the law; it's everywhere. Ethicists have proliferated in medicine, in business and even in journalism, which has started to fancy itself a profession. (Maybe it is now, when you consider the media's airs and remember that George Bernard Shaw defined a profession as a conspiracy against the laity.)

How can the idea of ethics as above and beyond the law survive if ethics becomes only a part of the law, or of any other calling? As the ol' boy out in the country used to say, "Ever since preachers got to callin' themselves doctors, religion's been sick."

Ethics itself may not be in any great shape, but ethicism is thriving. Can there be a connection?

When professors and legal codes and various boards — of Realtors, Well Diggers, Cosmetologists, Editorial Writers, you name it — begin to take the place of individual conscience, introspection and learning, then what is ethical soon will be redefined [illegible] and allowable, rather than a sacred sphere.

And ethics will come to be based on what man has always done, rather than on any source outside of man, and fear and trembling will be replaced by prudence and custom. And the only moral imperative left as ethics becomes just another cost-benefit ratio or political compromise will be to cover one's backside.

See the profusion of statements out of Washington trying to rationalize contacts between key aides at the White House and a supposedly independent agency investigating the financial affairs of our co-presidents. For those who remember that ethics has something to do with boundaries beyond the law, these purely legal rationalizations are embarrassing in their superficiality.

The results of reducing ethics to defensive law or defensive medicine or defensive anything else can have a corrosive effect on even the most trusted of men. Mack McLarty, an Arkansawyer who brought a great store of credibility to Washington, is spending it on a poor cause when he tries to defend these contacts. At this rate, his assurances will wind up as dubious as the president's.

[illegible] to get out and get out now, before he winds up as thoroughly suspect as those he has been defending. One wants to say:

"Sir, this crew isn't worth saving. The worst thing that ever happened to them was having their political hides saved again and again. The trouble with Bill Clinton and all the little Clintons emulating his ways is that they have been saved from their indiscretions and worse too many times already. If they had been obliged to pay the political price for their transgressions, they might have learned to avoid them before now — before their bumblings had reached this government-shaking stage."

Lloyd Cutler, that well of worldly knowledge brought on board to save still another administration, has tried to defend these contacts, too. But even he says he wishes these calls had not been made. Why? Shouldn't it say something not just about political appearances but about the ethics of such contacts if one wishes they hadn't been made?

Whatever the legal significance of these contacts — a matter that can be left to grand juries and special prosecutors and congressional [illegible] and who knows what else to come — these calls were acts of ethical illiteracy. How could such a sophisticated crowd, full of men learned in the law and political operators full of success, do such stupid things?

Could it be because they were also full of themselves? Because they assumed ethical strictures need apply only to suspect types like Greedy Old Republicans instead of the socially conscious, certifiably pure of heart like themselves?

Or maybe it was because in this advanced age we have limited ethics to part of the law and part of politics and part of our persons. Maybe because we have treated ethics as an occupation instead of a light, a tool instead a teaching.

Ethics, which can be a safeguard and comfort and assurance and good companion, now is reduced to another walled-off specialty, complete with ethics forms and ethics commissions and ethics professors. And a president of the United States is reduced to claiming moral absolution from ... a professor of legal ethics.

Sad. And dangerous.

Paul Greenberg is co-editor of the Arkansas Democrat Gazette in Little Rock and a nationally syndicated columnist.

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The Washington Times SATURDAY, APRIL 2, 1994

Deliciously wicked genius

Pity the poor reporters who told their mothers to watch them grill the president on March 24. In less than an hour, the nation's most famous journalists did more damage to their profession than Geraldo has in a career packed with transvestites and dwarf bowlers.

The media stars who gathered at the White House for the president's second prime-time news conference behaved like elementary-school students playing the role of news hounds. They rose demurely and stammered out their lines. They seemed more concerned with dress and deportment than with issues. And the president snacked on them.

Nothing better captured the spirit of the event than President Clinton's decision to issue a preemptive concession about his tax history. He confessed that he had not lost as much money on his Whitewater Development Corp. investment as he had estimated earlier. He explained that he had overlooked a few crucial facts, which were shaken loose by a blue-bolt epiphany that struck him as he leafed through his mother's memoirs:

He was trying to figure it all out, he said, when "by coincidence I was also rereading the galleys of my mother's autobiography . . . and I noticed that she mentioned there something that I had genuinely forgotten, which is that I helped her to purchase the property and what was then a cabin on the place that she and her husband, Dick Kelley, lived back in 1981." He lent the couple $20,700 and made another unspecified payment of $1,500.

There's a deliciously wicked genius in this claim. It puts the president's recently dead mom between him and his questioners, daring interlocutors to question her memory.

It also defies common sense. Mr. Clinton acted as if Virginia Kelley's typescript had afflicted him like Marley's ghost or Proust's Madeleines. One could almost see him sitting alone, dabbing his eyes, as long-suppressed visions of debits and credits came flooding back in detail: A loan of $20,700! A disbursement of $1,500! (Those figures were not in her manuscript.)

Skeptical minds would question the plausibility of this argument. A devoted son claims that (1) he forgot writing a check for an amount roughly equivalent to his annual take-home pay (this was before the Reagan tax cuts lowered the burdensome rates on people like the Clintons) and (2) he suffered this lapse of memory even though the check in question helped purchase a cabin for his dear old ma.

Amazingly, no one in the room pressed him on the tale. Nobody asked the obvious questions: How did you verify the numbers? On check stubs? In tax returns? Did the figures come to you in the form of a message from the Other Side?

The episode brought to mind H. L. Mencken's observation: "A Washington correspondent is one with a special talent for failing to see what is before his eyes. I have seen a whole herd of them sit through a national convention without once laughing."

Reporters didn't strip the bark off Bill Clinton, as some had promised. They sounded like nervous teens trying to make points with a blind date.

Journalists have gotten suckered by the illusion that celebrity means something.

Yet it could not have been any other way. The modern news conference has become a celebrity ritual, like the Oscar ceremonies or "The McLaughlin Group." It is virtually news-proof: No good politician will answer a tough question directly, and not even the pushiest reporter can string together enough probing points to extract anything worth hearing. It just isn't done.

Bill Clinton understood this. He deftly parried the inquiries lobbed his way and then left for vacation. His poll ratings jumped, and reporters' slipped. Americans evidently concluded that all news gatherers act like the East Room throng, begging for scraps, shouting rudely and failing to follow up on obvious leads.

But a news conference isn't journalism. It's an entertainment spectacle, as perishable as the numberless award programs that appear on television throughout the year. A triumph in such a forum counts, but not for much. Bill Clinton can whup up on reporters 10 times out of 10 in media spectacles, but he cannot talk his way past the facts. And far away from the glistening halls of the White House, squadrons of reporters continue the hard work of filling in the missing pieces of Bill Clinton's past.

The news conference degenerated into farce because journalists, like everybody else, have gotten suckered by the illusion that celebrity means something. It doesn't. Fortunately, public reaction to the Thursday Night Funnies demonstrates that the nation's readers, listeners and viewers don't care about the phony drama of a press fete. They care about something more precious and important. They want the story.

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

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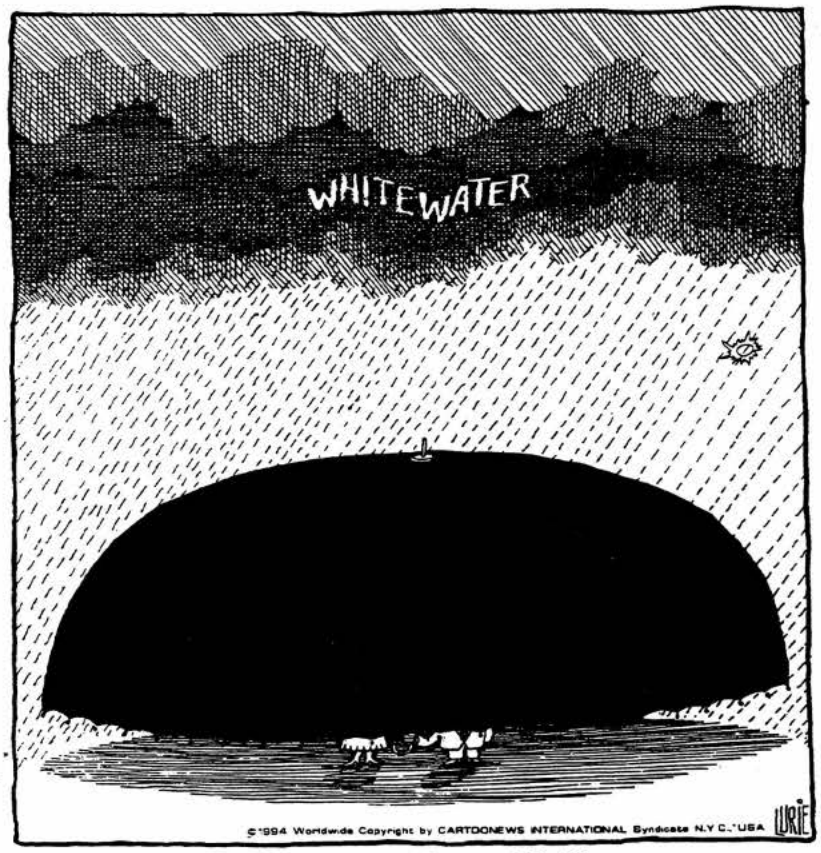
Sound of an oxymoron



"We have nothing to hide!"

Called on to explain his spouse's dual role as first lady of Arkansas and counsel to a dubious banking operation, not necessarily in that order, Bill Clinton rolled out the ultimate weapon in his news conference last month.

The president noted that "today, in an interview, professor Steven Gillers of New York University, who is a widely respected national expert on legal ethics, once again said there was nothing unethical in doing this." If a professor who teaches lawyers their ethics says something is all right, how could it possibly be wrong? (Those who have not been been completely anesthetized by the Clintonized culture will recognize that as a rhetorical question.)

In an age when an uncontrolled adversary system has replaced outmoded concepts like justice and truth, the very concept of legal ethics has acquired the sound of an oxymoron. So naturally, the namesake and personification of our Clintonized culture would defend a suspect tangle of political and private interests not by arguing its reason or justice or necessity, but by the argument from authority, in this case a professor of legal ethics.

The very definition of ethics, at least in its earliest and purist form, referred to obligations above and beyond the law. Leave it to this president to reduce ethics to another legal specialty. Ethics 1990s-style has become the science of what one may or may not get away with, which is the precise opposite of an ethical approach.

It would be unfair to assume that this adulteration of ethics is limited to the law; it's everywhere. Ethicists have proliferated in medicine, in business and even in journalism, which has started to fancy itself a profession. (Maybe it is now, when you consider the media's airs and remember that George Bernard Shaw defined a profession as a conspiracy against the laity.)

How can the idea of ethics as above and beyond the law survive if ethics becomes only a part of the law, or of any other calling? As the ol' boy out in the country used to say, "Ever since preachers got to callin' themselves doctors, religion's been sick."

Ethics itself may not be in any great shape, but ethicism is thriving. Can there be a connection?

When professors and legal codes and various boards — of Realtors, Well Diggers, Cosmetologists, Editorial Writers, you name it — begin to take the place of individual conscience, introspection and learning, then what is ethical soon will be redefined as the customary and allowable, rather than a sacred sphere.

And ethics will come to be based on what man has always done, rather than on any source outside of man, and fear and trembling will be replaced by prudence and custom. And the only moral imperative left as ethics becomes just another cost-benefit ratio or political compromise will be to cover one's backside.

See the profusion of statements out of Washington trying to rationalize contacts between key aides at the White House and a supposedly independent agency investigating the financial affairs of our co-presidents. For those who remember that ethics has something to do with boundaries beyond the law, these purely legal rationalizations are embarrassing in their superficiality.

The results of reducing ethics to defensive law or defensive medicine or defensive anything else can have a corrosive effect on even the most trusted of men. Mack McLarty, an Arkansawyer who brought a great store of credibility to Washington, is spending it on a poor cause when he tries to defend these contacts. At this rate, his assurances will wind up as dubious as the president's.

One wants to shake Mr. McLarty by the shoulders and tell him to get out and get out now, before he winds up as thoroughly suspect as those he has been defending. One wants to say:

"Sir, this crew isn't worth saving. The worst thing that ever happened to them was having their political hides saved again and again. The trouble with Bill Clinton and all the little Clintons emulating his ways is that they have been saved from their indiscretions and worse too many times already. If they had been obliged to pay the political price for their transgressions, they might have learned to avoid them before now — before their bumblings had reached this government-shaking stage."

Lloyd Cutler, that well of worldly knowledge brought on board to save still another administration, has tried to defend these contacts, too. But even he says he wishes these calls had not been made. Why? Shouldn't it say something not just about political appearances but about the ethics of such contacts if one wishes they hadn't been made?

Whatever the legal significance of these contacts — a matter that can be left to grand juries and special prosecutors and congressional investigations and who knows what else to come — these calls were acts of ethical illiteracy. How could such a sophisticated crowd, full of men learned in the law and political operators full of success, do such stupid things?

Could it be because they were also full of themselves? Because they assumed ethical strictures need apply only to suspect types like Greedy Old Republicans instead of the socially conscious, certifiably pure of heart like themselves?

Or maybe it was because in this advanced age we have limited ethics to part of the law and part of politics and part of our persons. Maybe because we have treated ethics as an occupation instead of a light, a tool instead a teaching.

Ethics, which can be a safeguard and comfort and assurance and good companion, now is reduced to another walled-off specialty, complete with ethics forms and ethics commissions and ethics professors. And a president of the United States is reduced to claiming moral absolution from . . . a professor of legal ethics.

Sad. And dangerous.

Paul Greenberg is editorial page editor of the Arkansas Democrat Gazette in Little Rock and a nationally syndicated columnist.

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The Washington Times SATURDAY, APRIL 2, 1994

Clinton no pauper as Arkansas governor

By Peter A. Brown
SCRIPPS HOWARD NEWS SERVICE A1

President Clinton, in answering questions about his Whitewater real estate investment, often refers to the low salary he was paid as governor of Arkansas — but omits the lucrative benefits he also received.

While the state of Arkansas paid Mr. Clinton only $35,000 in salary — the lowest of any governor — he received hundreds of thousands of dollars of untaxed services and luxuries.

Ordinary Americans who receive non-cash compensation in the private sector must pay taxes on it, but the Internal Revenue Service says governors are an exception to the rule.

"They do not have to include it in income," said Gail Ellis, an IRS spokeswoman.

In Mr. Clinton's case, the non-cash compensation from the state for staff, food and incidentals was worth roughly $284,000 a year, the Arkansas state auditor estimated.

Mr. Clinton also had free transportation, including a Lincoln Town Car leased for him at a cost of about $4,700 a year, plus maintenance.

The Clintons lived rent-free in the Governor's Mansion, which is worth about $1.2 million. There

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CLINTON

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was no available estimate of what the cost of renting a comparable residence would be in Little Rock.

Besides his salary, Mr. Clinton received another $19,000 in cash to use however he liked. Beginning in 1989, during Mr. Clinton's fourth term as governor, the IRS ruled that $19,000 in cash revenue was taxable income, which meant he paid taxes on annual cash from the state of $54,000. In addition, Hillary Rodham Clinton earned between $46,000 and $119,000 a year as a lawyer and member of corporate boards during the 1980s.

Mr. Clinton was not the only governor to receive nontaxable benefits.

All but five states provide a residence for the chief executive and the staff to maintain it. All provide automobiles for the governor, and most — but not Arkansas — have a state airplane.

Governors of all other states have higher base salaries than the governor of Arkansas, even when the $19,000 fund is included.

Connecticut and Iowa, for example, states of roughly the same size as Arkansas, pay their governors $78,000 and $76,700 respectively, according to the Council of State Governments.

During his tenure as governor in 1978-80 and 1982-92, Mr. Clinton, his wife and their daughter, Chelsea, lived upstairs at the state mansion, as they do at the White House, while the first floor was used for public events.

MODEST SALARY, MIGHTY NICE BENNIES

As governor of Arkansas, President Clinton annually received $284,197 in non-cash benefits in addition to his regular salary, state audits say. That doesn't include free rent at the Governor's Mansion.

Annual salary	$35,000
Discretionary cash	$19,000
Annual non-cash compensation	$284,197
Included:	
Lincoln Town Car lease	*$4,700
Budget for food, utilities, yardwork at Governor's Mansion	$51,000
Not included:	
Security detail	$335,000

* Per year, plus maintenance

Source: Scripps Howard, The Washington Times

The Washington Times

Their personal staff included a mansion administrator, two cooks, a gardener, a maintenance person and three security guards. It has been reported that members of the staff also assumed child-care responsibilities for Chelsea.

The audit report of the Governor's Mansion and the Mansion Commission in 1991 said the budget for food, utilities and yardwork was $51,000. Counting the salaries of the eight employees, the Clintons received services worth $284,197.

A spokeswoman at the auditor's office said the 1991 figure was little changed from the 1980s.

The $284,197 figure did not include the cost of the governor's normal security detail.

In 1988, the Arkansas Democrat reported that in addition to the cost of running the mansion, the state spent more than $335,000 for Mr. Clinton's security detail.

It is not clear how the value of the non-cash compensation Mr. Clinton received as governor compared with that of other state chief executives.

But in its 1988 story, the Arkansas Democrat compared Mr. Clinton's expenses with those of then-Massachusetts Gov. Michael Dukakis, whose only personal expenses the state picked up were $25,000 to entertain visiting dignitaries.

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(ATTN: Editorial Page editors)
Evening the Balkans Odds

(c) 1994, Los Angeles Times= The following editorial appeared in Friday's Los Angeles Times

The Balkans war is being waged by the Balkan peoples themselves. But, as in centuries past, the conflict there is deeply affected by factors far outside the Balkans. The European Union (formerly the European Community), the United States and Russia surely have, among them, the power to impose peace in this region. But their interests are just divergent enough to foil the necessary unanimity. Among these differences, none is greater than that regarding the blanket arms embargo on the former Yugoslavia.

The United States believes that ending this embargo for Bosnia-Herzegovina would permit that embattled state to defend itself against Serb aggression. The European Union takes the view that Bosnian self-defense cannot defeat the Serbs but could spread the violence and prolong the conflict. The Europeans have been willing to countenance a Serbian conquest if peace can be had at no lower price. The Americans have been willing to countenance a dragging on of the conflict if the principle that borders may not be revised by force can be defended at no lower price.

But the argument against spreading the violence has been weakened lately by a shaky but continuing peace established between the Muslims and the Croats. The opinion is being voiced with new cogency in Europe as well as the United States that lifting the arms embargo on Croatia and Bosnia might deter rather than spread violence. Serbia is exhausted. Its venture in mini-imperialism has left it bogged down in a Vietnam-like quagmire. If the Serbs can expect the people it has sought to conquer to be armed from abroad, it may discover a new willingness to negotiate, a new skepticism about whether any of its gains will be lasting.

Whether changing the embargo will have this effect cannot be known with certainty. But what can be known with near-certainty is that in its present form the embargo has been a major incentive to violence by the better-armed Serbian side. Evening the odds may save more lives than it costs.

**** filed by:LAWP(--) on 04/02/94 at 02:35EST ****
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Richard Harwood

Wallowing In Whitewater

This has not been a triumphant Whitewater week for the press. Our prophecies of presidential doom were looking flimsier by the day. Our credibility seemed to be sinking fast.

The fickle public, the new polls tell us, is rallying by the millions to the Clintons' defense. Their popularity ratings are up significantly; 70 percent of our countrymen think we've gone off the deep end by paying far more attention to this affair than it deserves; nearly two-thirds have little or no idea what the fuss is all about.

Politicians who have been fence-sitting for months have screwed up enough courage to challenge—politely, of course—our rush to judgment. Mistakes in our reporting are being acknowledged, grudgingly in some cases. Corrections of the record are beginning to appear. The White House claims to see light at the end of the dark Whitewater tunnel. Led by the president, it has taken the offensive. Following release of the president's tax returns, The Washington Post conceded that "Tax Records Back Clinton Account."

A full-page ad in the New York Times on March 29 declares: "WE INTERRUPT THIS NEWSPAPER TO GIVE YOU THE FACTS." It is a rebuttal to various allegations made in the press and is signed by about a hundred Democratic partisans and political junkies including Charles Manatt, Carol Berman, Tony Coelho, Midge Costanza, Franklin D. Roosevelt III, Carol Tucker Foreman, Anne Wexler and other notables, among them the Washington sports impresario Abe Pollin as well as Tony Randall and Joanne Woodward.

Revisionism has set in about angry telephone calls made by George Stephanopoulos to Treasury officials over the hiring by the Resolution Trust Corp. of a partisan Republican, Jay Stephens, to handle possible civil suits arising out of the collapse of the Madison Guaranty Savings and Loan. Those calls made a big story with sinister overtones—obstruction of justice?—last week. It is a lesser tale today. Soon after it was published, Rep. Jim Leach, the Iowa Republican who is leading the Whitewater charge, minimized the seriousness of the calls. They were "pretty natural," he said. ". . . I think it would be premature to draw too heavy conclusions" from them.

House Speaker Tom Foley agreed. Marlin Fitzwater, press secretary to former president George Bush, also defended Stephanopoulos. His reaction to the Stephens hiring, he said, was "pretty normal. I have to admit that if you stand in George Stephanopoulos's shoes, it would be a little difficult not to be surprised and outraged by that appointment." Earlier, the Republican patriarch, Barry Goldwater, had urged Republicans in Congress to get off the president's back.

Newsweek magazine ate crow early in the week over a story claiming Hillary Clinton had put no money into a commodities market deal that earned her a $99,000-plus profit in 1978 and 1979. The story relied heavily on quotes from a law professor at Columbia University, Marvin A. Chirelstein. He supposedly described the commodities coup as a "sweetheart deal" and said, "It doesn't look wonderful, does it?" Chirelstein denounced the story as "false and irresponsible," claimed he had been misquoted and said he was "simply outraged and humiliated" at Newsweek's distortion of his remarks. The magazine's Washington bureau chief, Evan Thomas, said the problem arose from a "misunderstanding" and promised, "If we need to make an apology to the White House at the end of all this, we will." The apology was made a day later.

Newsweek's chief competitor, Time magazine, had its own story this week, publishing details about Whitewater that supposedly came from "sources close to" Robert B. Fiske Jr., the Whitewater special counsel. Fiske challenged Time's claim to have a mole inside his shop. He said he was upset and disturbed by the story and has been assured by his staff that no such leak had occurred. Time stuck to its guns, but the challenge to its reliability was part of an emerging pattern in recent days in which the press itself is being scrutinized and put on the defensive.

The Post published a piece in most of its editions on March 23 in which the associate White House counsel, William Kennedy III, was represented as having admitted that he consciously employed a ruse to avoid scrutiny of his failure to pay Social Security taxes for the family's nanny. A retraction was published by The Post the following day, noting that the story "omitted a key word." He had "not" admitted to any effort to conceal the problem.

William Safire of the New York Times caused some journalistic clucking on Monday with a column—"Reading Hillary's Mind"—written in Hillary Clinton's voice: a stream of consciousness account of her fears of being exposed as an avaricious yuppie. It was great reading, but where, one asked, does a journalist obtain her mind-reading certificate? Safire, a renaissance man, may have mastered the art on foreign soil, the Himalayas perhaps. But he cited no credential.

Christopher Hanson, a correspondent for the Seattle Post-Intelligencer and a columnist for the Columbia Journalism Review, sighed in an op-ed piece in the Times: "We are in the age of tabloidization. There must be a book for the booboisie. [But] there's still time to hope that the same forces that unleashed all the hype and shallow coverage may also prompt some reporters to dig harder. Who knows? Someday we may actually learn if there is a scandal here."

From London, Simon Hoggart of the Manchester Guardian, opined: "The world looks on, fearing that its leader will be paralyzed by events of scant interest or significance to anyone at all—perhaps this time even inside the Beltway."

Many decades past, Walter Lippmann reminded journalists that "every newspaper when it reaches the reader is the result of a whole series of selections as to which items shall be printed, in what position they shall be printed, how much space each should occupy, what emphasis each shall have. There are no objective standards here. There are conventions."

We are all aware of the convention that admonishes us to be watchdogs and, if necessary, attack dogs. I am not aware of any convention that cautions us from time to time to cool it. But in this it may not be a bad

Discipline at the Academy

THOSE WHO wondered how to make midshipmen at the Naval Academy take cheating more seriously now have their answer. No one missed the message that blared across the academy when a panel of officers announced its recommendations: 29 students were recommended for expulsion because of their roles in a 1992 cheating scandal, 42 got lesser punishments, 35 were cleared of any wrongdoing. Right on the heels of that announcement came the news that a four-star admiral and former superintendent of the academy, Charles R. Larson, will take over from current superintendent Thomas C. Lynch, whose handling of the cheating investigation was widely criticized and whose three-year tour of duty there is now up. Adm. Larson will be the highest-ranking superintendent so far; his job, which implicitly includes building the kind of moral tone that many disappointed academy-watchers had thought existed there already, is made easier by the sweeping-the-slate-clean imagery and by the evidently cowed and impressed mood on campus.

But there's more to building or maintaining an honor code than simply scaring the participants to death. To use a cliche that's nonetheless hard to live up to, a code must be tough but also fair; midshipmen must have the conviction not only that wrongdoing will bring consequences but that those consequences are being meted out honestly and reliably. The suspicion that the first round of disciplinary actions had been unfair and favoritist was grist for the scandal that followed.

Given all this, it's hard to understand why the academy and the Pentagon haven't offered more information on the distinctions they drew in recommending some midshipmen for expulsion and some not. The official statement of the punishment said each case "presented unique facts and circumstances," and officials said among those circumstances were how forthcoming the student was about admitting guilt, how deeply involved the student was in the test-stealing and -copying scandal, and whether he was willing to name others. At least one midshipman up for expulsion has insisted that he had done nothing wrong except for refusing to name others. (The Annapolis Honor Concept does not explicitly require students to turn in wrongdoers, as do the Army and Air Force codes, but says simply: "Midshipmen are persons of integrity; they do not lie, cheat or steal.")

Opportunities abound for these and other facts about the process to be more fully aired. The Navy and Pentagon must review the expulsion recommendations, a few lawsuits remain outstanding, and Congress, which helped prod the academy into motion, retains a lively interest in dispelling the mist. For those watching the academy pull itself back together as well as those caught in the mess, the academy would do well to explain more fully what it decided about these 106 students' behavior and what it will expect of others in future.

'Destructive Opportunism'

THE CLINTON administration has chosen a difficult moment to jack up a diplomatic campaign to increase the isolation of the military regime in Burma. The effort is unfolding as Communist China, which had no difficulty embracing the regime from the start, extends its economic ties. The prime minister of Singapore, like China a purveyor of arms to the generals in what they call Myanmar, has just become the first head of a foreign government (except for Communist Laos) to visit Rangoon since the armed forces crushed a pro-democracy uprising four years ago. Thailand is reported to be inviting Burma to attend July's meeting of ASEAN, the regional organization.

Not China, which can hardly care about the nature of the regime, but the other countries moving to take military-ruled Burma into the regional fold produce a familiar argument. It evokes the American debate on China. "Constructive engagement," as it is called, offers the people of Burma trickle-down benefits as the generals move into a free-market phase, and eventually the regime itself will soften.

In the abstract, this argument always has allure—for its promise, its automaticity and its painlessness. In the specific Burmese circumstances, it has a cynical aspect. In the 1980s Burma was setting out on a viable democratic path. The generals rudely took Burma off it. But even today a face-saving exit from authoritarian rule is available. The junta could don a patriotic cloak and open a political dialogue with the imprisoned authentic opposition leader Aung San Suu Kyi, a Nobel peace laureate.

The American government realizes that other countries are broadening their connections with Burma. Washington means to avoid the ineffective symbolism of unilateral economic sanctions. The theory is that a show of reasonableness, but impatient reasonableness, may induce Burma's trade and investment partners to draw it onto the political road with Aung San Suu Kyi. Regardless, it's worth keeping pressure on a repressive regime that, in addition to its crimes against its own people, maintains ties with the drug traffickers responsible for most of the heroin that arrives in the United States.

"Constructive engagement is not constructive," a politician from Ms. Suu Kyi's party said recently. "It's destructive opportunism. We are in a time of trouble, and when the government is oppressing its own people, [other governments doing business with the regime] shouldn't do it."

Bentsen Expresses Support for Treasury Staff

By Clay Chandler
Washington Post Staff Writer

Treasury Secretary Lloyd Bentsen summoned a small group of reporters to his office yesterday morning for an unusual briefing to express his support for Treasury officials who have come under scrutiny in connection with the Whitewater affair.

The officials, he said, "have my full confidence as far as their integrity and their ability and their ethics."

Deputy Treasury Secretary Roger C. Altman, Treasury Chief of Staff Joshua Steiner, Treasury General Counsel Jean E. Hanson and former assistant secretary Jack R. DeVore Jr. have been subpoenaed to testify before a grand jury to describe their communications with White House officials concerning a Resolution Trust Corp. investigation of a failed Arkansas thrift with ties to the Clintons.

It was Bentsen's most explicit statement of support for his staff since a Senate Banking Committee hearing in February when Republican lawmakers questioned the propriety of meetings between Altman and White House aides involving the RTC's handling of that case.

Bentsen said he called yesterday's meeting to allay speculation that the Treasury's effectiveness has been undermined by a cloud of "rumors and questions" about Whitewater. Bentsen said he and his staff were tending to business, and continuing to work closely with the White House to further President Clinton's policies.

"I don't see it," Bentsen said, when asked about reports of tension between the Treasury and the White House since disclosures last week that two senior White House officials called Altman and Steiner Feb. 25 to ask whether the RTC's selection of a prominent Republican lawyer to investigate the Arkansas thrift could be rescinded.

But although Bentsen lauded the performance of his staff in general, he stopped well short of a blanket endorsement of their conduct. When asked whether he would vouch as enthusiastically for the "judgment" of his aides, he demured: "I would say on that one, they wish they hadn't gone" to the meetings with White House officials, he replied. "I think they've all said that."

Later in the 45-minute session, he made a point of correcting a reporter who suggested he had characterized the officials' actions as "appropriate." "I didn't use the word 'appropriate,' " he said.

As chairman of the RTC Oversight Board, Bentsen is prohibited by law from intervening in any RTC case. On March 3, he issued a statement saying he was not involved in any of the White House meetings involving the Arkansas thrift, and had no knowledge

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Bentsen Backs Staff Members At Treasury

BENTSEN, From D12

of them. He also asked the Office of Government Ethics to review Treasury's handling of the matter.

He joked yesterday that while a senator he learned the hard way about the importance of taking quick action to counter perceptions of ethical misconduct, and suggested the White House could have responded more rapidly to questions about Whitewater.

Shortly after becoming chairman of the Senate Finance Committee in 1987, Bentsen was criticized for offering special breakfast meetings to top contributors to his reelection campaign, but weathered the flap by promptly canceling the meetings and saying he it was a "doozy" of a mistake.

At certain times during yesterday's briefing, Bentsen seemed to garnish his praise with hints of disapproval. While expressing confidence in the abilities of Hanson, for example, he said that a September meeting with then-White House counsel Bernard Nussbaum in which she told Nussbaum of a criminal referral mentioning the Clintons, "was in retrospect, certainly a mistake. Do I fire her over that?" he asked. "No—unless there's more of it than I know about."

He added pointedly that he is "damn sure capable of firing people."

Bentsen he also joked about the political perils of keeping a diary. "I don't keep a diary—I want that clearly understood," he said with a laugh, a reference to Steiner's journal, which special counsel Robert B. Fiske Jr. is using in his probe of Whitewater."

In a later telephone interview, Bentsen stressed that he had not intended to be stingy with his praise.

"I have the finest staff in Washington," he said, "and I have every confidence that they'll continue to be as effective in the future as they've been productive in the past."

SATURDAY, APRIL 2, 1994 THE WASHINGTON POST

The officials "have my full confidence as far as their integrity and their ability and their ethics."

— Treasury Secretary Lloyd Bentsen

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Russian Crime Syndicates Moving West

Drug Running, Financial Fraud Among Moscow Mob's Specialties

By Steve Coll
Washington Post Foreign Service

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LONDON, April 1—Russian organized crime groups, strengthened by social chaos at home and lured by opening borders in Europe, have lately acquired enough independent financial clout to cause serious problems in Western Europe and the United States, according to senior law enforcement officials.

Complex criminal cases in London, New York, Germany and elsewhere, as well as ongoing investigations, indicate that these groups are moving rapidly from racketeering at home to criminal activity in the West lucrative enough to be self-supporting, the officials said.

The most serious activities include cocaine and heroin trafficking, financial fraud, large-scale car theft, unlicensed weapons trafficking and the laundering of illicit profits through Western banking and offshore financial centers, they said.

"It's a condition that's not only deplorable, but from our point of view, directly threatening," said FBI Director Louis Freeh in a telephone interview. "We have emerging, particularly in Russia, an incredibly well-organized and powerful and well-asseted organized crime problem. It's one of growing proportions. It's now got the ability to finance its own operations."

David Veness, London's assistant police commissioner for special operations, who deals with organized crime, said: "There is a difficulty and a threat that confronts the whole of Europe. . . . The word that I would use to describe the changing threat is 'mobility.' "

Organized crime task forces across Western and Eastern Europe are finding, Veness added, "that unless

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you're vigilant about Russian organized crime groups, the speed and extent of the problem will overtake you."

One of the greatest concerns is emerging evidence of the substantial amounts of cash becoming available to these Russian crime groups, particularly in Western banking centers such as London.

For example, court proceedings in London disclosed this week that two Russians from the crime-ridden enclave of Chechenia, who were murdered and dismembered in a luxury flat by a pair of visiting Armenians last year, left personal estates worth more than $2 million, as well as a number of swank British properties, according to Detective Superintendent Kenneth Woodward, the police officer in charge of the case.

In a statement to police before he committed suicide in prison, one of the Armenians charged in that case claimed he had been sent by his government to dissuade the Russians from going forward with an illicit missile deal in Europe related to the war in neighboring Azerbaijan, Woodward said. The second Armenian charged with the murders made no statements in his defense and was sentenced to life in prison last fall.

In New York last year, two members of a Russian immigrant group and a pair of Italian-American organized crime figures were convicted of working together to import large amounts of heroin into the United States. The cases have led investigators to believe that the Russians are not only becoming formidable rivals to the Sicilian Mafia but also, in some instances, important collaborators.

German law enforcement agencies continue to confront scores of cases involving Russians and East Europeans engaged in illegal weapons trafficking and the smuggling of low-grade nuclear materials for sale in the West.

Agents at the U.S. Drug Enforcement Administration and other law enforcement officials say a pattern also has emerged in which Colombian cocaine exporters, seeking to expand their multibillion-dollar markets in Europe, are routing their product initially to Russian organized crime partners. The cocaine is then smuggled through Eastern Europe into the West.

Growing political turmoil, the convertibility of the Russian ruble and the relaxation of strong border controls have produced rising drug trafficking in and through Russia, the U.S. State Department reported in its most recent published assessment.

Colombia's dominant Cali cocaine cartel has had a relatively difficult time in securing direct routes for cocaine smuggling to Western Europe because, unlike in the United States, there are not large populations of expatriate Colombians in Europe to provide secure networks on the import side, investigators say. For that reason, the Colombians require partners.

> *"We have emerging, particularly in Russia, an incredibly well-organized and powerful and well-asseted organized crime problem. It's one of growing proportions."*
>
> — FBI Director Louis Freeh

This trend was highlighted by the seizure of a metric ton of cocaine in St. Petersburg last year. Investigators said the drugs were produced by the Cali cartel and imported by Russians for eventual shipment to Germany.

Because of the rising financial resources available to Russian organized crime groups and the easing of border controls in Europe after moves toward economic and political unification by the European Union, such emerging Russian crime partnerships are "just the beginning of what I think will be natural alliances," Freeh said.

"What the Western police forces don't have is the intelligence bases for some of the emerging Eastern European criminal groups who are able to operate transnationally," he added.

Though Russians are acquiring the most substantial financial assets, crime groups from Ukraine, Belarus and Poland are also becoming significant players in the West, Freeh and other law enforcement officials said. One difficulty is that police in these former Eastern Bloc countries lack the technology, training, forensic units and data bases to be of much help to their Western counterparts, even when they are inclined to try.

Attempts at cooperation have been hampered by a lack of resources among belt-tightening Western governments and also by the ability of Eastern Bloc crime groups to penetrate their own countries' embryonic, democratic law enforcement authorities. Particularly in Russia, corruption of police forces by organized crime groups has become "very, very significant," Freeh said.

The FBI hopes to station a liaison officer at the U.S. Embassy in Moscow by the summer but has no plans to open other offices in the former Eastern Bloc because there is not enough money in the bureau's budget, according to FBI officials.

SAT, APRIL 2, 1994 WASHINGTON POST

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The Geography Explanation

Don't believe it. People in New York, Arkansas and D.C. know the same things.

BY MEG GREENFIELD

WHITEWATER SEEMS TO BE TURNING US INTO YUGOslavia. I have never heard so many claims made for or against supposedly exotic regional cultures—how things are done in Arkansas, in New York City, inside the Beltway—as when the Whitewater subject comes up. Then there are the allegedly separate subcultures that practice exotic rituals of their own: the media, the lawyers, the futures traders, etc. Much professed exasperation and hurt issue from all these quarters: this is the way we do things; it's the other ones who are weird, i.e., devious, shameless, crooked.

The whole thing is, in my opinion, a joke, or, perhaps more precisely, a dodge. In football it would be called the Herzegovina fake-out. For the basic values and practices that are at issue in every aspect of this affair—from what constitutes a conflict of interest to what constitutes good journalism—are understood in all the above-mentioned places, not to mention everywhere else. They do not require special knowledge of regional customs, languages, cooking and native dress.

When Whitewater issues were first gaining national attention, Arkansas culture, in particular its Little Rock manifestation, was invoked by some as an extenuation and defense. Washington questioners of some of the dealings that had occurred when the Clintons were in state politics were told they simply didn't understand the normal, accepted and innocent ways of Arkansas, a small place, after all. No one put it more vividly than James McDougal, proprietor of the failed Madison Guaranty S&L, in an interview on "Good Morning America." He described a challenged Whitewater activity as "the proper thing to do here, where we all know each other very well and we know who's ethical and who's honest and who will engage in a conflict of interest . . . I realize it's very difficult to talk about ethical questions with someone 1,200 miles away, where what you're seeing are the sharp traders on Wall Street . . . They'd do anything for a buck. That's not true down here."

Picking on each other's cultures is old stuff in American politics

Such playing off of the supposedly guileless heartland against the cynical, wicked Northeast is pretty old stuff in American politics. In its most recent incarnations it has pitted a claim of humble, muscular, honest-to-God Americanism against what it insists are effete, elitist Beltway habits. In the early Carter years, when some presidential aides were accused of transforming the White House into Animal House, there was a brief attempt at defense on the ground that these la-di-da Washingtonians just didn't understand the good old, time-honored Georgian way of life. But this didn't get very far in a political capital that had for years been all but run by stately Georgians from Walter George and Richard Russell and Carl Vinson to Sam Nunn, who never once were alleged to have spit Amaretto, or whatever that stuff was, down the front of someone's dress.

In fact, this type of regional defense is self-destructive, because it is so easily turned back on those who espouse it, as has surely been true in the current case. The Arkansas extenuation has been converted—maliciously and snobbishly and stupidly, in my view—into a smirky, condescending attack: what went on that may have been unsavory in Whitewater and the related affairs is said by Washingtonians, of all people, to be nothing more than evidence of crummy, back-scratchy provincialism, of the way *those people* do things down there. This from my own city, Washington, D.C., the unchallenged capital of the back-scratch, the logroll, the too-cozy relationship, the hustle. And it is also shamelessly enunciated by newspapers and others in New York, home of so many of those 1980s' greed-heads whom the Clintons and others have denounced for their pitiful values. These are Mr. McDougal's sharp Wall Street traders talking about those sharp commodities dealers in Arkansas.

The only thing everyone seems able to agree on is that the culture of Washington is the worst. From New York City, no less, came an injured-innocence defense of lawyer Bernard Nussbaum, the White House counsel whose handling of Whitewater-related issues finally compelled him to resign. Nussbaum was accused of mishandling the aftermath of Vincent Foster's death, being insensitive to the proper relationship of the investigated to the investigators, and seeing no difference between representing a private defendant in a criminal case and protecting the public interests of the presidency and the president. To all of which his defenders quickly let it be known that Nussbaum had acted irreproachably by the standards of a good New York lawyer. He had been zealous and inventive and tireless in the defense of his client. That's the way we do things in N.Y.C., the argument went, and then, the clincher: but Nussbaum was finally undone by the treacherous, incomprehensible ways of sicko political-journalistic Washington.

Inside the Beltway, of course, you can hear the Washingtonians' predictable scorn of (1) Nussbaum the aggressive New York City lawyer who didn't understand his Washington job and (2) Arkansas politicians who—get this—cut too many corners. When we are taken to task, in our turn, for our frenzied focus on the investigations as politicians and press or whatever we are, we piously explain that what we are doing is virtuous and high-minded. We are only doing our duty and what is right by our unexceptionable lights.

One finally wishes to stand up on a chair and address all the varied, sanctimonious regional-culture chauvinists and purveyors of slurs on each other's parts of the country with one simple message: Look who's talking!

The point is surely that none of these regional mystiques or self-referential rationalizations or contemptuous put-downs of the other guy's hometown culture persuades. We are not dealing here with a new class of victims to be known as the geographically impaired. The Clintons and their sophisticated Arkansas business and law associates, like the Washington pols and press and the New York legal and trading contingent, too, have all been playing in the same court for a very long time. They all know enough of the same things to know, for example, what is upright and what is sleazy dealing, what is responsible journalism and what is not, and where the lines are that shouldn't be crossed. Don't buy into the regional attack. And don't believe the regional defense.

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Politics: The business of hating Bill and Hillary Clinton

WARNER BROS.

Cinema: Charlie Sheen in the film *Major League II*.

COVER: *Illustration for* TIME *by Mark Fredrickson*

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WINNERS & LOSERS

CARLOS TABOADA—AP

ERNESTO ZEDILLO
Substitute candidate virtually guaranteed Mexico's presidency

DAVID LETTERMAN
Stands up to Madonna, dirty words & unwholesome habits

BUFFALO BILLS FANS
A glimmer of hope as Cowboys lose Bill-slaying coach

SUSAN LUCCI
No Emmy snub this time—she wasn't even nominated

DR. BERNARD FISHER
Head of compromised breast-cancer study ousted by Feds

NATIONAL RIFLE ASSOCIATION
Early statistics already show Brady Law keeps guns from crooks

PAUL HURSCHMANN—AP

SHUT UP, RUTH

"Excuse me! Just let me finish if I may."—JUSTICE SANDRA DAY O'CONNOR WHEN INTERRUPTED BY JUSTICE RUTH BADER GINSBURG DURING ORAL ARGUMENTS LAST TUESDAY; ON WEDNESDAY, GINSBURG WAS REBUKED AGAIN FOR INTERRUPTING BY JUSTICE ANTHONY KENNEDY

None Dare Call It Kafkaesque

DIANA WALKER FOR TIME

Franz Kafka's *classic novel* The Trial *(1925) is the surreal story of Joseph K., a man who is accused of nameless charges that can never be fully refuted and about which he can get no firm information. The Clinton White House seems to feel it is in a similar predicament.*

The Trial	Whitewater
K. went on, "Though I am accused of something, I cannot recall the slightest offense that might be charged against me."	"No one has accused me of any abuse of authority in office ... There is no credible evidence and no credible charge that I violated any criminal or civil federal law." —*Bill Clinton, March 7, 1994*
K. went on, "There can be no doubt that ... behind my arrest and today's interrogation, there is a great organization at work."	"[The Whitewater controversy] is a well-organized and well-financed attempt to undermine my husband, and, by extension, myself."—*Hillary Clinton quoted in the May 1994 edition of* Elle *magazine*
K. is told, "One must really leave the lawyers to do their work, instead of interfering with them."	"Why don't you guys let the special counsel do his job?"—*Bill Clinton, to members of the press, March 21, 1994*

Presidential Election Campaign (See page 12.)		Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
	Do you want $3 to go to this fund?			
	If a joint return, does your spouse want $3 to go to this fund?			

Giving to America's Not-So-Neediest

You may have noticed—if you're the sort of person who's already done your taxes—that the little checkoff box for the Presidential Campaign Fund has increased from $1 to $3. Why? Since 1973, the spending limits for elections have been indexed for inflation but the checkoff hasn't, so its value has consistently declined (taxpayer participation has hovered around 20% for the past decade). By 1992, the amount raised, $153,191,152, was barely enough to cover election costs. Officials expect the new, improved checkoff will easily cover 1996's tab.

income women who suffer rape or incest. The state revolt sets the stage for months of negotiations with the Federal Government, and for lawsuits by abortion-rights advocates.

Federal Downsizing
President Clinton signed into law a measure offering buyouts of as much as $25,000 to federal employees who resign or retire early. The measure, an attempt to streamline the federal bureaucracy in a humane way, calls for elimination of nearly 273,000 workers by 1999.

Smoking Wars, Continued
The campaign to snuff out cigarettes continued to heat up as California Congressman Henry Waxman released a 1983 study conducted by a Philip Morris researcher indicating that nicotine is addictive to rats; the Congressman charged that the firm tried to suppress the report. Philip Morris denied the allegation.

U.S. to Japan: We're Sorry
At a news conference in Tokyo, U.S. Ambassador Walter Mondale somberly apologized to Japan for the carjacking murder of two 19-year-old Japanese students in Los Angeles—the latest in a series of violent crimes against Japanese in the U.S. Three days later, the Los Angeles police chief announced the arrest of two suspects.

Brady's Initial Results
Federal officials unveiled preliminary statistics on the effectiveness of the Brady gun-control law during its first month: at least 1,605 people, including fugitives and felons, were stopped from purchasing handguns in 15 states and cities.

Naval Academy Expulsions
More than a year after the U.S. Naval Academy learned of widespread cheating on a December 1992 exam, a Navy panel recommended expelling 29 midshipmen

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Whitewater running dry

For months, dark rumors have swirled through Washington as journalists probed the Whitewater mess. Earlier this year, many speculated that President and Mrs. Clinton were refusing to release information about their business dealings in the late 1970s and early '80s because they had something to hide.

Now that the Clintons have opened their tax records going back 16 years, the press has been able to study the family finances. Reporters may have found the sensitive issue Hillary Rodham Clinton didn't want to discuss: how she turned $1,000 into nearly $100,000 in the risky commodities market.

Hillary Clinton knows that many Americans are still uncomfortable with the idea of a powerful first lady. She may worry that her aggressive trading in futures contracts could hurt her image.

Unfortunately, the Clintons' efforts to keep such trading private have only made them look guilty. Now that the records are fairly open, what do they show? Did Hillary Clinton trade illegally?

The answer appears to be no — she herself did nothing illegal. But it seems probable that her broker, Robert "Red" Bone, bent rules to help her. At the time Mrs. Clinton began investing in late 1978, Bone had a reputation as a successful broker. The self-made millionaire was the manager of his office of Refco Inc., a commodities brokerage firm.

It was not until the 1980s that his habit of engaging in irregular business practices became commonly known. For example, court documents released in the '80s showed that during the '70s, Bone's office engaged in "block trading" — entering customer orders for futures contracts en masse and handing them out to clients later, after it was known which ones were winners. That practice has always been considered improper, but it didn't become *illegal* until after Hillary Clinton ended her trading.

Certainly it's possible that she made extraordinary profits in 1978 because her broker did her favors. But that is pure speculation. No shred of evidence indicates that she herself participated in or knew of a plot to break the rules.

Still, if the Clintons suspected the release of their 1978 financial data would diminish their reputations because of their association with Bone, they were right. Though the commodities "scandal" appears to involve no criminal activities, it gives their critics ammunition. Republicans are calling the Clintons hypocrites for attacking the "greed of the '80s" while participating in "greedy" transactions.

The Whitewater revelations do make it seem that the Clintons' business dealings too often fell into gray areas of the law. For two brilliant lawyers, they didn't have very keen eyes for spotting unethical businessmen back in the '70s and '80s.

But saying they didn't have the best possible judgment when picking business associates in Arkansas is a long way from saying they tried to commit crimes for personal gain. Unless something worse in their tax records turns up in coming weeks, the Whitewater scandal may dry up quickly.

Whitewater keeps media drifting back into town

BY JERRY DEAN
Democrat-Gazette Staff Writer

No one in Little Rock stands to get wealthy off the recent influx of reporters looking for scoops in the Whitewater Development Corp. affair.

Employers pay plenty to feed and shelter news crews. And managers of local businesses said last week some media "regulars" had drifted back to familiar haunts.

But what once was a torrent of reporters — during Bill Clinton's 1992 presidential campaign and the subsequent transition period — is now a trickle by comparison.

Barry Travis, who directs the Little Rock Convention and Visitors Bureau, said a *Time* magazine reporter recently called his office seeking to learn how many hotel rooms had been used by the media since Whitewater exploded as an issue again on Oct. 31, 1993.

He said specific numbers are difficult to track.

Travis doubted that visiting reporters have accounted for more than an average of eight rooms a night in Little Rock since January.

Whitewater revelations are more likely to occur behind a grand jury's closed doors than on the streets of Little Rock. So some journalists have written exhaustive mood pieces about how stubborn "friends of Bill" in Arkansas are when asked about Whitewater. Other stories have centered on what a *Washington Times* writer in March called "scandal-scarred" Little Rock.

That lengthy report was complete with references to the 1957 Little Rock Central High School desegregation crisis and to "Travelers Field," a name the city's Class AA ballpark, Ray Winder Field, hasn't used since 1968.

Other writers, like *Vanity Fair*'s Ned Zeman, have produced

See MEDIA, Page 6B

Insolent sanctimony

The *Arkansas Times*, which ran like a scalded dog from coverage of allegations by two state troopers from the mansion security detail that Bill Clinton used them for pimps when he was governor, has piously criticized other media for reporting the story.

Holier than thou, the *Times* has the same supercilious sanctimony as Clinton, who has caused the nation's media to hold him to the higher standard he asked them to hold him to.

The *Times* might deserve some points for its skepticism of the tale of the troopers, whom I did not believe either, but my favorite viewspaper practices a double standard when it comes to protecting reputations from unsupported allegations.

It seems that if the *Times* likes you, as it does Clinton, your dirty linen doesn't get aired. When the *Times* is dealing with someone it doesn't like, an old *Arkansas Gazette* rule comes into play: Get the guy. Bar no holds.

When a former employee of one of the troopers came forward with a story about how her boss had harassed and fired her for rejecting his sexual advances, the *Times* trotted out the *Gazette*'s old double standard and rushed into print with the prurient details.

Since it changed from a slick magazine into a carping weekly opinion sheet, the *Times* has not passed up an opportunity to criticize the *Democrat-Gazette*, which it calls the DOG.

The nickname is not even original. It was first used by the late and unlamented piece of journalistic trash called *Spectrum*.

Except for me, the *Democrat-Gazette* has largely ignored the nitpicking of the *Times*, and the journalistic goal has done almost as good a job of ignoring the challenges of some of its major suits as it has of getting my name into its columns whenever it can present me unfavorably.

Last week, however, Carrie Rengers, who was hired away from the *Times*' sister paper, the even smaller and even more insignificant *Arkansas Business*, to write a media column, whipped out a piece about the *Times*' rapidly diminishing circulation and advertising image.

"Why doesn't the *Democrat-Gazette* write about its own 'skyrocketing' ad rates and circulation decline?" the *Times*' unbylined media column asked. The anonymous writer asserted that Rengers had put out false figures about

the *Times*' business but recognized that he could be caught in a lie and failed to give what he believes the right figures to be.

Finally, the writer called Rengers a "pampered" writer and asked, "One can't expect Rengers to write about her own newspaper, can one?"

Rengers has not been told that she cannot write about the *Democrat-Gazette*. It was clearly understood when she was at *Arkansas Business* that she was not to write anything negative about either *Business* or the *Times*.

I have yet to see anything negative about about any Arkansas Writers Project publication by any Arkansas Writers Project writer. I don't think I ever will.

Fact: On June 30, 1950, the *Times* reported its circulation at 40,115. It circulated 31,221 copies of its last issue of the year.

Looking for pity

In a bid, I guess, for pity, the *Times* media writer noted that it "seems crazy for a 300,000 circulation daily to pick on a 31,000 weekly," which, he acknowledges, is "not a real competition" to the *Democrat-Gazette*.

The admission and the circulation figures are his. I won't dispute them.

Not tough enough

Shortly after the newspaper war ended, Rengers wrote a feature on me for *Arkansas Business*, and John Brummett, then writing for the *Times* magazine, also profiled me.

Neither article was flattering, but both were relatively fair. I don't mind being shown warts and all, but I don't like being depicted as nothing but warts.

Unimpeachable sources have told me that Alan Leveritt, the principal players in Arkansas Writers Project, chewed both of them out because they weren't tough enough on me.

More about Leveritt later.

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

▸ Continued from Page 1B

pieces about interaction among reporters encountering what Zeman called "frat-house gamesmanship" at the Capital Hotel bar.

As Zeman wrote in the April issue, writers "skulked after bureaucrats and scoundrels, trolled for purported 'Bill Babes' " — then packed their gear and bearded home on weekends.

Travis said guests do not always identify themselves as reporters. His office has not done a study on the number of visitors.

"We may well have heard from them and just not known it," he added.

Patrice McClung is front-office manager at the Capital Hotel, a 114-year-old landmark that is the favored hangout for visiting reporters.

"We all got used to having the national press corps here for the campaign," she said. "But Whitewater isn't having that great an impact. We're not running anything like the same numbers of news media we had before.

"Back then ... we would fill 55 press rooms overnight. Some arrived as late as 3 a.m. Sure, it was hectic. But we kind of miss it."

Now, McClung said, "only one news media group (she declined to say which one) reserves a room permanently. We may run five to 10 press rooms a night weekdays. Some stay four or five nights at a time."

But that's hardly a make-or-break margin for a 125-room hotel.

"My impression is that most (media representatives) are like our other corporate guests — gone mornings, back at night," she said.

Many, she said, make it back in time for happy hour at the Capital's popular bar and perhaps for dinner at the hotel's expensive restaurant, Ashley's.

"Even without the press corps here, the bar would stay busy," McClung said. "It has pretty much become a political hangout."

She thinks it's the hotel's lively bar and the cuisine at Ashley's that draw media types back.

"We would like to think it's us," McClung said.

The staff often recall the names of media regulars, she said.

"We get a lot of repeat business, not just the press," McClung said. "Our clerks and bellmen tend to recognize a lot of them."

Linus Raines, general manager of the Excelsior Hotel, said the hotel recently has been host to representatives of television networks and newspapers such as *The Washington Post*.

"Reporters ask a lot of questions," Raines said. "And they visit a lot with our staff."

Raines said the Excelsior tries to be accommodating.

The past two weeks, Raines said, the Excelsior has played host to NBC, CBS and ABC television crews along with representatives of CNN, C-SPAN, CONUS Communications, *Time* and the *Los Angeles Times*.

In some instances, Raines said, media organizations have blocked out rooms for crews of three to six people at a time. But that hasn't been done recently.

Barbara and Fleming Stockton, co-owners of Your Mama's Good Food, recently enjoyed seeing familiar faces among press corps members at their restaurants downtown and in Hillcrest.

"One day last week," Barbara Stockton said, "we had the BBC, ABC and NBC crews all in at once — 15 or 20 of them."

That has been the pattern since Clinton became president, she said — long absences of national media, punctuated by occasional surprise visits.

George Eldridge is manager of Doe's Eat Place, a popular downtown dining spot for visiting reporters during the 1992 campaign. He said business has been "pretty consistent," even though the president makes only occasional Arkansas visits.

In mid-1992, Doe's was the site of Clinton's well-publicized *Rolling Stone* interview.

From Boston Globe page 1

Off Maine, a Whitewater link

Clintons' partner McDougal bought much of island in deal that weakened Ark. thrift

By Michael Kranish
GLOBE STAFF

CAMPOBELLO ISLAND, New Brunswick – James McDougal was deep into his Whitewater venture with Bill Clinton in the early 1980s when he discovered what he called "the deal of the century" – land for $211 an acre on this fabled island a few hundred yards off the coast of Maine.

Here, on the enclave that Franklin Delano Roosevelt called "my beloved island," McDougal dreamed of his biggest real estate enterprise. It would be 3,900 acres, nearly 20 times the size of the Whitewater project. The plan was to sell most of the lots to people from Massachusetts.

"Whitewater was just 1 percent of what I was involved in," McDougal said in a recent interview. "Campobello was the major interest of my life."

McDougal did not persuade Clinton, then governor of Arkansas, to invest in Campobello. Nonetheless, the venture is part of the larger Whitewater story for two reasons:

First, federal regulators took over McDougal's Madison Guaranty Savings and Loan because they were concerned about the institution's real estate deals, of which Campobello was the largest. If Madison had not failed, the Whitewater controversy might never have occurred.

Second, according to documents obtained by The Globe, the Campobello deal went forward only after it was approved by Arkansas securities officials when Clinton was governor. The Arkansas deputy securities commissioner, Charles Handley, told The Globe on Friday that he would have recommended against approval had he been given the appropriate information.

The collapse of Madison eventually cost taxpayers about $47 million, with an undetermined amount caused by the Campobello project, according to federal documents. McDougal was found not guilty of bank fraud in a 1990 trial.

The Campobello story has the same cast and raises many of the questions associated with Whitewater. And the legacy of the development's failure is evident today, as federal officials attempt to sell the remaining acreage. Some residents hope the Clinton administration will help sell the land back to Canadian islanders on preferable terms. Yet they fear officials in Washington will want nothing to do with a project associated with the president's former Whitewater partner.

The story began in 1988 in Arkansas, where McDougal was running Whitewater and several other developments with mixed success.

McDougal, after seeing an ad for the land, remembered the island from the movie "Sunrise at Campobello," about Roosevelt's battle with polio on the island.

The island at one time rivaled Bar Harbor, Maine, in its attraction for wealthy Americans, including the Roosevelts. There were two hotels and rambling "cottages" by the water. When Franklin married Eleanor, his mother gave them a 34-room Dutch Colonial as a wedding present.

Island has suffered

But since that era, the island has suffered. The two hotels and most cottages are gone. Many of the 1,200 year-round residents make a modest living by fishing or cutting wood, and the primary draw is the Roosevelt-Campobello International Park. As Henry Stevens, the park superintendent, put it, "We never came out of the depression of the 1980s."

As a result, local reaction was mixed when McDougal arrived in the mid-1980s to announce he had bought about one-third of the island. The property includes miles of spectacular coastline, featuring quiet coves and pine-clad promontories with dramatic views of the sea.

McDougal and Chris Wade, who was McDougal's associate in both Whitewater and Campobello, purchased 3,900 acres in 1983 for about $825,000, averaging $211 per acre, according to various estimates.

"It was the deal of the century," McDougal recalled wistfully. Half of the purchase was picked up by a Madison subsidiary, and other half was paid by Wade with a loan from Madison, leaving the institution fully responsible for the project, according to federal records.

Federal savings and loan regulators were skeptical. One review of the project said there were "serious doubts about its overall feasibility . . . Though it has scenic beauty . . . the climate is damp, cold and foggy. . . . Tourist facilities are practically nonexistent."

Giving away land

At one point, according to Diane MacFeat, a former employee of McDougal's Campobello Co., McDougal appeared at an island fair with an astonishing announcement: He said would give away an acre of land to every island newlywed. McDougal made good on his promise, eventually providing 16 couples with land, according to MacFeat.

But more problems occurred, as McDougal

sought to get federal and state approval to sell the property. Meanwhile, he brought in two well-known new investors: Jerry Jones, now the owner of the Dallas Cowboys, and Sheffield Nelson, a Republican who ran for governor against Clinton in 1990 and is a candidate in this year's race. The two bought out Wade's share of the project and invested as much as $600,000, federal records showed.

But in order for Jones and Nelson to join the Campobello team, McDougal needed approval from Arkansas regulators. Here, the story takes perhaps its most complicated turn.

The request for that approval came from Madison's law firm; Mitchell, Williams. A member of that firm was Beverly Bassett Schaffer, who has become a figure in the Whitewater investigations because she later was Arkansas securities commissioner and approved Madison Guaranty's capitalization plan. Critics have suggested that Schaffer had a conflict of interest because she worked at a law firm that represented Madison.

On March 14, 1984, records indicate that Schaffer apparently, meanwhile, he brought in two well-known wrote a memo saying that Madison's failure to comply with the Interstate Land Sales Act in connection with a previous development project "is some evidence that the failure once again to comply with the Act is willful and not just negligent." The act is designed to protect consumers buying undeveloped land.

Schaffer, in an interview on Friday, said she cannot recall the contents of the memo, but did say that Madison eventually complied with the land sales act.

But Schaffer's memo was not presented to state regulators when Madison sought approval from Arkansas securities officials for the Campobello partnership, according to Handley. "If we had known that, it would have been my recommendation that we not approve it," Handley said. "In hindsight, it was a bad deal."

Instead, Handley forwarded the Campobello request to his boss, Lee Thalheimer, a Republican appointee kept by Clinton, who approved the deal. Although Handley had signed Thalheimer by the time the approval was officially forwarded to Madison Guaranty, Schaffer said that the approval was originally given by a Republican, which she said pokes holes in some GOP critics' theory that it was Democrats who favored McDougal.

In any event, with the partnership approved, McDougal was confident Campobello sales would soar, pumping up both his project and the ailing Madison. But federal regulators, concerned about Madison's liability in real estate, ordered McDougal out and replaced the board of directors in 1986. Sales slowed to a trickle, and so far only about a dozen houses have been built.

As the project foundered, Jones and Nelson reportedly threatened to sue. The US government agency that controlled Madison's assets reportedly then agreed to pay them $725,000, or about $125,000 more than they originally invested, according to some news reports in Arkansas that federal officials will not comment on.

Nelson's spokesman said he would not comment on that reported profit, which has become an issue in his campaign for governor in Little Rock. Jones could not be reached for comment.

In retrospect, Wade said it is possible regulators might have left McDougal alone if he had not been so heavily involved in Campobello. "All of Jim's real estate holdings scared the regulators," Wade said.

Today, Campobello's history is repeating itself. A US government agency earlier this year [illegible] the sale of 3,400 acres of McDougal's original purchase, leaving islanders worried once again that the land will be developed helter-skelter.

Some islanders said they hoped the US government could apply pressure or contribute funds to the agency selling Madison's assets so that islanders could buy the property under favorable terms.

But they wonder whether the administration will want anything to do with the remnants of McDougal's deal, given the controversy over Whitewater. They are hoping for the best.

"This is the last opportunity the islanders have to control their own destiny," said Campobello property owner Linda Godfrey. "I think that in the spirit of Franklin and Eleanor Roosevelt," the United States "has an obligation to them."

Meanwhile, McDougal argued that politically motivated federal regulators cost him his dream at Campobello. The development, he says wistfully, [illegible] could have been "enormously successful."

Upon hearing recently that the land is again for sale, he could not help but inquire about its price – and marvel at what still seems to him a bargain.

PAUL GREENBERG

They'll cheat you for less

WHITEWATER LAGOON

It's the calm before, and after, the storm. Anybody who has been a Clinton watcher all these years will recognize this period as one of those quiet lulls during which "All of this is being put behind us," preparatory to "all of this" or maybe "all of something else" breaking loose again.

This is not the end of Whitewater madness or even the beginning of the end; it's a welcome intermission before the next really dramatic act erupts. Most of us might not be able to take the roller-coaster spins and turns, but people who live from crisis to crisis seem to thrive on it.

Why the welcome respite? Well, the handlers are on top of this crate of snakes for the moment. The president gave one of his typically superb political performances at his Whitewater-and-the-world news conference. Also, the Clintons released their old tax returns, which contained no bombshells mainly because the explosive stuff had leaked out earlier.

Deft.

Miss Hillary let the public peek at her commodity trades, and they revealed her as extraordinarily skillful, well-advised, lucky, suspect or all of the above, depending on one's political inclinations. Now all should remain quiet on the Whitewater front for, oh, hours and hours.

A ton of oil has been poured on these troubled waters, but even the biggest oil slick dissipates eventually, and underneath the surface calm more than a few questions lurk. Like submarines.

Round and round Whitewater will go, and where it will stop nobody knows. Well, maybe Robert Fiske, special prosecutor. But will he tell? Not everything need come out in court. That's why a congressional investigation will be needed, too. Somebody should let the American people know what went on here — not just years ago, when the Clintons were speculating, like the yuppies they would run against in 1992, but days ago when White House staffers were messing with the Justice Department and justice.

Why, if all the facts and income tax returns and trading reports are so innocuous, did the Clintons wait so long to dribble them out? There is no hard evidence here, just scads of teasers, clues and false leads everywhere, all of which may never be sorted out. Mainly because only a CPA could be interested in some of this stuff. (Has the shade of Agatha Christie come back to write the Whitewater saga in accounting-ese?)

My wholly unsubstantiated theory is that the Clintons' reticence was a cultural thing, like so much else in American life. Hillary Rodham Clinton — she would have been Hillary Rodham back then — turns out to be not a hippie lawyer but a secret commodities trader.

You might as well picture Mother Teresa playing a little blackjack for fun and profit. The political problem isn't so much how Mrs. Clinton, nee Ms. Rodham, made her money, but the money itself in a culture where rich is automatically bad.

The populist mind — well, mentality — resembles a muddy swirl of concepts like filthy lucre, root of all evil, usury. . . . It resembles a mix of the Hebrew prophets and "The Collected Works of Coin Harvey." (William "Coin" Harvey was the popular pamphleteer, conspiracy theorist and economic crank of the last century who built his great redoubt against the money changers in the mountain fastness of the Ozarks.) Populism, like art, isn't easy to define but you know it when you hear it, and you also know that land speculators and commodity traders are not populist role models.

Better and more concise than all the writings of Richard Hofstadter about the populist spirit in America history was a sign I once spotted above a used car lot somewhere in the vicinity of Malvern, Ark. — "We cheat you for less."

The phrase is part of a whole, now largely underground, redneck argot, though occasionally a Lewis Grizzard will validate it in print. Behind this particular piece of eloquence lies the Jeffersonian assumption that all commerce, or at least all successful commerce, is a cheat — unlike the noble returns of a now largely gone agrarian life. Such is the myth, and myths are shaping even and especially when they go unarticulated.

The thought of young Hillary Rodham speculating in cattle futures through a trader with a checkered history taints her carefully crafted iconography. The '90s are proving a highly suspicious, media-mad, Rush Limbaugh-listening, ill-tempered time.

Until recently, the Clintons played on its themes like twin virtuosi (the Greedy '80s and all that) and now it turns out that the enemy was them. It's a bit of a letdown, like finding out that Ross Perot is really a wholly owned Japanese subsidiary.

The irony is a bit embarrassing, and all the more difficult to fight because the problem is more hinted at than spelled out. The Clintons are up against the same class prejudices they've done so much to cultivate and exploit. It's the Clintons of '94 against the Clintons of '92, and that's tough competition — as bumblers like George Bush and James Baker discovered.

The Whitewater rapids are still just around the bend despite this stretch of calm water. The best guide to them isn't some Commodity Trader's Guide, or a bunch of yellowed income tax returns, but an ostensible work of fiction, "The Great Gatsby."

Yes, there are some obvious differences. F. Scott Fitzgerald was a simpler, more credible writer than the history of the 1990s has been to date. And the principal characters in Whitewater, with the notable exception of the late Vincent Foster Jr., would seem to lack an essential quality for tragedy — nobility.

"Gatsby" and Whitewater do share a tragic sense of inevitability. And the principal characters in both melodramas seem to share an awful carelessness about things — mainly finances, people, the company they keep, commitments, ideas, law and ethics. This may explain why "Gatsby" and Whitewater have the poignant sense of a failed dream — specifically, the American Dream.

Paul Greenberg is editorial page editor of the Arkansas Democrat Gazette in Little Rock and a nationally syndicated columnist.

This de Politics

Compiled by Alan McConagha

Hillary and myth

Hillary Rodham Clinton is colliding with a widely held myth of the first lady as the perfect image of marital subservience, the Chicago Tribune reports.

As public opinion surveys suggest, the good will she won earlier is now diminishing at least temporarily. Mrs. Clinton is at the center of any discussion over the evolving roles of women in politics.

"What you really see here is the tension and emotionality which surrounded the demise of the old icon before the new icon has obtained legitimacy," says Marianne Githens, political scientist at Goucher College in Towson.

Lynne Brown, political scientist at New York University, told the Tribune that Mrs. Clinton invites opposition by her willingness to lead efforts to reform health care, the most controversial and special-interest-laden issue in contemporary politics.

As a result, she inhabits a world where political dislike translates into personal dislike. "A lot of the criticism coming at the first lady in inchoate ways is coming from quarters that disagree with President Clinton on ideological and policy issues," Ms. Brown says.

The Tribune quoted White House spokeswoman Dee Dee Myers: "I do think that because Mrs. Clinton has changed the reality of the first lady's role, people are redefining how she should be covered. Like many transitions, it is a little bit uncomfortable, it's a little bit unclear, both for, I think, you guys who are out there trying to cover her and for us."

On the other hand

Thomas Hardy notes in the Perspective section of the Chicago Tribune that Hillary Rodham Clinton and Sen. Carol Moseley-Braun will have a lot to talk about in Chicago today when Mrs. Clinton arrives to throw out the opening-day ball for the Cubs and to help Mrs. Moseley-Braun erase her lingering campaign debt.

Among the traits they share is a "persecution complex." The two women consider themselves to be victims of a cynical public and a doubting media that can't square some of their actions with their claims of altruism, Mr. Hardy wrote the morning before Mrs. Clinton landed in Illinois.

Mrs. Moseley-Braun's seeming unwillingness to shoot straight with the press when confronted with tough questions on her own records is what has kept the controversies about her alive, making it hard to do the fund raising she needs, Mr. Hardy continues.

The media is not moving goal posts on Mrs. Moseley-Braun, as she suggests, because of its interest in her relationship to Ronald Killebrew, whom she helped get a state contract and whose check she then cashed, Mr. Hardy says.

"If Moseley-Braun and Clinton are victims, as they believe, then it is a consequence of their own self-acknowledged mistakes and the blame-saying ought to be replaced with candor," he adds. "The two of them can commiserate Monday."

Brady law

The National Rifle Association is not the only impediment to the effectiveness of the Brady law, writes Mark Johnson of Media General News Service. Lawyers at the Justice Department said they will not prosecute law enforcement officials who ignore the law. And felons who lie on a federal firearms form and are caught are not being arrested. The Bureau of Alcohol, Tobacco and Firearms doesn't have enough agents, a spokeswoman said.

Futures

Former state Sen. Gerald Labriola, a Republican who failed twice in his effort to be elected governor, announced he will run against Democratic Sen. Joseph I. Lieberman in Connecticut.

Lamar Alexander, founder of a satellite TV network, former secretary of education and Tennessee governor, has joined the Hudson Institute as a senior fellow and director of a project to analyze public policy problems.

Health care

The stakes are high as the Clintons and some 40 other administration leaders today begin traveling the country for a week on a campaign to solidify public opinion behind their health care plan, say columnists Jack Germond and Jules Witcover.

The Baltimore Evening Sun duo add, "The understanding in both the White House and Congress is that the administration must produce a plan that can enlist enough support in the polls so that jittery senators and representatives will be convinced it is a smart vote in an election year — or at least smarter than going on record against [illegible]."

McLarty says no

The usually genial White House chief of staff, Thomas F. "Mack" McLarty, is showing his tough side, says the Washington Whispers column in U.S. News & World Report.

Staff members were told not to meddle in — or talk to journalists about — Whitewater without coordinating through proper channels, mainly White House Staff Secretary John Podesta or Deputy Chief of Staff Harold Ickes.

U.S. News quoted Mr. McLarty as saying, "If you stick your nose in the Whitewater affairs, it will [illegible]."

Keystone campaigning

The Philadelphia Inquirer complained editorially about mudslinging in the GOP race for governor of Pennsylvania.

Attorney General Ernie Preate blistered Rep. Tom Ridge in an ad in which someone says, "Ridge bounced checks at that congressional bank," and a man replies, "Then he lied about it."

"Very misleading," observes the Inquirer. Mr. Ridge said he hadn't bounced any and then it turned out that two checks did bounce in an episode in which some congressmen dribbled hundreds. The paper says it's a stretch to say "lie" when there is every reason to believe he didn't know he had written overdrafts.

A Ridge radio attack "is at least as bad," says the newspaper. It's about a report from the state crime commission on a probe of whether Mr. Preate's staff gave kid-glove treatment to the illegal video poker business in exchange for campaign contributions.

The report is ready and Mr. Preate is trying to cover it up, the Ridge ad says. The Inquirer counters that the attorney general has no control over the probe's release and there is no evidence he is trying to stop its publication.

It lives

The key elements of President Clinton's health care agenda remain very much alive — confounding critics who months ago pronounced them dead on arrival, the Los Angeles Times reports.

The Times' Edwin Chen says the White House has growing confidence about the survival of mandatory work-based insurance, cost controls and the purchasing alliances in a revamped health care system.

The administration is leaving plenty of room for compromise, Mr. Chen says.

Rather than jettison any of the major elements, he adds, the president is willing to let Congress scale back, stretch out and even drasticaly alter the employer mandate, the cap on insurance premiums and the nature of alliances.

Dumb? Or what?

"Politicans are still getting themselves in trouble," writes Richard L. Berke of the New York Times in cataloging a number of episodes that appeared to be driven by dumb error.

As an example, Mr. Berke cites Washington Mayor Sharon Pratt Kelly's insistence that there is nothing wrong with spending city money on makeup while the District struggles to pay its bills. She must have "forgotten President Clinton and the $200 haircut," he says.

In asking how politicians make such mistakes, Mr. Berke finds some authorities favor the arrogance explanation and quotes Democrat Frank Mankiewicz:

"You get someone who's been in the Senate for 24 years, probably never paid for a haircut, never made a dinner reservation or parked a car. So they are likely to make dumb mistakes."

Mr. Berke notes, however, that Edward I. Koch has a simpler answer:

"The reasons that politicians do dumb things is that many of them are just plain dumb," says the former New York mayor. "It shouldn't shock you."

The Washington Times MONDAY, APRIL 4, 1994

IN WASHINGTON

Baker is considering making a run in '96

Former secretary of State James Baker said he may seek the Republican presidential nomination in 1996.

"While I haven't decided I'm going to run, I haven't decided I'm not going to run," Baker told *The Houston Post* in an interview published Sunday.

"I have to decide if that's what I want to do with a good portion of the rest of my life," said Baker, 63.

AP

BAKER: 'Haven't decided' either way

Baker has begun to criticize President Clinton's administration, both on foreign policy and on domestic issues such as crime, health care and the economy.

Baker, who lost his only bid for elected office in a race for Texas attorney general, was President Reagan's chief of staff and Treasury secretary. He was appointed President Bush's secretary of State in 1989.

'OUT OF PROPORTION': Hillary Rodham Clinton says she never anticipated the backwash of the Whitewater controversy. In a *People* interview touching little on Whitewater, she says: "It never crossed my mind that anybody would make such a production out of a failed land transaction in which we paid back every loan, never did business with an S&L and tried to do the right thing all the way through those years. So if I missed anything because of my prior commitment to health care and my personal and family responsibilities, it was that I missed the fact that something insignificant can be blown out of proportion."

And she says she's not frustrated by the pace of health-reform legislation. Describing the White House plan as "a beginning" in the effort to "guarantee health insurance for everybody," she says "there are different ways of getting there, and that's what the Congress is struggling with right now. But if you look at the work that is being done in the committees in both the House and the Senate, it is going faster than most legislation."

MAIL CALL: House members are using more taxpayer-financed mailings as the election approaches, according to a study by the National Taxpayers Union Foundation. In November and December 1993, House members spent about $10 million for mail to constituents, nearly one-third of $33.5 million spent for the entire year.

ELSEWHERE IN THE WORLD

Progress in Mideast talks

Barring last-minute hitches, Israel and the Palestine Liberation Organization could complete talks on implementing their self-rule deal within two weeks, chief PLO negotiator Nabil Shaath said. And Israeli Prime Minister Yitzhak Rabin promised Jewish settlers they would not have to leave the West Bank or Gaza Strip during talks.

EL SALVADOR DEATH: Press reports in El Salvador said a U.S. military officer holding what he thought was a fake grenade was killed Sunday by an explosion at a police station. Four others, not identified, were seriously hurt. A local radio identified the officer as Army Lt. Col. Julio Ramon Rivera, 47.

NORTHERN IRELAND: The IRA's political wing, Sinn Fein, appeared to soften its view of an Anglo-Irish peace plan, hinting it might extend a three-day truce if Britain responds. Britain and Ireland repeated that no talks will be held until the IRA promises to stop killing.

AMERICAN ABDUCTED: Five relief workers, including one unidentified U.S. woman, were kidnapped in southern Cambodia. Suspected: Khmer Rouge guerrillas or bandits, a U.S. Embassy official said. The victims worked for the private aid group Food for the Hungry.

ANGRY D-DAY VETERANS: Organizers of the D-Day anniversary festivities in France acknowledged that 200 British and Canadian airborne veterans of the 1944 allied invasion of Europe were pushed out of their Normandy hotel to make way for U.S. television networks.

ALSO: Thousands of communist sympathizers paraded with red flags through Moscow to commemorate those killed by President Boris Yeltsin's tanks last October. ... At least 12 people were killed and 40 injured when a passenger train derailed in Pakistan. ... Reports in Russia said a pilot's teen-age son was at the controls and flipped the wrong switch on a jet that crashed in Siberia last month, killing all 75 people aboard.

'Operation Reunite' online

By Tom Squitieri
USA TODAY

Parents threw their children on the last trucks out of Srbrenica, put them on the last bus out of Banja Luka, forced them into the last train from Sarajevo.

As war broke out and villages collapsed all over the former Yugoslavia, the overriding thought of many parents was to save their children. Now, with the war slowing in many parts of Croatia and Bosnia, parents of the 60,000 children displaced in 40 countries are looking to be reunited.

Today, finding a lost child is a long shot, relying on short-wave radio broadcasts and lucky connections by humanitarian workers.

But within months, parents may be able to walk into a United Nations center, give details of the child, see his or her face appear on a computer screen and learn where they are.

Data on about 30,000 children is now being entered on CD-ROM computer disks, the first step in "Operation Reunite."

Initial data comes from the displaced children, most having only scant details of past lives.

"Some are so young they can only remember their nickname," said Barbara Francis of the United Nations High Commissioner for Refugees. "Where they are from are places that no longer are there, and their parents have been ethnically cleansed."

Ten centers will open first; 40 are planned, some in refugees camps outside former Yugoslavia.

By Danilo Krstanovic, Reuters

IN SARAJEVO: Civilians and French soldiers attend Easter Mass. Parents and kids displaced by war may soon be reunited via computer.

Two companies, Electronic Data Systems and GroupeBull, donated computer equipment and personnel to put information on the disks.

"Operation Reunite" is funded by $850,000 from U.S. Agency for International Development and $620,000 from Soros Foundation.

First lady's profits vex experts

By Dennis Cauchon and Kevin Johnson
USA TODAY

Nearly a week after Hillary Rodham Clinton's monthly commodities transactions were released, analysts are at pains to explain her ability to make a $5,300 profit on her first trade.

Clinton says she made the profit after investing $1,000 — enough to trade one live cattle futures contract at most brokerages — on Oct. 11, 1978.

She cashed in a $5,300 profit the next day, Oct. 12, show records of her trading acount at Refco Inc., released by the White House last week.

The small price changes in live cattle that day cast doubt on her explanation.

Clinton has said she recalls making the profit over several days. The Clintons' 1978 tax return does not itemize the trades, as required by tax law. White House officials say they have no records of individual trades.

"I just don't see how it could have been done," says Jack Schwager, author of *The New Market Wizards*, a book of interviews with successful traders. "Making huge amounts of money is certainly legitimate and possible in commodities, but this would be mathematically impossible on a single contract."

"The consensus among people who know commodities is that it just wasn't possible unless someone else was backing the account," says Nobel Prize-winning economist Merton Miller, a professor of finance at the University of Chicago Graduate School of Business. "(The profit) couldn't have been in live cattle."

Miller notes it is impossible to refute Clinton's claim without seeing individual trading records.

A futures contract is an agreement to buy or sell a commodity at a specific price on a specific date. Each live cattles futures contract controls 40,000 pounds of beef. For each penny per pound price change, the investor gains or loses $400 per contract.

But the price of cattle would have had to change more than 13 cents per pound that day for her to make $5,300 on a single contract if she bought at the day's low price and sold at the high. The Chicago Mercantile Exchange limits price swings to 1.5 cents per day.

"Even if she caught every little squiggle," during the day's trading, she couldn't have done it, Schwager says.

A review of October 1978 prices before Oct. 12 shows a maximum live cattle contract change of 3.45 cents. Her maximum potential profit: $1,380 on a single contract.

If Clinton invested her money one day before her profit, it would have been legal for a broker to buy an unlimited number of contracts for her on Oct. 12 as long as they were not held overnight.

"I think it must have been a day trade," says Tyson Foods general counsel James Blair, who gave Clinton advice. "It's mathematically unlikely if it's a single contract, but if it's five or whatever."

But commodity experts say unless Clinton was known to be wealthy and a long-standing customer, a broker would not accept the large number of trades, 14, needed to make a $5,300 profit. Reason: The broker might be stuck with losses.

The Clintons earned $41,731 the previous year.

"There's no way a new customer could take such a large position without someone backing her," Miller says.

Conflicting details and accusations on Whitewater

By Larry Margasak
The Associated Press

Some of the key Whitewater accusations made against the Clintons by Rep. Jim Leach, R-Iowa, don't stand up to closer scrutiny, according to an Associated Press review.

Here's a look at three accusations and conflicting details.

Capital gains and taxes. On their 1988 tax returns, the Clintons reported a $1,640 capital gain from the sale of a model home on Lot 13 of the Whitewater development.

Leach says the gain should have been $20,000. He says the Clintons purchased Lot 13 out of bankruptcy for $8,000 and sold it for $28,000.

The Clintons actually owned and sold Lot 13 twice.

In 1981, the Clintons' mortgage and sale proceeds were carried on the books of the Whitewater Development Corp., records show. When the first buyer faltered, the Clintons bought the property out of bankruptcy in 1988.

In that transaction, the Clintons paid $8,000 and assumed the remainder of the first buyer's mortgage payments, according to Jeff Levingston, the bankruptcy trustee who oversaw the sale.

With the mortgage assumption, Levingston has said, the Clintons' purchase price came to around $28,000. Land records show they resold the lot for about $28,000.

Levingston said he thinks the Clintons took a loss, adding by declaring a gain, "I think he came out real short on the deal."

Leach said his claim of a $20,000 profit is based on a taped conversation in which the Clintons' former business partner, James McDougal, suggested the Whitewater development company paid the mortgage on Lot 13. But McDougal has said he was referring to the mortgage involved in the 1981 sale, not the 1988 transaction.

AP

LEACH: Challenges the Clintons' statement they lost $46,000 in Whitewater

Whitewater profits: Leach challenges the Clintons' statement they lost $46,000 in Whitewater. He says they "received value from Whitewater in excess of resources invested."

Leach reaches his conclusion by lumping in a series of financial transactions he considers Whitewater-related:

- ▶ $26,000 Hillary Clinton's law firm earned for legal work she and another lawyer did for McDougal's Madison Guaranty Savings & Loan in the mid-1980s.
- ▶ The disputed $20,000 capital gain from Lot 13.
- ▶ $35,000, or half of the $70,000 regulators say went into Whitewater from sources affiliated with Madison S&L. Leach argues the Clintons, as 50% owners of Whitewater, should consider this as income that defrayed their costs.
- ▶ $55,000, or half of the $110,000 court documents say went into Whitewater's account from a federally backed loan made to McDougal's wife Susan, a Whitewater partner.

Leach acknowledges some "may suggest that it is stretching" to count such items as profits

Pressuring the regulators: Leach says top federal regulators in Washington tried to impede an investigation by regional investigators into Madison's failure, which cost taxpayers between $47 million and $60 million.

Leach released a memo by S&L investigator Jean Lewis which he said showed top regulators pressured her to alter her conclusion Whitewater had caused losses at Madison S&L.

But Lewis, based in Kansas City, did not say she was pressured. She said her bosses had inquired about whether they could conclude Whitewater did not cause a loss to Madison. Lewis said the top officials wanted an honest answer but would be happier with answers that "would get them off the hook."

Lewis said in her memo she still believed Whitewater caused losses, and material should be referred to the Justice Department for a criminal investigation.

The senior officials named by Lewis, John Ryan and Ellen Kulka, wrote Leach "no pressure has been exerted" by the Clinton administration in that probe.

Furthermore, it appears an earlier criminal matter involving Madison was rejected by a Bush administration appointee.

According to the *Los Angeles Times*, the Republican U.S. attorney in Little Rock, Charles Banks, argued against bringing charges in the Whitewater controversy just before the 1992 elections. Leach's office said he had not seen Banks' letter.

Hale's Past May Harm Credibility As Accuser in Whitewater Inquiry

By Ellen Joan Pollock
Staff Reporter of The Wall Street Journal

LITTLE ROCK, Ark. – Former municipal judge David Hale is the only player in the Whitewater affair to make a specific allegation of wrongdoing by President Clinton. But his credibility as a witness may prove slim.

Mr. Hale recently pleaded guilty to two financial-fraud charges, and his sentencing was postponed for at least 120 days to allow him to tell his story to special counsel Robert Fiske and a special grand jury looking into the Whitewater affair. Mr. Hale says the president pressured him to make a $300,000 government-sponsored loan to a firm owned by Susan McDougal, a Whitewater partner. Lawyers involved in the matter say that some of that money ended up in Whitewater Development Corp., in which the Clintons had a stake.

Whether Mr. Hale can convince a grand jury that his story is true will depend on whether Mr. Fiske comes up with solid corroborating evidence. Even Mr. Hale has admitted that he has no proof of President Clinton's pressure. And felons who promise information in exchange for the possibility of a lighter sentence are always suspect as witnesses.

"In desperation he has had to point fingers in other directions and create a commotion in order to buy himself a lighter sentence," says John Haley, a lawyer for Arkansas Gov. Jim Guy Tucker, who received loans from Mr. Hale. "Under the pressure that he's under, I don't think that anything he says is capable of belief."

Mr. Hale has a long history of dealings in which his trustworthiness has been questioned.

Even his former attorney, Rogers Cockrill, questions Mr. Hale's credibility. Mr. Cockrill, who worked on loan documentation for Mr. Hale in the late 1970s, says he quit representing him after becoming convinced he "couldn't rely on what he said at all times."

David Hale

Mr. Fiske himself is delving into other questionable deals by Mr. Hale. The special counsel recently subpoenaed documents for a convoluted real-estate transaction orchestrated by Mr. Hale in 1986.

The deal appears to have been meant to benefit Arkansas Gov. Tucker and former governor Frank White, who had reappointed Mr. Hale to his municipal judgeship in 1981. Mr. Tucker had guaranteed a friend's mortgage on a Little Rock house, according to Mr. Haley, the lawyer for Mr. Tucker. The friend defaulted and Mr. Hale eventually took title to the house and arranged for its sale so Mr. Tucker could recoup the $131,000 that he lost.

The house was then sold to a firm partly owned by municipal judge William Watt. Mr. Hale's firm loaned Mr. Watt's firm $10,000 to cover closing costs, according to Mr. Watt, who says Mr. Hale also directed that $2,000 left over be donated to Mr. White, who was waging an ultimately unsuccessful gubernatorial campaign against Mr. Clinton. Mr. White says he knew nothing about the donation, which was made under the names of two undisclosed individuals.

Mr. Hale is also under investigation by Arkansas's insurance department, which wants to know why $150,000 is missing from a failed insurance company he owned. The money was invested in the company last year, after regulators found it was insolvent. The cash apparently "went right back out," says commissioner Lee Douglass.

Mr. Hale pleaded guilty last month to defrauding the Small Business Administration out of $900,000 in financing for his firm, Capital Management Services, which was licensed to make loans to businesses owned by disadvantaged individuals. Mr. Fiske alleged that Mr. Hale funneled $800,000 in borrowed funds through CMS to make it appear that the firm was financially sound and eligible for additional SBA financing.

A recent General Accounting Office study found that Mr. Hale made loans to people of "questionable eligibility," including Ms. McDougal. In a separate 1990 audit, the SBA chastised Mr. Hale's firm for making a $137,500 loan to a firm owned by Harry Townsend, even though he did not appear to be disadvantaged. Mr. Townsend loaned Mr. Hale the money that allegedly was used to make it appear that CMS was healthy. Mr. Townsend has denied any wrongdoing.

The GAO report also found that 13 of the 57 firms that CMS financed were "secretly controlled" by Mr. Hale. For example, Mr. Hale apparently used a disadvantaged businessman as "a front" to borrow money for Retail Liquidators, a company he covertly owned, according to the GAO. He also loaned $350,000 to Little Rock Clothiers, a company in which he had "a hidden interest," according to the report.

Randy Coleman, Mr. Hale's attorney, says that he doesn't think all of the allegations in the GAO report are correct, but he says that his client has admitted to making loans to ineligible recipients. He notes that some defendants who plead guilty "turn out to be very good witnesses."

In the meantime, President Clinton and his associates not only deny pressuring Mr. Hale to make the loan to Ms. McDougal, they also deny that the president had any ties to the former judge. Says then-Gov. Clinton's chief of staff, Betsey Wright, "We never had anything to do with David Hale."

* * *

A Case of 'Forum Shopping'

One of Chicago's premier law firms is facing possible penalties for trying to steer a case on behalf of one of its clients—the Catholic Archdiocese—to a favored judge.

The law firm, Mayer, Brown & Platt, last week issued statements apologizing for the scheme. Today, the lawyers involved and a senior partner are scheduled to appear before the chief judge of Chicago's Chancery Court to explain what occurred. The judge will determine whether any sanctions are to be handed down.

Tyrone C. Fahner, the senior partner, said Mayer Brown has apologized to the Archdiocese of Chicago and to the opposing law firm in the case, Altheimer & Gray. "There's no excuse, there's no defending it," said Mr. Fahner. "It's absolutely wrong. It isn't how we practice law."

In March, Mayer Brown attorneys Michael J. Gill, a litigation partner, and Jonathan L. Marks, an associate, tried to circumvent the random selection of judges in a suit they were handling by filing five identical copies within 14 minutes. The archdiocese, which wasn't aware of the scheme, was contesting a $468,636 arbitration award won by a local construction company, George Allen Construction. Mayer Brown's actions were first reported by the Chicago Daily Law Bulletin.

When a lawsuit is filed in Chicago's courts, a computer randomly assigns it to a judge. That practice is intended to prevent "forum shopping," in which lawyers seek to have a case assigned to a friendly judge. In court papers, attorneys for the construction company contend that the only rationale for filing five copies of the same suit was "to receive a panel of judges from which to choose."

The day after the suits were filed, Mayer Brown issued summonses in only one of the five suits. "There can only be one conclusion drawn," lawyers for Altheimer & Gray contended in court papers. "The complaints were taken back to the office of the Catholic Bishop's attorneys after filing, the panel of judges reviewed, the favored judge selected and summonses on that complaint and only that complaint issued the next day."

Mr. Fahner blamed the maneuver on "inexplicable bad judgment" and overzealousness but said the law firm was awaiting the results of today's hearing before deciding whether to take any disciplinary action on its own. As sanctions, Altheimer & Gray is asking that the archdiocese's lawsuit be dismissed and that attorneys fees and costs be awarded, in addition to "such other monetary sanction as this court deems necessary."

Mr. Fahner said the law firm already has offered to pay Altheimer & Gray's costs.

—Milo Geyelin contributed to this article.

THE WALL STREET JOURNAL MONDAY, APRIL 4, 1994

What's News—

* * *

Business and Finance

NORTHROP WAS TOLD that it had submitted the higher bid for Grumman, which may announce an acquisition agreement with Northrop early today, people close to the bidding said. The price was said to be close to the $62 a share, or $2.11 billion, that Northrop had conditionally offered before Grumman rejected the Northrop conditions. Martin Marietta submitted a letter repeating its original offer of $55 a share, or $1.93 billion.

(Article on Page A3)

* * *

Woolworth's chairman and chief financial officer have temporarily relinquished their posts while the retailer conducts its investigation of allegations of accounting irregularities. The board named an outside director to serve as interim chairman and CEO.

(Article on Page A3)

* * *

March's employment report showing 456,000 additional jobs convinced all but the most pessimistic observers that the U.S. economy grew at better than a 3% pace in the first quarter. Despite the effects of bad weather and the California earthquake, the economy is showing undeniable strength.

Bond prices plunged on the jobs data in holiday-shortened trading. The Treasury 30-year bond lost nearly two points, driving its yield to 7.26%. Over the weekend, banking, securities and futures regulators watched for clues about how stocks will react today.

(Articles on Pages A2 and C1)

* * *

Car makers won a victory when the White House ordered an increase of 0.1 mile a gallon in the fuel-economy standard for light trucks and vans. Environmentalists wanted a larger boost.

(Article on Page A2)

* * *

General Mills will announce steps today that are expected to include a significant charge to earnings as it seeks to revitalize its all-important breakfast-cereals business. The anticipated restructuring moves also may involve restaurant operations.

(Article on Page A2)

* * *

Four Seasons Hotels is putting itself up for sale with an unusual plan that would see control remain for several years in the hands of its founder.

(Article on Page A2)

* * *

The decline in underwriting business in the first quarter signals big shifts in individual capital markets and the beginning of a shakeup in Wall Street firms' rankings. Issuance of investment-grade debt declined 35% as a refinancing binge wound down.

(Articles on Pages C1 and C6)

* * *

Bear Stearns forced its chief economist to resign last month after he missed a meeting of institutional investors, people close to the firm said. Lawrence Kudlow said recently that he has a drug and alcohol problem.

(Article on Page B4)

* * *

PepsiCo is planning a major expansion overseas for a new diet cola, hoping to spur diet soda consumption in places where little now exists.

(Article on Page B6)

* * *

U.S. Surgical's chairman saw his pay plummet 97% in 1993 as the company's financial results worsened.

(Article on Page B8)

* * *

AT&T, Liberty Media and investment-banking firm Allen plan a national sports cable network.

(Article on Page B6)

* * *

Markets—

Stocks: Markets closed.

Bonds: Lehman Brothers Treasury index unavailable.

Commodities: Most markets closed.

Dollar: 103.63 yen, up 1.03; 1.6967 marks, up 0.0232.

World-Wide

FISKE'S REPORT IS EXPECTED to conclude that Foster's death was a suicide. The special counsel's report on Foster, likely to be released this month, would largely confirm earlier findings by the U.S. Park Police about the White House aide's death last summer, according to lawyers familiar with the inquiry. As this phase of the Whitewater investigation nears an end, Fiske seems to be broadening the scope of his inquiries in Little Rock, Ark., looking into some aspects of Madison Guaranty that apparently don't pertain to the Clintons' investment in Whitewater Development. (Related articles on Pages A3 and B8)

Members of Fiske's staff are said to be eager to halt speculation that Foster was murdered or that his body was moved after his death.

* * *

Israeli police caught and arrested the leader of the Jewish extremist group Kach, which was outlawed after the Feb. 25 Hebron mosque massacre. Separately, the mayor of a Jewish settlement near Hebron told a government panel that some Jews might be pushed to commit more killings if they aren't made to feel safe in occupied lands.

A top PLO negotiator predicted that, barring any last-minute setbacks, negotiations with the Israelis on Palestinian self-rule should be concluded in Cairo within two weeks. Meanwhile, at least 10 Palestinians and two Israeli soldiers were wounded during clashes in the West Bank and Gaza.

* * *

A Bosnian Serb leader ordered his police to arrest those responsible for a wave of slayings in the northern town of Prijedor, and he guaranteed safe passage for all evacuees. Karadzic's statement followed U.N. reports of the deaths of 20 Muslims and Croats in Prijedor and a decision by the Red Cross to evacuate non-Serbs.

* * *

The U.S. government will take "strong actions" to stop North Korea's development of nuclear weapons, but "we're not on the brink of crisis," Defense Secretary Perry declared. He added that CIA officials believe Pyongyang already possesses as many as two nuclear bombs and is continuing to work on atomic weapons.

China is planning to send a high-ranking delegation to North Korea this month to help defuse a standoff over U.N. nuclear inspections, South Korea's national news agency said. The news agency also reported that South Korea will delay its annual war games with the U.S. until at least mid-May in an effort to defuse tensions.

* * *

Attackers stabbed and hacked to death nine women and girls in South Africa's Natal-KwaZulu region, bringing the death toll in the area to 43 since President de Klerk declared a state of emergency on Thursday. Meanwhile, hundreds more troops arrived in Natal to quell violence ahead of all-race elections later this month.

* * *

China's leading dissident was detained by police for the second time within a month. Wei Jingsheng was taken into custody Friday as he returned to Beijing from a trip to northeast China. His whereabouts remained unclear, although China's official Xinhua News Agency said Saturday that he had left a police station. (Article on Page A8)

* * *

The IRA's political wing urged Britain to respond with a positive gesture this week during a three-day Northern Ireland truce that has been declared by the Irish Republican Army. But Britain and the Republic of Ireland repeated their stance that no peace talks will be held until the IRA pledges to stop all killing.

* * *

A far-right Italian leader played down an interview, published Friday, in which he called Mussolini "the greatest statesman of the century." Fini, whose National Alliance party hopes to join in a coalition with media magnate Berlusconi, stirred concern among many Italians when he praised Mussolini in the newspaper interview.

* * *

Thousands of Russians marched through Moscow to commemorate those killed by President Yeltsin's forces during a parliamentary revolt last fall. The communist sympathizers, some carrying icons and Soviet flags, converged on the former parliament building. At least 140 people died in two days of fighting in October.

* * *

Taiwan is likely to be punished by the U.S. for Taipei's alleged failure to crack down adequately on trafficking in rhino horns and tiger parts. Clinton is due to approve a recommendation for limited sanctions against Taiwanese exports. The actual economic loss to Taiwan would be small. (Article on Page A8)

THE WALL STREET JOURNAL MONDAY, APRIL 4, 1994

Meg Greenfield

The Geography Explanation

Don't believe it. People in New York, Arkansas and D.C. know the same things.

Whitewater seems to be turning us into Yugoslavia. I have never heard so many claims made for or against supposedly exotic regional cultures—how things are done in Arkansas, in New York City, inside the Beltway—as when the Whitewater subject comes up. Then there are the allegedly separate subcultures that practice exotic rituals of their own: the media, the lawyers, the futures traders etc. Much professed exasperation and hurt issue from all these quarters: This is the way we do things; it's the other ones who are weird, ie., devious, shameless, crooked.

The whole thing is, in my opinion, a joke, or perhaps more precisely, a dodge. In football it would be called the Herzegovina fake-out. For the basic values and practices that are at issue in every aspect of this affair—from what constitutes a conflict of interest to what constitutes good journalism—are understood in all the above mentioned places, not to mention everywhere else. They do not require special knowledge of regional customs, languages, cooking and native dress.

When Whitewater issues were first gaining national attention, Arkansas culture, in particular its Little Rock manifestation, was invoked by some as an extenuation and defense. Washington questioners of some of the dealings that had occurred when the Clintons were in state politics, were told they simply didn't understand the normal, accepted and innocent ways of Arkansas, a small place, after all. No one put it more vividly than James McDougal, proprietor of the failed Madison Guaranty S&L, in an interview on "Good Morning America." He described a challenged Whitewater activity as "the proper thing to do here, where we all know each other very well and we know who's ethical and who's honest and who will engage in a conflict of interest. . . . I realize it's very difficult to talk about ethical questions with someone 1,200 miles away, where what you're seeing are the sharp traders on Wall Street. . . . They'd do anything for a buck. That's not true down here."

Such playing off of the supposedly guileless heartland against the cynical, wicked Northeast is pretty old stuff in American politics. In its most recent incarnations it has pitted a claim of humble, muscular, honest-to-God Americanism against what it insists are effete, elitist Beltway habits. In the early Carter years, when some presidential aides were accused of transforming the White House into Animal House, there was a brief attempt at defense on the grounds that these la-de-da Washingtonians just didn't understand the good old, time-honored Georgian way of life. But this didn't get very far in a political capital that had for years been all but run by stately Georgians from Walter George and Richard Russell and Carl Vinson to Sam Nunn who never once were alleged to have spit Amaretto, or whatever that stuff was, down the front of someone's dress.

In fact, this type of regional defense is self-destructive, because it is so easily turned back on those who espouse it, as has surely been true in the current case. The Arkansas extenuation has been converted—maliciously and snobbishly and stupidly, in my view—into a smirky, condescending attack: What went on that may have been unsavory in Whitewater and the related affairs is said by Washingtonians, of all people, to be nothing more than evidence of crummy, backscratchy provincialism, of the way *those people* do things down there. This from my own city, Washington, D.C., the unchallenged capital of the backscratch, the logroll, the too-cozy relationship, the hustle. And it is also shamelessly enunciated by newspapers and others in New York, home of so many of those 1980s greed-heads whom the Clintons and others have denounced for their pitiful values. These are Mr. McDougal's sharp Wall Street traders talking about those sharp commodities dealers in Arkansas.

The only thing everyone seems able to agree on is that the culture of Washington is the worst. From New York City, no less, came an injured-innocence defense of lawyer Bernard Nussbaum, the White House Counsel whose handling of Whitewater-related issues finally compelled him to resign. Nussbaum was accused of mishandling the aftermath of Vincent Foster's death, being insensitive to the proper relationship of the investigated to the investigators, and seeing no difference between representing a private defendant in a criminal case and protecting the public interests of the presidency and the president. To all of which his defenders quickly let it be known that Nussbaum had acted irreproachably by the standards of a good New York lawyer. He had been zealous and inventive and tireless in the defense of his client. That's the way we do things in NYC, the argument went, and then, the clincher: But Nussbaum was finally undone by the treacherous, incomprehensible ways of sicko political-journalistic Washington.

Inside the Beltway, of course, you can hear the Washingtonians' predictable scorn of (1) Nussbaum the aggressive New York City lawyer who didn't understand his Washington job and (2) Arkansas politicians who—get this—cut too many corners. When we are taken to task, in our turn, for our frenzied focus on the investigations as politicians and press or whatever we are, we piously explain that what we are doing is virtuous and high-minded. We are only doing our duty and what is right by our unexceptionable lights.

One finally wishes to stand up on a chair and address all the varied, sanctimonious regional-culture chauvinists and purveyors of slurs on other parts of the country with one simple message: Look who's talking!

The point is surely that none of these regional mystiques or self-referential rationalizations or contemptuous put-downs of the other guy's hometown culture persuades. We are not dealing here with a new class of victims to be known as the geographically impaired. The Clintons and their sophisticated Arkansas business and law associates, like the Washington pols and press and the New York legal and trading contingent too, have all been playing in the same court for a very long time. They all know enough of the same things to know, for example, what is upright and what is sleazy dealing, what is responsible journalism and what is not, and where the lines are that shouldn't be crossed. Don't buy into the regional attack. And don't believe the regional defense.

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'Eleanor Rodham Clift' √

Backed Into the Clinton's' Corner?

Reporter Eleanor Clift's Colliding Roles

By Howard Kurtz
Washington Post Staff Writer

Even John McLaughlin was needling Eleanor Clift.

"Some pretty tough questions here," he scoffed on the air.

McLaughlin was reading excerpts of Clift's recent Newsweek interview with Hillary Rodham Clinton, one in which the questions sounded unusually sympathetic.

As in:

"My theory is that you have a thing about privacy," Clift said to the First Lady.

"Edward Bennett Williams used to say that Washington likes to burn a witch every three months," Clift said.

"A lot of people want to launch careers based on finding something," Clift said.

As a highly visible journalist—she is both a Newsweek White House correspondent and "McLaughlin Group" pundit—Clift has grown accustomed to criticism that she is a staunch defender of the Clintons. She says it's a bum rap.

"There's no penalty for an individual reporter who is perceived as being too tough," Clift says. "But the reporter who is perceived as being soft is immediately delegitimized, portrayed as being in the tank.

"It's not comfortable to be singled out as someone who is somehow a cheerleader. That's the last thing any reporter wants to be considered. What I've said holds up under the banner of fair analysis."

Clift is emblematic of a talk show age in which many journalists are ex-

See CLIFT, B4, Col. 1

CLIFT, From B1

pected to have a take, an angle, a personal spin on the news. And in the hothouse atmosphere spawned by the Whitewater investigation, reporters are increasingly categorized as pro-Clinton or anti-Clinton.

Michael Kinsley, the New Republic columnist and co-host of CNN's "Crossfire," frequently defends the president. "I get abuse for being a Clinton cheerleader all the time," he says. "All the peer pressure is to whack the guy. All the social pressure is to be critical. There's no reinforcement or reward for sticking up for Clinton. All you get is ridicule."

Sidney Blumenthal, The New Yorker's Washington correspondent, was discussing Whitewater on a recent "Charlie Rose Show" when Rose abruptly asked: "Sidney, are you the least bit uncomfortable defending the administration in the way that you do?"

"I think I'm being quite dispassionate. . . . My views are utterly independent," Blumenthal replied.

Paul Begala, a political adviser to Clinton, grumbles that many reporters respond to unspoken pressure from colleagues. "If they don't stick the knife in, they get put in the New Republic's 'Clinton Suckup Watch,' " he says. (The Clintonites registered no such complaint, of course, when the media were beating up on President Bush.)

> *"I don't want to be seen as someone who will defend the Clintons at any length. ... I also don't want to take gratuitous shots just to prove my independence."*
>
> — Newsweek's Eleanor Clift

Clift's position is particularly awkward because she is also a White House beat reporter. On "The McLaughlin Group," where Fred Barnes, Morton Kondracke and McLaughlin often criticize Clinton and Jack Germond tends to stay above the fray, Clift is left to carry the White House banner.

"The problem with television is you become a caricature, and you don't have time for the ifs, ands and buts," she says. "The first question always goes to Fred on what terrible thing Clinton did this week, and I'm the counterpoint."

Says Barnes: "It's how Eleanor defines her role. Whenever anybody criticizes Clinton she thinks she has to come and defend him."

A number of Newsweek staffers are uncomfortable with the arrangement. "I think she takes it too far," one says. "A lot of people find it embarrassing. It puts the magazine in a compromised position." But Clift says there are plenty of "checks and balances" in Newsweek's "group journalism" approach.

Evan Thomas, Newsweek's Washington bureau chief, says: "We cover the White House from a number of angles, and the Clintons have never accused us of going soft on them. Eleanor's voice is one among several."

Clift, who started out as a Newsweek secretary and is now a big draw on the lecture circuit, is conscious of her role as the show's resident feminist. McLaughlin often calls her "Eleanor Rodham Clift." She attracts plenty of hate mail; one viewer even accused her of tying her scarf like the First Lady.

In the emerging debate over whether the media are going overboard on Whitewater, Clift's position is clear. "The whole pressure on the group of us is to declare them guilty and then look for the supporting evidence," she says. But she adds: "The Clintons of course are not blameless. Clinton has this habit of dissembling."

Week after week, Clift plays her assigned role in the "McLaughlin" sitcom. When asked to compare Whitewater to a physical ailment, she chose "hangnail or toe-stub." Asked to rate Clinton's handling of Whitewater, she has twice given him an A.

"In the end, John, this is going to be much ado about nothing," Clift said on one program.

Last month she went too far. When Mrs. Clinton made some harsh comments about Whitewater in a White House interview with Elle magazine, Clift insisted, on the basis of secondhand information, that this was merely a "rant in a restaurant." She later apologized for the error.

All this has made Clift a prominent target for conservatives. Dorothy Rabinowitz, a Wall Street Journal columnist, says she finds Clift "persistently, endlessly and unyieldingly" pro-Clinton. "There is not the slightest self-consciousness about it," Rabinowitz says. "She really is a true believer."

Clift brushes off such criticism, noting that she has never been invited to lunch or dinner at the White House. And she had never been granted an interview with Mrs. Clinton until several weeks ago, when the First Lady, under growing pressure to talk about Whitewater, decided to speak to Newsweek and Time. Clift says she was hampered by a 20-minute time limit and ground rules that barred questions about Whitewater matters under investigation.

"You want to establish an atmosphere where you draw the person out and get at her underlying attitudes," she says. "You don't get that by asking where are the canceled checks, and frankly that's not my expertise. I was trying to find out how angry she was and who did she blame."

Clift says she has been trying to shake the pro-Clinton label ever since the 1992 New Hampshire primary, when she predicted that Bill Clinton would win the Democratic nomination.

"I don't want to be seen as someone who will defend the Clintons at any length," she says. "I really don't think that's my role. I also don't want to take gratuitous shots just to prove my independence. I have certainly criticized them when I think they deserved it."

Poised Over Whitewater

Special Counsel Robert Fiske, Calmly Plumbing the Depths

By Kim Masters
Washington Post Staff Writer

Bob Fiske strode from the federal courthouse, back straight, chin out, fashion-be-damned plaid cap atop his head, and plunged into a sea of reporters and photographers. His team of lawyers had just started grilling the president's men and women about the tangled affair that has come to be called Whitewater. The media mob surged in for a quote, a shot, a morsel of his time. Fiske pressed ahead sternly. But when the seas didn't part swiftly enough and a hapless photographer tumbled over backward, it was Fiske who paused and helped the man to his feet.

Noblesse oblige.

This sort of courtesy comes naturally to a blue-blood, white-shoe lawyer who hovers unspattered over Washington's most recent political spectacle. This sort of poise you can display when you are so sure of yourself—your mission, your methods and your morals—that even though you utter not a word of reproach, a howling pack of reporters suffers a rare moment of embarrassment at its own frenzied behavior.

Robert B. Fiske Jr., lifelong Republican, former prosecutor, Wall Street lawyer, former peewee hockey league coach, is that sort of person—a man who stays cool and clean in the clinches. Some of his colleagues tell a story about the day in 1979, in the middle of a tense racketeering trial, an FBI agent rushed into a New York courtroom and whispered to the prosecutor that the proceedings had to be stopped at once. Fiske, then the U.S. attorney for the Southern District of New York, didn't panic.

"What?" he wrote on a pad.

The agent wrote that a hit had been ordered on a witness in the case—and on Fiske himself. Fiske considered that briefly and scribbled "In the courtroom?" No, the agent answered. In that case, Fiske wrote back, why stop the trial?

That sang-froid, displayed during the renowned prosecution of Brooklyn waterfront boss Anthony M. Scotto, should serve Fiske as he plumbs the mysteries of Whitewater. (So might his close relationship with one of the young agents on that case—Louis Freeh, now director of the FBI.) But the story is remarkable for another reason: It is one of the most dramatic tales that anyone has to tell about Robert Fiske.

The veteran of many high-profile cases, Fiske is not the kind of swashbuckling litigator whose exploits are celebrated in lawyer locker-room chat. "He's not boring," says Scott Muller, a former assistant to Fiske during the Scotto prosecution. "But he's such an absolutely straight guy."

In his few short weeks as special counsel, Fiske has shown that he is capable of making dramatic moves. Within days of his appointment, he announced himself with a fusillade of subpoenas to White House aides. Then, last week, he cut a deal to get grand jury testimony from David Hale, a shady former judge who is the only person to allege that Bill Clinton was directly involved in any of the questionable financial dealings surrounding the sinkhole known as Madison Guaranty Savings & Loan—a move that Fiske described as "a significant contribution" to the investigation.

Attorneys who know Fiske well say they are confident that he is moving deliberately, if rapidly. Even his former adversaries say Fiske's judgment and integrity make him an ideal

See FISKE, B6, Col. 1

FISKE, From B1

choice for this daunting job. He has a reputation as a detail-oriented prosecutor who won't indict unless he believes that a conviction is in the bag. "He's tough and aggressive in litigating when he has a case that will support it—and practical-minded about getting it over with when he needs to," says Steve Case, one of Fiske's law partners at the snooty New York firm of Davis, Polk & Wardwell.

However tough, Fiske is always low-key—an affable square who is modest to the point of self-effacement, soft-spoken to the point of inaudibility. In white-bread, well-to-do Darien, Conn., where Fiske grew up, he is the original community pillar. He served on the police commission for 10 years and was chairman of the board of deacons at his church.

Fiske isn't giving any interviews, but his longtime assistant notes in response to an inquiry that yes, Fiske used to coach the New Canaan, Conn., peewee hockey team. And in 1973, she adds, the team made it to the state championships, where it lost—in overtime.

It turns out that mild-mannered, 63-year-old Bob Fiske is—as Muller puts it—"grimly competitive" and a bit of a sports freak. He sails, skis, fishes—and held down second base for his law firm's softball team. In 1980, he ran the New York City Marathon.

"I'll tell you how competitive he is," says John "Rusty" Wing, one of eight former assistant U.S. attorneys who play tennis with Fiske regularly. "If he couldn't get the ball with his normal right hand, he switches the racket to his left hand."

> *"While other lawyers might have lived the high life, typically he'd run out to the grocery store alone and buy a chicken and bake it and eat it by himself."*
>
> —Carey Dunne, former law partner

"He's by far the senior member of the group," says Alan Levine, now a partner at a New York law firm. "He does not wear down first."

Accidental Celebrity

West Little Rock is a high-rent business district, a suburban settlement about a 20-minute shot along the Wilbur Mills Freeway from faltering downtown Little Rock. It might seem an odd location for the special counsel to base his operations—a bit of a haul from the county offices that hold some of the records that may contain the secrets of Whitewater. But this building already was crammed with feds: the FBI, the Drug Enforcement Agency and the Customs Service.

It may be pricey, but you wouldn't call it elegant—a red-brick four-story affair with Muzak in the lobby and a cherub fountain in the gloomy atrium. Tucked in the back of the building is a little lunch joint and bar where Fiske and his troops sometimes grab a sandwich. On a Monday afternoon, the Sports Page is empty except for a group of stockbrokers knocking back a few drinks.

They try to affect indifference to Fiske and the squadron of seven lawyers and 25 FBI agents and financial analysts that have just set up shop here. But waitress Deborah Marshall has seen some of them sidle up to Fiske. "People approach him—'When you get time off, you want to go play some golf?' " she says.

Fiske has made a good impression. One of the stockbrokers says Fiske "reminds me of a kid's grandfather that you see in the movies." Stockbroker Dan Lee has seen him at lunch with his staff. "When they're talking, there's a warmness," he observes.

Perhaps most impressive to the crowd at the Sports Page has been the speed with which Fiske's office space was whipped into shape. "We heard on Thursday morning that this space had been leased," says Dan Lee. "At noon that day, hammers started. They worked 24 hours a day, had three construction crews in there. You have to understand—Little Rock is in a construction boom right now. If you want to build a house, you have to wait three months. So they paid someone a *lot.*"

Frugal but Fun

Whatever the word from Little Rock, Fiske's colleagues at Davis, Polk say he won't be sloppy with the taxpayers' money. They expect him to be much more frugal than Iran-contra prosecutor Lawrence Walsh—who was Fiske's former law partner at Davis, Polk and who tried to tap Fiske to serve as his deputy in that investigation. That investigation cost the government $36 million. "Walsh would spend an extraordinary amount of money on cases," a Davis, Polk partner says. "He would get 12 associates [on a case] and they would grind and grind. . . . He would have four people research something until they dropped. Bob wouldn't do that."

Davis, Polk partner Carey Dunne spent the better part of a year with Fiske in Miami on a trial and got a close look at his thrifty habits. "While other lawyers might have lived the high life, typically he'd run out to the grocery store alone and buy a chicken and bake it and eat it by himself," Dunne says. "He is frugal, no doubt about it. He would constantly be running back and forth to the coin-operated laundry machines so he could save money."

Not that Fiske was a complete nerd. "The night that the trial was

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over, we went to dinner to blow off steam and ended up playing pool at 4 a.m. in a nightclub," Dunne says.

Fiske "is somebody who acts significantly younger than he is, who likes to deal with younger people," says Elkin Abramowitz, another veteran of the U.S. attorney's office. "He was the wealthiest guy [in the office] and enjoyed doing what we would do—eating in our kinds of restaurants. He's a very accessible person for somebody with as powerful an intellect as he has."

For a rich guy, his tennis buddies like to gripe, Fiske rarely treats when it's time for drinks after a match. "We joke about how he never has any money with him," Wing says. But friends say Fiske isn't really cheap—just forgetful. "He's very absent-minded," Dunne says. "He's always leaving his glasses places and leaving his car keys and losing his pen. He always has associates picking up after him."

But even Fiske's foibles are discussed with a sort of affectionate pride. That's the tone in which one of his younger partners complains that Fiske's youthful tastes do not extend to his sartorial habits. "He's got a hat I can't stand," the partner gripes. "It looks like an Irish golf cap, except it's made out of plastic. When it comes to clothes, he hasn't moved since Dobie Gillis."

Fiske's headgear hasn't gone unnoticed at the Justice Department. "We are all looking forward to the advent of warm weather," spokesman Carl Stern says, "when Fiske will stop wearing those chapeaus."

Colleagues' Admiration

In many ways, Fiske seems to have led a charmed life. His father was a lawyer, appointed by Dwight Eisenhower to be assistant secretary general of the North Atlantic Treaty Organization. He grew up in Darien playing hockey and lacrosse. Yale '52. Third in his class at the University of Michigan law school.

From 1970 to '80, Fiske was the captain of a loyal team of assistant U.S. attorneys who still gather annually for an alumni dinner. The lawyers who write the skits presented at these affairs are wracked for material—"It's a hard task to figure out how to satirize Bob Fiske," as class clown Jed Rakoff puts it. Thomas Engel gave it a try with a poem called "The Maven"—apologies to Poe—in which Fiske declares, "As my friends are all Aryan/ And settled into Darien/ I know only finest peerage/ And no peasants out of steerage."

That's about as personal as it gets—and the characterization isn't even quite right. "Bob has been to every bar mitzvah and bat mitzvah as our children get to the appropriate age," Rakoff says. "He's been to at least 50. He still can't pronounce basic Yiddish words. He'll say 'kuh-vetch.' "

Those who worked under Fiske at the U.S. attorney's office remember how he'd come in on Saturdays and pad around the office in his socks. On weekdays, Fiske would arrive early and host a "breakfast club" of stalwart assistants who would show up for coffee and doughnuts in his conference room. "He was very interested in everything that was going on," remembers Angus Macbeth. "If you got a good ruling or a bad ruling, he was likely to be on the phone with you 15 minutes later, congratulating or commiserating."

When Fiske returned to private practice, he remained something of a hero to young assistant U.S. attorneys. He successfully defended Babcock & Wilcox, the manufacturer of the nuclear reactors at Three Mile Island. Bruce Baird, who was a young prosecutor then, says many of his colleagues tried to slip into the courtroom to watch Fiske work. "It was such a primer in how to try a case," Baird says. "He had a prosecutor's style, not flamboyant and showmanlike. He is always particularly well prepared, which was apparent in Three Mile Island because it was mind-numbingly complex. . . . He's not a great orator, not a great speaker, but he can stand up in a courtroom and sound like someone the jurors can relate to."

Even Fiske's adversaries are admiring. When Fiske was U.S. attorney, Paul Goldberger defended a client indicted as part of the case against drug lord Nicky Barnes. "During the entire eight weeks we were on trial—and it was one of those blood-and-guts cases—I never saw him lose his balance," he says. "I never saw him lose his cool. He's a nice person. If you lived next door to the guy, you'd be friends. . . . You'd lean over the fence and you'd bs with him."

One Small Controversy

In his exceptional career, Fiske has suffered a few setbacks and embarrassments. One of his biggest disappointments came in 1989, after he was nominated for the number-two spot in the Justice Department by then-Attorney General Richard Thornburgh. Despite Fiske's record, a bloc of conservatives opposed him. It was an attack that Fiske's colleagues still regard as one of the more inexplicable paroxysms of partisan politics.

Fiske's crime was that he had served as head of the American Bar Association's standing committee on the federal judiciary. The committee, which rated nominees for federal judgeships, routinely consulted some outside groups about their views. Among those was the Alliance for Justice, a Washington-based civil rights group.

The conservative Washington Legal Foundation complained. "He leaked the names so liberal groups could do a hatchet job on good conservatives," WLF Executive Legal Director Paul Kamenar said at the time. The fact that Fiske's committee had given good ratings to some conservative nominees did not diminish the fervor of his opponents. They also held him responsible for the defeat of Robert Bork's nomination to the Supreme Court, even though Fiske was no longer chairman of the ABA committee when it split on Bork's rating— d even though Fiske personally supported Bork.

As part of the effort to discredit Fiske, conservatives charged that he had once given a $1,000 campaign contribution to an old friend, Democrat William Gray, when he ran unsuccessfully for a Vermont Senate seat in 1988. They also called attention to a 1985 U.S. Tax Court decision that found Fiske had failed to pay $14,000 in taxes stemming—interestingly enough—from a 1986 land deal. The Fiske family had long owned a share in a Catskill mountains fishing club. Fiske and the other owners transferred the land to a nonprofit nature conservancy—but the court determined that Fiske had underestimated the land's value.

The Bush administration eventually caved and Fiske withdrew his name from consideration. "A lot of people would have been vocally unhappy about the way they were treated," says Macbeth. "He took it remarkably well. He just wasn't going to get into a squabble about it."

So far, conservatives haven't made a big issue of Fiske's appointment as special counsel. While the Wall Street Journal's editorial-page writers called Fiske "a very curious selection"—raising the specter of Fiske's service on the ABA judicial review committee as well as his brief representation of Clark Clifford in the BCCI matter—Justice Department spokesman Stern says he's heard no concerted objections. "I'm under the impression that there's a great deal of admiration and respect for Bob Fiske across the spectrum," he says.

Getting His Hands Dirty

Fiske is far from finished with his task, but Washington lawyers are impressed with the way he began it. "His going to Little Rock said an awful lot," says a partner at one well-regarded Washington firm. "A lot of these guys don't want to get their hands dirty. This guy's actually gone down at great financial sacrifice and he's living in this town and trying to get to the bottom of this. . . . And he's certainly a $1.8 million man if Bernie Nussbaum is." (The real number for Fiske is closer to $1.3 million, says a Davis, Polk source.)

Fiske has traded his seven figures for a salary of $107,000. He has taken an apartment in Little Rock, where perhaps he bakes his own chicken as he immerses himself in his mission down to the decimal points, moving as fast as he can to conclude an investigation that the whole world is watching. Moving toward a time when Bill Clinton and his supporters finally may be able to exhale. Or not.

MONDAY, APRIL 4, 1994 THE WASHINGTON POST

Spring Recess Gauges Depths of Whitewater

Constituents Say Issue Is Overblown

By Dan Balz
Washington Post Staff Writer

RACINE, Wis.—Rep. Peter Barca (D-Wis.) had just finished speaking to a government class at Racine Horelick High School and was heading toward his next appointment when teacher Gary Suo pulled him aside to send a message.

"I think Bill Clinton is doing one helluva job and he deserves our support," said Suo. "He's taking on the tough issues and I definitely think he's getting a bum rap [on Whitewater]. I think the press . . . is doing a terrible job of covering it."

As Barca listened, Suo complained that the focus of the country is "off kilter" and that Whitewater is getting in the way of more important issues.

"It's not like Congress had come to a grinding halt because of Whitewater," Barca protested, ticking off a list of legislation already passed or moving through the system.

But that's not the message getting through to the country. Whatever else may be happening in Washington these days, the public believes the capital is consumed with Whitewater—and they resent it.

Americans may be skeptical of Clinton's health care plan, anxious about violent crime, divided over the Clinton presidency and alternately worried and hopeful about the economy. And not all are as bullish about Clinton's performance as Gary Suo. But in interviews with Washington Post reporters, they appear united on Whitewater: To most, it seems to be either small potatoes or ancient history—or both.

The attention Whitewater has received and the sense of endless, partisan bickering over that and other issues in Washington have left Americans feeling dejected about Washington and fearful that government gridlock could once again paralyze the country.

"It's like we're coming down the road and coming to a 'Y' and going down the wrong fork," said Tom Terry, who runs a small refrigeration company in Burlington, Wis.

As a mall security officer in Newburgh, N.Y., put it, the situation in Washington is "as bad as the Civil War, what goes on between Democrats and Republicans down there. And every freshman class gets pounded down by the guys with seniority, so the voice of the people doesn't get heard."

RECESS, From A1

A recent Washington Post-ABC News Poll found that, despite an improving economy, two in three voters believe the country is off track. And when asked whether the Clinton administration has begun to break the gridlock in Washington, 54 percent said no.

The Post-ABC poll found that while 76 percent of those surveyed say Clinton "has a vision for the future of the country," only 54 percent believe he is getting things done. That gap may reflect the pessimism people feel about how things are working in Washington.

Post reporters spent part of last week trailing four House Democrats—some in politically marginal districts—in Wisconsin, New York, North Carolina and California and talking to their constituents during the spring recess.

The public's agenda is dominated by health care, and the House members spent part of their time fielding questions about it at town meetings or touring senior citizen centers.

On Tuesday night, freshman Rep. Maurice D. Hinchey (D-N.Y.) held a town meeting in Newburgh and 90 to 100 people turned out. Most of them had questions about health care, and after two hours Hinchey had to cut off the questioning.

Hinchey, an advocate of a single-payer system, like Canada has, found no consensus in the room. Many of those who spoke told personal stories and asked Hinchey to explain how Clinton's plan would affect them.

At one point he tried to describe the details of the administration proposal, and when he got to the issue of health alliances—the regional cooperatives that would serve as insurance marketplaces for the public—eyes in the audience began to glaze over.

After the meeting, Jonathan Jacobson, a local law judge on the state workers compensation board, said the evident confusion "shows how badly Clinton has done in presenting his plan and how easy it is to attack any number of points in a complicated plan. Even though everyone wants reform, right now it is on the defensive."

The White House is well aware of that problem and this week Clinton and First Lady Hillary Rodham Clinton will spend most of their time outside of Washington trying to pump up support for what they have proposed.

Eronomy Smith Muhammad, who helps small businesses get established and grow, attended a health care forum in Fayetteville, N.C., on Wednesday night to criticize the administration plan as too complex. "I'm saying to you the simplest way is the best way," Muhammad told Rep. Eva Clayton (D-N.C.), a first-term legislator.

But others defended Clinton's plan. Al Pierce, a Fayetteville businessman, said people are afraid to get sick because of the cost of care. "If his plan is going to help the masses, I'm for it," he said.

Mark Bullock, an insurance agent whose wife suffers from Alzheimer's disease, said he wants the plan passed. "Everybody [is] making a fool out of this health care plan," Bullock said. "God bless health care and Bill Clinton, and I hope their plan goes through."

But in Racine, Keith Knudtson, a mechanical engineer, said he opposes giving government as big a role as Clinton has proposed. "I can't see anything the government's ever got their hand in that didn't cost us twice as much money, take twice as long, take twice as much red tape as any other thing," he said.

After hearing again from their constituents last week, the House members concluded the burden rests on Congress to fashion a compromise from all the competing plans and ideas. "They're confused, but I think they want something done," Hinchey said. "And I think we will be judged by whether we do the job or not."

In a week in which Wall Street was rocked by a 139-point plunge in the Dow-Jones index of industrial stock prices while the Labor Department reported that the economy had produced 450,000 new jobs in February, the picture of the recovery was similarly uneven in different congressional districts.

The Wisconsin economy remains one of the strongest in the country, and Barca's district, parts of which were hard hit a few years ago, has begun to bounce back after a deep recession. Jeanne Hefty, the mayor of Burlington, Wis., said four companies are considering moving operations to her small town.

But Hinchey said his upstate New York district has lost about 60,000 jobs in the last three years, including sizable layoffs by IBM and cuts in defense-related companies.

Michael Hannigan, a security director at a hospital in Newburgh, N.Y., said, "IBM layoffs are starting to affect the retail stores and even real estate. I have friends who worked 20 years at IBM and now they're without jobs."

"Jobs are rough, especially jobs that pay decent money," said Renato Johnson Jr., who moved up from New York City but is thinking about going south "where I hear things are better."

The uneven pattern of the recovery may be one reason Barca and Hinchey face significantly different reelection contests this year. Barca won his seat in a special election a year ago by less than 700 votes. He currently has no Republican opponent. Hinchey is in a rematch against Republican Bob Moppert.

"I find myself in a very uncomfortable position after 15 months in office," Hinchey said. "If [people] are hurting, they're going to blame someone. And they can't blame the people they voted for 10 years ago. They're gone."

Although the economy is not as powerful a political issue as it was two years ago, anger with Congress has not abated. "Sixty percent of them are crooks and they make it impossible for the other 40 percent to get their jobs done," said John Moal, a state corrections department employee from Yankee Lakes, N.Y.

To counteract these impressions, Rep. Anthony C. Beilenson (D-Calif.) tried to tell his constituents last week that the system—finally—is working.

"I'm feeling relatively kindly toward Congress these days, which is something I usually don't do," said the nine-term Democrat, whose district is distinctly less solid than it used to be.

Speaking to Pacific Bell employees, he ticked off a list of accomplishments over the past year—the huge earthquake aid package, the North American Free Trade Agreement, the deficit-reduction package, family leave, national service and the pending crime bill.

Bob Greenwood, a Republican who voted for Ross Perot in 1992, was taken aback by Beilenson's description of the record Clinton and Congress had established. "I'm kind of surprised what he accomplished in a short period," he said. "You don't hear a lot about it."

Many voters still aren't convinced, fearing that the disappearance of Perot as a political force will take the heat off Congress and that House members will continue to take care of themselves before the needs of the country.

Leo Schuh was eating the "garbage plate"—an omelet with everything in it—at Frank's Diner in Kenosha, Wis., Wednesday morning. "Perot started out rattling their cages," he said. "Then it slacked off. What happened? That grass-roots effort can be effective. It can keep government in touch with people, other than at election time."

But many people fear that Whitewater now clouds the agenda and they resent it. "I think they've blown this out of proportion," said May Holland, a Medicare patient at a Fayetteville clinic, who nonetheless said she thinks Clinton may have done something wrong.

When Sameer Mohammed, a Republican, tried to ask Beilenson a long list of written questions about Whitewater during the Pacific Bell meeting, fellow employees gave him enough good-humored razzing that he could not ask them all.

A few, however, believe it is a serious issue that deserves a thorough investigation. Ron Dalton, a Racine civil engineer, said he thinks Clinton "is skirting right on the line" legally and has committed ethical violations. "I think if there was a Republican president in office, Democrats would be jumping all over it the same way Republicans are," he said.

Barca acknowledged that many of his colleagues fear that Whitewater could restore gridlock in Congress and showed the nervousness many House Democrats feel about the potential political impact of the issue when asked by a student whether Clinton did something wrong.

"I don't know for sure, obviously," he said. "I hope he didn't. I'm optimistic that he did not."

Clinton remains a polarizing figure, but many people recognize he is promoting an ambitious domestic agenda and give him credit for trying.

"Clinton is a lot better than I thought," said John Rhoades of Plattekill, N.Y. "I didn't think much of him when he was running, but he's trying."

Michael Wells, president of a wire-working machinery company in Kenosha, didn't vote for Clinton. But he said, "I didn't know if he was truly genuine—and I still don't. He has to prove it to me. But he's making a real effort. He's trying to deliver on his campaign promises."

Balz reported from Wisconsin. Staff writers David S. Broder in New York, Kenneth J. Cooper in North Carolina and William Hamilton in California contributed to this report.

Republican Blind Spots

Congressional Republicans have raised legitimate questions about President Clinton's Whitewater dealings. It is too bad that their zeal about ethics, and the impropriety of accepting financial favors from people with an obvious interest in government decisions, stops with the Democrat in the White House.

On the two fundamental ethics issues now facing Congress — campaign financing and lobbyists' gifts to House and Senate members — Republicans, with only a few exceptions, remain unwilling to support urgently needed reforms.

Democrats in Congress are working on legislation to eliminate a loophole that allows wealthy contributors to evade Federal giving limits by funneling large checks through party organizations. By contrast, the Republican National Committee has already invented a new mechanism for collecting big, secret gifts. Richard Berke of The Times reports that the National Policy Forum, a nonprofit group formed by the R.N.C. last year to solicit grass-roots opinion, has become a vehicle for undisclosed gifts from giant corporations and from interest groups like the National Rifle Association.

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Last month, the House, in the name of reform, approved a set of gift restrictions crafted to preserve a cherished Congressional perk: the free golf and tennis junkets paid for by big corporations that see them as worthwhile investments in favorable legislative treatment.

The Democrats, as the majority party, deserve most of the blame. But the measure might have been much tougher had Newt Gingrich, the minority whip, and his Republican colleagues displayed the same ethical fervor they have shown on Whitewater. Instead, Mr. Gingrich said he saw nothing wrong with the current gift system and the Republicans privately resisted accepting even the bill's modest changes. Only when passage seemed inevitable did a majority end up voting for it.

The Republicans also continue to protect a campaign financing system dominated by special interests, even as they pay lip service to the need for change. Last year, Bob Dole, the Senate minority leader, led a filibuster aimed at blocking the strong campaign finance reform bill sponsored by George Mitchell, the Senate majority leader. Mr. Dole was joined by a majority of his G.O.P. colleagues, including Alfonse D'Amato of New York, the Senate G.O.P.'s improbable spokesman on the ethical implications of Whitewater.

Only after seven Republicans — James Jeffords of Vermont, William Cohen of Maine, John Chafee of Rhode Island, Nancy Kassebaum of Kansas, Larry Pressler of South Dakota, Dave Durenberger of Minnesota and John McCain of Arizona — broke ranks was the filibuster defeated. House and Senate Democrats are now working to resolve differences in bills passed by the two chambers.

Should the result of these negotiations be a worthy reform bill, pressure will nonetheless mount on these seven to join yet another filibuster. This small group of G.O.P. Senators can render a service to the nation, and to their party, by continuing to support reform. Surely some Republicans believe that high ethical standards and sensitivity to conflicts of interest are necessary in Congress as well as the White House.

Tragedy in Turkey

Hardly anybody is paying attention, but a bad war in Turkey has turned worse. Frustrated by a persistent Kurdish uprising in the mountainous southeast, the Turkish Army is preparing a massive spring offensive involving 130,000 troops.

America is necessarily involved. Turkey is a NATO ally and buys American weapons that were certainly not meant for use against Kurdish villages. Yet Washington's protests are muted for an ironic reason: the U.S. relies on bases in Turkey to provide help to Iraqi Kurds, who have carved out an autonomous enclave in northern Iraq.

Each year the war inside Turkey grows bigger. In 1993, 4,000 civilians, soldiers and guerrillas were killed. At least 800 villages have been evacuated to deny a base to the leftist Kurdistan Workers Party, better known by its initials P.K.K. In January, 50 Turkish warplanes struck at a P.K.K. camp deep within Iraq's Kurdish territory, the biggest such raid so far.

Though it faces a huge budget deficit and roaring inflation, Turkey spent $7 billion on the war last year. Yet neither the Government nor the army appears to have a political strategy for ending this conflict.

Kurds account for one-fifth of Turkey's 60 million people, and their demand for cultural and political rights has a long history. After years of insisting that Kurds were only "mountain Turks," Ankara explored a different approach under President Turgut Özal. Turkish Kurds were allowed to form their own party, which briefly became part of the governing coalition formed in 1991 by Prime Minister Süleyman Demirel. There were cheers abroad when Mr. Demirel promised greater language rights, as well as other legal reforms long urged by human rights advocates.

But hope faded when President Özal died last April and was succeeded by Mr. Demirel. This shift then brought to power Tansu Ciller, the first woman to serve as Prime Minister. Mr. Demirel, who had been twice ousted by the armed forces in times past, and the untested Prime Minister have joined hard-liners in treating the Kurdish rebellion as foremost a military matter. To be sure, they have been abetted in this by the P.K.K.'s terrorist offenses, including the killing of Turks in Germany, where as many as 400,000 out of 1.6 million Turkish "guest workers" are Kurds.

Americans learned at bitter cost in Vietnam that aerial attacks neither pacify nor win hearts and minds in hostile villages. It is hard to imagine any military victory in Turkey, given the sheer size of the Kurdish minority. And dismayingly, military escalation has closed down the political track to a settlement. Having banned a Kurdish-based political party, the Government is now detaining five Kurdish members of Parliament on fishy charges of "sedition," a capital offense. Meantime, Amnesty International has kept detailed track of "disappearances" — 26 in 1993 — of mainly Kurdish prisoners.

These are alarming symptoms of a deeper fever. Turkish officials fear that granting cultural autonomy to Kurds only increases the clamor for full independence. But that has not been so in Spain, where Catalan and Basque separatist movements have ebbed with greater devolution. In any case, recalling that the Nixon Administration once cynically used Iraqi Kurds as pawns, Americans have special cause to look critically at this ominous war.

A Conservative's Star Soars On Words About Whitewater

By WILLIAM GLABERSON

Who is Robert Bartley?

Before Whitewater turned The Wall Street Journal's ardent chief of editorials into a media personality, he was already the darling of conservatives.

But a headline — "Who Is Vincent Foster?" — and its aftermath have broadened his role. At 56, Robert L. Bartley, editor of The Journal, has become a star in the very "liberal media" he abhors. His role: Whitewater sage.

With a new prominence that began with the editorial attack last summer on Mr. Foster, the deputy White House counsel who died on July 20 in an apparent suicide, Mr. Bartley slashes away at the Clinton Administration. He sneers at the Democrats, Little Rock and anyone who calls the 1980's the decade of greed. And sometimes he even appears to scorn the reporters at his own newspaper.

The open secret at The Journal for years has been the discomfort such sentiments sometimes cause employees of the newspaper's news operation and the ridicule some of them apply to the paper's editorial positions. The news division is separate from the editorial page and its employees report to a different top editor, Paul E. Steiger, the newspaper's managing editor. Mr. Steiger and Mr. Bartley report separately to Peter R. Kann, The Journal's chairman and publisher.

New Source of Conflicts

Some news department employees consider themselves political liberals. Some also find their news reports occasionally contradicted or undercut by their own newspaper's editorials. Whitewater has provided a new series of such opportunities for conflict.

The editorial page has sometimes heaped praise on news organizations other than The Journal for courage in pursuing Whitewater leads. The New York Post has been especially warmly appreciated. At times, it has appeared that The Journal's editorial page is insulting its own news operation by omission.

The differing approaches of the two sides of the same newspaper have begun to attract outside attention. The New Republic recently took note of two Journal headlines from the March 14 issue that reported the start of an investigation by the Whitewater special counsel, Robert B. Fiske Jr.

A Journal news headline that day: "Fiske Gets Off to Fast Start in Whitewater Probe by Moving Forward Aggressively on All Fronts."

The editorial page headline the same day: "The Fiske Cover-Up II."

The Journal's senior news editors insist they are not insulted. But Alan Murray, the Washington bureau chief, does acknowledge that "there is this tradition of not just separation but competition — or enmity."

An editorial attack draws attention, outside and inside The Journal.

Mr. Bartley denies that the editorial page has tried to embarrass its own news division. But he acknowledges longstanding tension between the news and editorial sections. "There's always been this undercurrent of disagreement," he said.

'Certain Kind of Fun'

Mr. Bartley, who says his Iowa upbringing in the 1950's provided a standard of values to measure current events, appears to be reveling in the role he calls spokesman for the loyal opposition. "There's a certain kind of fun that we're having again now that we had during the Carter years," Mr. Bartley said of the mood among his staff of 30 or so conservative editorial page writers and editors.

"You get up in the morning and say, 'O.K., what are they doing now that we can criticize?' " Mr. Bartley said.

Before the current "bumbling Presidency," as The Journal's editorials like to call it, the soft-spoken Mr. Bartley may have been best known among conservatives for editorials that helped establish the supply-side economic underpinnings of the Reagan years. He was favored, too, for commentary that described how the 1960's ruined the country.

But lately, Mr. Bartley has been reaching a wider audience. He is seen on "Meet the Press" one day and on "Charlie Rose" another. And New York magazine is describing the rambunctiously conservative editorial page he has edited since 1972 as "smart, ferocious and very, very powerful."

A "Who Is" Theme

The "Who Is Vincent Foster?" editorial that started all this attention was one of several last summer that criticized Mr. Foster and other Clinton Administration lawyers from the Rose Law Firm in Little Rock. A note found in Mr. Foster's briefcase after his death said, among other things, that "the WSJ editors lie without consequence."

This winter, there have been new "who is" editorials. They have been aimed at "Friends of Bill" and at "Hillary," as Mrs. Clinton is often called on The Journal's editorial page (as in "Hillary in the Pits," the headline of an editorial last week on her commodities trading profits).

The Journal's editorial page has been boisterous in its suggestions that the Administration has been tainted by "congenitally violent" Little Rock and that Clinton aides are involved in cover-ups.

Some of the editorials offer new information dug up by The Journal's editorial page staff. These "reported editorials," as The Journal calls them, have delved into the Clintons' Arkansas connections and raised questions about the investigation into Mr. Foster's death.

Questions of Tone

If there is criticism — and there is — that the tone of the editorial page turned taunting after Mr. Foster's apparent suicide, Mr. Bartley does not appear concerned. "If you have a good story, run with it," he said.

Some Journal watchers say they are offended. "To me, it's so meanspirited," said Stephen Hess, a media analyst at the Brookings Institution and a Republican who worked in the Eisenhower and Nixon Administrations.

"It seems to take such joy in every foot fault of the President and everyone close to him," Mr. Hess said. "It's as if they are really trying to bring down a Presidency."

Mr. Bartley denies that. Still, after an interlude following Mr. Fost death last summer, The Journ editorial page returned in mid cember to its "Who Is Vincent ter?" themes.

A Different Reaction

All the respectful attention from the media lately, Mr. Bartley said i his office at The Journal last week, i "the other side of the coin." He sai the reaction was the opposite of wha occurred after Mr. Foster's death.

"People," he said, "were assigning us a sense of responsibility." But a newspaper cannot be held account able for the effects of depression in ar official it covers, he has said repeat edly.

Mr. Bartley said he did not understand criticism that The Journal's editorials are mean in tone. "Look," he said, "we write lively editorials."

To be sure, The Journal's editorial page has never been shy, at least since Mr. Bartley took over in 1972. It has had clear likes (Oliver North Robert Bork, Ronald Reagan and the junk bonds of Michael Milken) and dislikes (cultural elites, Lani Guinier and "frantic propagandists" and "left-wing lobbyists" like C mon Cause and the National Association for the Advancement of Colored People). Mr. Bartley won a Pulitzer Prize for editorial writing in 1980.

His top deputy, Daniel Henninger, wrote one of the best-known recent Journal editorials, "No Guardrails," in March. It concluded that it possible to specify when America "began to tip off the emotional tracks." According to The Journal, it was in August 1968, during the antiwar demonstrations at the Democratic National Convention in Chicago.

Support at Dow Jones

Mr. Bartley's stewardship of the editorial page clearly has the support of senior officials at Dow Jo & Company, which publishes The Journal. Mr. Bartley has been a vice president of the newspaper and a member of the company's management committee for a decade. In an interview last week, Mr. Kann called Mr. Bartley "one of the genuine intellectual leaders of America."

In person, the bespectac Mr. Bartley is so deferential that he appears to cringe at being the object of interest. His sentences are interrupted with pauses and it is nearly impossible to detect the table pounding that is so familiar on his editorial page.

Mr. Kann and others who have known him for years say it is part of Mr. Bartley's writer's personality to reserve his passions for the printed page. Mr. Bartley was briefly a reporter for The Journal in the early 1960's and joined the editorial page staff in 1964.

What he perceived as the hypocrisy of the left in the 1960's, he said, began his drift from moderate Republicanism toward the right. As the foundation of his thinking, he cites his youth in Ames, Iowa, where society's structure and the values of individual responsibility made sense.

"The pendulum," he said, "has gone too far and we need to go back and think about individual responsibility and the values that come with that kind of upbringing."

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Isn't it time that someone turned off that White (hot) water boiling pot?

Is there anything more sickening in the political arena right now than the rabid ferocity with which the Republican Party seems to be trying to make something out of the nothing called Whitewater?

Given all the suspicions, excessive broadcast time and newspaper space, and the grandstanding on the congressional floor that this is being given, one would think something far more significant was happening.

Making it plain: Whitewater just isn't that big a deal. Its most significant impact seems to be in the area of diverting the momentum from such issues as welfare reform and health care.

The Clintons made some mistakes, no doubt about it. By the time this is printed every credible political columnist in the land will have made a carcass out of that $20,000 the president revealed in a press conference he forgot he let his mother borrow some years ago to buy property in Arkansas. There is also the obvious taint of conflict of interest with the then first lady of Arkansas, Hillary Clinton, doing legal work that may have conflicted with her husband's role as governor.

But is this grounds for impeachment? For the desperate filibustering and bizarre press conferences critics of this issue have been engaging in?

PEOPLE AREN'T stupid. Polls suggest few people believe the Clintons to be completely innocent in this affair. We join with other members of Congress who are calling for special hearings so that everything can be brought out in the open.

People also know there are some touchy issues the president and first lady have taken it upon themselves to tackle — issues that do not win popularity contests with the status quo.

Real welfare reform (not the kind the Republicans are suggesting which would place oppressive taxes on immigrants) and national health care are the most important issues of our time. If legislated effectively, poor people, particularly women and minorities, will benefit. Their quality of life will be made better and thereby the communities they live in will be accordingly enhanced.

There is an element in this country, however, which clearly does not want to see that happen.

This crime element of negative dissent helped rip the "Great" out of President Lyndon Johnson's "Great Society" 25 years ago and kept the issue of Vietnam a constant wildcard in the affairs of this country. The end result was a blindsided presidency, an immoral war and a watered down war on poverty.

Richard Nixon was paranoid, vindictive and, at times, of highly questionable character, but the diplomatic groundwork he layed with China is responsible for the United States not having had a nuclear war with that very Red country. This fact is overlooked when people and the media discuss the first president to resign in disgrace.

We do not live in a black and white world. Character flaws are important aspects of the human makeup. They give us something to strive for, something to work toward overcoming.

What our federal government needs is a good dose of the revitalization mentality which many of the urban cities are taking on. That is, the notion that *everyone* in the community, from the media to affluent suburban neighbors, begin to think in collective terms about attacking the problems of crime, blight and ignorance. To do that, you have to find a way to make character flaws work for you, not against you. You have to think in terms of using all available human resources in a new and different way toward a single objective. Not an easy task, to be sure, but some communities — some households, even — are doing it. Why can't those folks in Washington?

The Clintons are no saints, but neither are any of the finger-pointers who are wasting massive amounts of time and money to keep the White (hot)water boiling.

It's time they do us all a favor and get back to the business of saving this country from economic, social — and if we don't keep a better finger on the pulse of Asia, political — disaster. — *Robert E. McTyre*

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BC-whitewater-roseadv0
-------- AUTOBREAK (2)--------
``If this is our 15 minutes of fame,'' the 39-year-old tax specialist laments, ``I'd just as soon it end.'' In many ways, what the Rose firm is going through today mirrors Foster's transformation last year, when he surrendered a privileged and private existence in Little Rock to serve in Washington at the behest of the Clintons.

After arriving at the White House, the taciturn and tightly wrapped Foster was quickly bombarded by crises of a sort he had never encountered in Little Rock, from battles over controversial Clinton appointments to the botched firing of the White House travel staff.

Whether because of these pressures, some unbearable secret or, as many of his friends believe, an undiscovered medical event that triggered his suicidal depression, he snapped and ended his life six months to the day after clinton was inaugurated.

Among the effects found in Foster's White House office were a dim black-and-white photo of Foster and Bill Clinton in kindergarten and a thin manila file folder labeled ``Whitewater,'' which contained tax records and other documents relating to the Clintons' Ozark Mountain real estate deal. Foster's boss, White House counsel Bernard W. Nussbaum, considering it the personal legal business of the Clintons, forwarded it to their private attorney in Washington.

When it was revealed that Nussbaum removed Whitewater-related papers from Foster's office while holding at bay police officers investigating the death, the political equivalent of hell broke loose for the Clintons, raising the ugly specter of a White House cover-up. That finally forced the White House in January to accede to the appointment of a special counsel, Robert B. Fiske Jr., a veteran New York prosecutor who has set up shop in Little Rock.

Rose falls under Fiske's scrutiny because Hillary Clinton and the firm represented James McDougal's Madison Guaranty Savings & Loan in front of state regulators appointed by her husband in an attempt to shore up the foundering thrift. Four years later, in an unrelated matter, Rose solicited legal business from federal regulators and was hired to sue Madison Guaranty's auditors for negligence; that case has raised allegations of a conflict of interest because of Hillary's earlier representation of Madison.

Rose partner Bird represented Hillary Clinton in a Whitewater-related land transaction. And Foster also acted as the Clintons' personal lawyer in dealing with Whitewater, at least in the later stages, and handled the 1992 sale of their share of the venture. There have also been hints, from Rose partners and federal investigators, that the firm's lawyers handled far more Whitewater transactions than have been publicly acknowledged.

The firm first felt the effects of notoriety during the 1992 presidential race, when its most famous partner took a leave of absence to campaign for her husband. Rose hired security guards after catching reporters pawing through their trash and snooping around their document storage facility. The firm also, for the first time, bought a shredder to destroy confidential documents.

The attention during the campaign was nothing compared to the floodlights now shining on the firm. Its elegantly appointed offices which include a 60-foot basement swimming pool, salvaged from the building's days as a YWCA have been visited by agents of the FBI, the Resolution Trust Corp., the Federal Deposit Insurance Corp. and the Department of Justice. At least a dozen times a day, reporters from as far away as London and Australia call with questions about Whitewater and the Clintons.

``Not in my wildest dreams would I have imagined what has happened,'' says George Campbell, at 61 one of the firm's elder statesmen. He contends that the Rose firm is ``an innocent bystander who happens to be around when politicians are slinging mud at each other.'' He believes that the firm's name and reputation will be vindicated, but the effects of the trauma will linger.

No one outside Arkansas' legal community would ever have heard of the Rose Law Firm if Vince Foster had not walked into then-Chief Operating Officer C.

Joseph Giroir Jr.'s office one day in 1976 and urged him to hire a sharp young law professor he knew, 29-year-old Hillary Rodham.

Rodham was then teaching at the University of Arkansas Law School in Fayetteville, where Foster, an alumnus, often handled recruiting for the Rose firm. Hillary was moving to Little Rock because her husband had just won the Democratic primary for state attorney general. For Rose, it seemed like a fortuitous match; Bill Clinton was clearly on the way up in politics, and Hillary was going with him.

Today, partners refuse to voice regret at Hillary's hiring. Those who played a role say one of the only concerns expressed at the time was whether her marriage might force the firm to turn away some state business because of potential conflicts of interest. Others worried that Little Rock was not ready for a ``lady lawyer,'' particularly a feminist Northerner educated at Wellesley and Yale.

Hillary was a liberal woman in a staid, Southern white-male-dominated firm that had been founded before Arkansas was granted statehood, a firm that did not hire its first black attorney until 1988. (It currently has none.) Ultimately, she would bring high-profile politics into a corporate law firm that shunned publicity.

Hillary Clinton consciously sought to keep her head down, shying away from highly visible cases that could raise questions about her relationship to the attorney general who would later become governor.

Little Rock lawyers and reporters on the legal beat say that in her 15 years in the Rose firm's litigation section, she was seldom seen in court, preferring to find a way to settle disputes outside the glare of public pleading.

Even her supporters at Rose say Clinton was less than a full-time lawyer, having to attend to state business, service on corporate boards, political campaigns and a variety of public advocacy pursuits. Her pay reflected her relatively modest contributions to the firm's bottom line just over $100,000 a year when many of her contemporaries were making twice that or more. Her pay was also reduced because she did not take a share in work done by Rose on behalf of the state government, mostly the handling of the sale of state bonds.

She was missing so often that former Chief Operating Officer Giroir says she was often assigned to assist Foster. ``We couldn't give her a full load of cases because we were never sure she would be around to handle them,'' Giroir says. Indeed, in 1982, Hillary Clinton had to turn down Giroir's offer of a promotion to become administrative partner, which would have given her significant management duties in the firm; she was interested in the post, but she was too busy that year helping her husband launch his bid to regain the governorship.

-END-OF-AUTOBREAK(2)-
-AUTOBREAK(3)-FOLLOWS

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BC-whitewater-roseadv0
-------- AUTOBREAK (3)--------
Yet despite her efforts to keep a low profile, Hillary Clinton still entered into some business arrangements that gave rise to potential conflicts. For example, she sat on the board of directors of two major Rose clients, TCBY Enterprises, the yogurt franchise, and Wal-Mart Stores. Her most serious potential conflict, of course, came from the fact that she represented Madison Guaranty at the same time that she was in business with its chairman, James McDougal. Most troubling of all was that while she had other firm partners handle work for Whitewater, she apparently did not disclose her business relationship with McDougal to the firm's COO. ``I never knew that she was in business with him,'' says Giroir.

But there is no denying that her departure, along with those of Foster, Hubbell and Kennedy, took a heavy toll on the remaining partners. One legal competitor refers to the firm today, with its senior management gutted and its legal expertise and political connections sorely missed, as ``Home Alone III.''

Rose today is not Little Rock's most political firm; there are one or two rival powerhouse firms in town that have traditionally had closer ties to the state Legislature. Yet Rose still exerts influence through its heavyweight client base, which has remained intact during the current controversy, according to Rose lawyers. ``My clients almost never even mention it, except to sympathize and ask how we are doing,'' insists senior partner Wilson Jones.

But the coming months will pose a stern test of client loyalty. By March, congressional Republicans were smelling blood and had forced the Federal Deposit Insurance Corp. to reopen an investigation of whether Rose had a conflict of interest in its legal work involving Madison before state and federal regulators. ``Hillary Clinton and Rose got money going in and got money going out,'' charged Sen. Lauch Faircloth, R-N.C.

The mysteries of the firm are slowly yielding to the persistence of the press and the pressure from Fiske, who is still in the opening stages of his inquiry into Whitewater. Stories detailing grand jury testimony from former Rose couriers and clerks about shredded documents, potential conflicts of interest, shadowy real estate deals and political connections blare almost daily from newspapers and TV reports.

Rose partners are certain to be forced to testify before Fiske's grand jury throughout the spring. Fiske's self-described mandate is to investigate, among other things, the death of Foster and the possible complicity of the Rose firm in fiscal and legal shenanigans involving McDougal's failed businesses and his relationship with the Clintons.

Besieged with subpoenas and under intense media scrutiny, the law firm has hired its own legal counsel, the giant Houston firm of Vinson & Elkins, to represent it in possible federal prosecution. The firm's legal fees could easily run into hundreds of thousands of dollars.

In a sign of the serious questions still surrounding Foster's violent death, Fiske has named Roderick C. Lankler, former chief litigator in the New York district attorney's office, to concentrate solely on the Foster suicide. And, of course, if any proof of shredding of Whitewater-related documents surfaces in grand jury testimony, Rose attorneys will be facing obstruction of justice charges.

Taken together, that's enough potential trouble to make almost any client think twice. ``It's not the sort of reputation one would go searching for,'' says senior partner Herb Rule.

Rose partners deny they are covering up any scandal and deny their shredder has been working overtime to hide the truth about the Clintons and Whitewater. Former couriers at Rose have testified before a grand jury in Little Rock that they were asked by clerks to shred documents marked with Vincent Foster's name but have acknowledged that they don't believe any of the papers were related to Whitewater or Madison Guaranty. One sardonic Rose partner asks: ``Now, if we were really going to shred documents about Madison and Whitewater, do you think we would do it in the middle of the day and call in the clerks and say, `Hey, we're shredding the Madison files, can you help us?'''

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bc-whitewater-rose-past adv03 a1913
(ATTN: National editors)
Adv sun apr 3= Troubled Past, Troubled Present for Rose Law Firm (Little Rock)
By John M. Broder and James Risen= (c) 1994, Los Angeles Times=

LITTLE ROCK, Ark. A hundred miles or so north of here, down the road from the Ozark village of Yellville, are the 240 acres of land along the White River that Bill and Hillary Clinton and James and Susan McDougal bought amid dreams of real estate riches. Oddly, It was along this same river more than 150 years ago that one of the founders of the Rose Law Firm, now under heavy scrutiny in the Whitewater affair involving the Clintons, first brought the partnership into disrepute and caused its temporary demise.

In 1832, 12 years after forming the partnership that grew into the Rose Law Firm, Robert Crittenden decided that Little Rock could not contain his ambitions. He tried to unseat the incumbent delegate from the Arkansas territory, Henry W. Conway, but the campaign deteriorated into a bitter exchange of insults and a challenge to a duel, which left Conway mortally wounded, Crittenden disgraced and the law partnership with Chester Ashley disbanded.

The firm was re-established in 1837 without the trigger-happy Crittenden but with its political yearnings intact. Ashley went on to the U.S. Senate, where he served as chairman of the Judiciary Committee. His new partner, George Watkins, later became chief justice of the Arkansas Supreme Court.

The firm adopted its current name in 1865 with the addition of noted jurist U.M. Rose, a founder and later president of the American Bar Association. A ``Northerner'' from Kentucky who arrived in Arkansas on a Mississippi riverboat, he was a linguist, legal scholar and diplomat who was cited by Supreme Court Justice Felix Frankfurter as an important early influence. Rose family members were associated with the firm until the late 1940s.

Over the years, the partnership was a breeding ground for Arkansas' political and legal elite, producing six members of the state Supreme Court, dozens of state legislators and officers of the state bar association. But the past decade has been unquestionably one of the most traumatic periods in the firm's history. Just as the rise of Hillary Clinton and her colleagues increased the firm's political profile throughout the 1980s, then-Chief Operating Officer C. Joseph Giroir Jr. sought to radically transform the firm's relationship with the Arkansas business community.

Giroir never quite fit the Rose image. A small, dapper man partial to flashy suits and custom-made shirts, he considered himself half businessman, half lawyer. Yet his vision of turning Rose into an entrepreneurial player in mergers and acquisitions throughout the region ultimately collided with the firm's conservative traditions. ``The firm almost came apart over Giroir,'' says one Rose partner.

When Giroir's major lender, First South Savings & Loan, was taken over by regulators from the Federal Savings and Loan Insurance Corp., funding for his personal ventures suddenly dried up. In 1986, the agency not only cut off Giroir's line of credit, it seized $12 million in assets he had put up as loan collateral.

``I had no choice but to sue,'' Giroir says now. ``They had just about all my money.''

The problem was that Rose represented the FSLIC in other thrift cases a conflict of interest that became the central management issue for nearly two years. Finally, by early 1988, Giroir resigned and set up his own firm, taking with him some of the best young lawyers in Rose's profitable securities law department.

More important, he took key clients with him, including corporate and personal legal work of Jackson Stephens, the patriarch of a family financial empire and arguably the most powerful figure in Arkansas. It has taken years for Rose to rebuild its securities business since Giroir's departure.

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(ATTN: National editors)
Adv sun apr 3
Other Law Firms Greet Rose Misfortunes With Glee (Little Rock)
By John M. Broder and James Risen= (c) 1994, Los Angeles Times=

LITTLE ROCK, Ark. The tribulations of the Rose Law Firm in the wake of the apparent suicide death in 1993 of deputy White House counsel Vincent Foster, once the firm's guiding light, and the ensuring Whitewater affair that is swirling around the firm and Bill and Hillary Clinton, have caused few tears to be shed in the inbred legal community of Little Rock.

Oh sure, there are the ritual expressions of sympathy for Foster's widow, Lisa, and the clucking of tongues over the breathless media coverage. But beneath a veneer of Southern manners there is barely disguised glee at the decline of a collection of lawyers whom many of their competitors consider arrogant, aloof and overrated.

``They're nothing special, just another Little Rock law firm with big pretensions,'' says one attorney in a small Little Rock partnership. He adds that a lawyer will chide any colleague who grows full of himself by saying, ``Now don't go acting like a Rose firm lawyer.''

Legal competitors are quick to pounce on the latest allegation about Rose and brag about the cases they won or clients they stole from the powerhouse on East Fourth Street. Always on background, of course; Little Rock is a small town, and it's not polite to cut up your fellow country club members on the record.

But from the country club locker room to the barroom of the Capital Hotel, wherever Little Rock's lawyers gather, Rose and Whitewater are the hottest topics. Rumors abound about who's been subpoenaed and what records have been shredded. Some of it is just politics, old enemies of the Clintons getting even. Some is the old-fashioned delight in the misfortunes of the better-off; the Rose firm traditionally was among Little Rock's most profitable.

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Until then-Gov. Bill Clinton of Arkansas announced his candidacy for the presidency at the end of 1991, the Rose Law Firm was little known outside the region. While its ambitions were to be an important regional legal player, it never acquired the stature of larger and better-connected firms in Memphis, Houston and Dallas.

The Clinton candidacy brought national focus on Rose because of Hillary's employment there. Beginning early in the campaign, Rose was the subject of hundreds of news stories and dozens of rumors about potential conflicts of interest, the sale or purchase of political influence, and office intrigue.

Inside Rose, the pressure has only gotten worse in the months since Foster's death and in this poisonous climate even longstanding friendships have been eroded. Senior Rose partners Herbert C. Rule III and W. Wilson Jones have practiced together for more than 20 years and consider themselves the best of friends. But during a joint interview, Jones repeatedly interrupted whenever Rule drifted into a discussion of the effects of Whitewater on the firm. ``I thought we agreed we weren't going to talk about that,'' Jones upbraided Rule more than once, his voice growing edgier each time. Asked later about the evident tension, Rule dismissed it as ``the bickering of an old married couple.''

Many in the firm grumble that the price the remaining lawyers are paying for their association with the Clintons is far too high and the rewards far too low. True, another former Rose lawyer, Richard B. Steinkamp, has just found a home in the Clinton administration, recently named general counsel of a new oversight board for federal mortgage financing agencies. Yet the White House connection has done little for Rose's new Washington office; the firm's name is now radioactive in a city where clients looking for political pull don't like to read about their lawyers and lobbyists in lurid newspaper headlines.

Although the remaining partners are loath to express such a view publicly, in conversations one hears an undercurrent of resentment at the Clintons and their pals for robbing Rose of a lucrative obscurity, for bringing its lawyers' integrity into question, for the loss of the beloved Foster.

``We rely heavily on our reputation, which until recently has been untarnished,'' says Chief Operating Officer Ronald M. Clark, weighing his words judiciously, trying to mask his bitterness at being forced to deal with insatiable federal authorities and prying media. ``Here we are defending stuff that took place six or eight years ago and which most of us know absolutely nothing about. A lot of us here complain that when you speak of `the firm,' you're talking about an entity. But we're all individuals, and I knew nothing about Whitewater.

-END-OF-AUTOBREAK(1)-
-AUTOBREAK(2)-FOLLOWS

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bc-whitewater-rose adv03 a1724
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Adv sun apr 3= White House Ties Prove Costly to Rose Law Firm (Little Rock)
By John M. Broder and James Risen= (c) 1994, Los Angeles Times=

LITTLE ROCK, Ark. The shift in fortune was signaled, as it so often is, by the most prosaic of events. The phone rang.

Phillip Carroll, at 68 one of the grand patriarchs of Little Rock's legal community was the first to receive the news that would rock the rich, sheltered way of life enjoyed by partners at the Rose Law Firm.

Minutes later, the news reached Rose partner George E. Campbell: Deputy White House counsel Vincent W. Foster Jr., 48, once the soul and spine of the Rose Law Firm, boyhood friend of the president and close confidant of former Rose partner Hillary Rodham Clinton, had apparently committed suicide with an antique .38 Colt revolver in an isolated park overlooking the Potomac River. It was July 20, 1993.

The death of Foster whom President Clinton described as the ``Rock of Gibraltar,'' the man once anointed to guide the Rose Law Firm into the next century, the man people in trouble turned to for help shattered the prosperous and peaceful life of Little Rock's Rose Law Firm. It has immersed the firm in the rapidly unraveling Whitewater scandal, a tale of Arkansas banking and real estate deals gone bad and the White House's clumsy efforts to contain the damage. It also set in motion a series of events that have subjected Rose's 59 lawyers to unaccustomed stress. That pressure now appears to threaten an implosion of the oldest law firm west of the Mississippi.

Already, the firm's response to the harsh glare of national scrutiny has turned into an ugly internal blood bath. On March 14, Webster L. Hubbell, a former senior partner at Rose, resigned as the No. 3 official at the Justice Department amid charges that he improperly billed as much as $100,000 in personal expenses to the firm while he was a partner. The Rose investigation of Hubbell was only tangential to the Whitewater probe, but ``It's Whitewater that created the climate, that gave the dissidents in the firm the opportunity to go after Hubbell,'' observes one source close to Hubbell.

There is bitter talk, especially among the younger generation of Rose attorneys now taking control, of the tarnished legacy bequeathed them, and they are trying to distance themselves from Hillary Clinton and her departed cronies. In mid-March, Rose partners voted to file charges against Hubbell with the Arkansas Supreme Court ethics division.

In the past year, Rose has become the favorite target of every conservative conspiracy theorist in America, assuming the secret-villain mantle once reserved for the Trilateral Commission. The firm has been portrayed by Clinton critics, most often in the Wall Street Journal, as a secretive fortress at the center of political and economic life in Arkansas that has now extended its sinister influence into the highest reaches of the federal government. The firm, playing on its capital connections, added a tentacle by sending partner Allen W. Bird II to open a Washington office last fall, feeding the suspicions of the conspiracy theorists.

The truth is more mundane but in some ways more profound. The lawyers of the Rose firm became entangled in the careers of the Clintons mainly by the accident of Foster's birth in Hope, Ark., and by a rising politician's wife's need for a job in 1977. But the lives of these 59 people have now become hostage to the consequences of the Clintons' actions and to the president's past business dealings with a two-bit real estate investor and S&L operator named James B. McDougal.

Of the four Rose partners who assumed major roles in Washington after Bill Clinton's election, one is dead, a second has resigned, and a third, William H. Kennedy III, White House associate counsel and former chief operating officer at Rose, is under scrutiny for nonpayment of taxes for a nanny. The fourth, Hillary herself, is caught squarely in the middle of Whitewater, her effectiveness as an advocate for health-care reform and other legislative efforts increasingly in doubt.

Weather Service Will Expand System To Warn of Danger in High-Risk Areas

By Angela Shah
Staff Reporter of The Wall Street Journal

WASHINGTON – Vice President Al Gore announced an expansion of the National Weather Service's emergency-warning system and said the improvements could reduce harm from events such as Sunday's tornadoes in the Southeast.

Officials from the NWS, the Agriculture Department and the Federal Emergency Management Agency have teamed up to add 100 radio transmitters to the 350-transmitter network that warns communities nationwide of weather-related hazards. The transmitters, which cost $30,000 to $40,000 each, send signals to "weather radios" turned on by remote in an emergency to deliver instructions. The radios cost $50 to $125 in electronics stores.

"Priority will be given to places like Tornado Alley and coastal areas at risk from hurricanes," Mr. Gore said.

Currently, the network covers 75% of the U.S. population; the vice president said the goal is to reach 95%, with the addition of mostly rural areas. Officials said they expect to meet the 95% goal by 1995.

Elbert "Joe" Friday, NWS director, said he expects to fund the transmitters through partnerships with the private sector and install them on existing radio towers. "There will be no federal dollars used" to buy equipment, and "the NWS will run and maintain the facilities once they are running."

The Insurance Institute for Property Loss Reduction has agreed to help pay for equipment. The insurance industry believes the weather radio program "will make a vital contribution to saving lives . . . and is pleased to join in a special partnership with government," said Eugene Lecomte, the agency's president.

Although spokesmen for insurers such as Aetna Life & Casualty Co. and Blue Cross/Blue Shield of Florida said they hadn't been contacted by the federal government, they expressed interest in such a partnership. "Off the top of my head, that sounds like a great idea to me," said Terry D'Italia, an Aetna spokesman.

In addition, Agriculture Secretary Mike Espy said his department would be able to provide low-interest loans to communities to build towers.

Mr. Gore said he wanted to encourage the placement of weather radios "where people congregate," such as schools, churches and nursing homes. Referring repeatedly to the Piedmont, Ala., church that collapsed and killed 20 worshipers Palm Sunday, Mr. Gore said weather radios should "be as common as smoke detectors."

Sunday's storms affected five Southeastern states, killing 44 and injuring hundreds. Had there been a transmitter in the Piedmont area, FEMA Director James Lee Witt said those in the church could have had about 20 minutes to evacuate and seek shelter.

The vice president also said the agencies are working with cable-television companies to incorporate warning systems into those networks.

"Even when the television is turned off, when there is an urgent and severe weather warning, it will come on [by remote from the NWS] and provide the information that families in harm's way need to protect themselves," Mr. Gore said.

The initiative to expand the nation's warning system is part of the NWS's $4 billion modernization plan, which includes updated radar services, Mr. Friday said. The modernization is scheduled for completion by the end of the decade.

Analysis Done for Clinton '92 Campaign Questioned Whitewater Tax Deductions

By Viveca Novak
Staff Reporter of The Wall Street Journal

WASHINGTON – A draft analysis of Whitewater's finances prepared for the Clinton presidential campaign suggested that Bill and Hillary Rodham Clinton may have taken improper tax deductions in 1979 and 1980.

A report released by the campaign in March 1992 showed little more than that the Clintons lost about $68,900 on Whitewater Development Co. and that they had understated their tax liability for 1984 and 1985 by a total of $5,133. The Clintons filed amended returns for those years and paid the back taxes with interest.

But the draft report, which was never made public, raised the possibility that the Clintons owed additional taxes for two earlier years. The report was prepared for the Clinton campaign by the Denver accounting firm Patten, McCarthy & Associates Inc. at the request of James Lyons, an attorney and friend of the Clintons.

Loan Payment in 1980

In 1980, the accountants wrote in the draft, the Clintons took a deduction of $9,000 for a payment on the original Whitewater loan from Citizens Bank & Trust, Flippin, Ark. "We question whether the amount claimed was, in fact, principal and not interest," the draft said. If the payment was on principal, the Clintons improperly reduced their taxes by $4,816, the draft said.

"We do not have the records to finally resolve that question" of whether it was principal or interest being paid down, said David Kendall, the Clintons' lawyer, in an interview yesterday. The Clintons "believed it was an interest payment, they paid it as such, and we have nothing to impugn that."

Mr. Lyons said in an interview yesterday that "you have to remember overall, we didn't have all the records. . . . We did the best we could with what we had." Besides, he added, "Whether they put in nine grand in principal or nine grand in interest didn't really make any difference" for the purpose of the report—which was to determine whether the Clintons were at risk in the land deal, whether they were involved in its day-to-day operation, and what happened to whatever money they put into the land venture.

The draft report further complicates the White House's efforts to put to rest questions about the first couple's tax liability. Previously, independent tax accountants have challenged other aspects of the Clintons' interest deductions during the 1980s.

In the draft, accountants also wrote that in 1979 the Clintons took a $2,900 deduction for what appeared to be a contribution of capital, not an interest payment, resulting in a tax reduction of $1,856. According to Mr. Lyons, the deduction was actually for $2,400, which is reflected on the Clintons' 1979 tax return, and he and others working on the matter were able to establish that it was properly taken for interest paid.

'Worked Through the Issues'

"What you have is a draft document that was sent to me before we had completed our analysis," Mr. Lyons said. "We worked through the issues to our satisfaction, so we were able to conclude as we did."

Drafts of the Lyons report have been turned over to Whitewater Special Counsel Robert Fiske.

Mr. Clinton last week said the amount the couple has maintained they lost on Whitewater, $68,900, should be lowered by $22,200 because he misattributed a personal loan to Whitewater. He also said he would pay any back taxes that he might be found to owe with respect to Whitewater.

The draft of the Lyons report – which runs to more than 25 pages, compared with five in the final version—also contains far more information about Whitewater's finances, detailing payments made into and out of Whitewater's account by various other real-estate ventures related to James McDougal, the Clintons' partner in Whitewater. The amounts going into Whitewater's often-overdrawn account were at times sizable.

Transfers Termed 'Loans'

In the draft Lyons report, the transfers are described as "loans," although it appears that no interest was ever paid on the amounts. In mid-1991, Whitewater still owed the other companies about $80,000.

The Clintons were aware of at least some of this activity. In 1978, the Clintons made a payment of $10,131 to one of the companies, Great Southern Land Co., which the White House says had made a Whitewater loan payment.

The transfers from the other companies appear to be related to a check-kiting scheme that was alleged in a criminal referral by the Resolution Trust Corp. to the Justice Department in September 1992. In documents released last week by Rep. James Leach (R., Iowa), memos written by senior RTC investigator Jean Lewis refer to "a massive check kite" involving about $1.5 million shuttled between entities controlled by Mr. McDougal and his business partners, including Whitewater.

The Clintons were reportedly mentioned in that referral, though not as targets of the investigation. More than a year later, the Justice Department declined the case due to "insufficient information."

Separately, Rep. Leach expressed concern that an RTC reorganization initiative may cramp the independence of regional offices that have pressed for Whitewater investigations.

Last Friday, RTC General Counsel Ellen Kulka issued a memorandum placing regional investigators under the direction of the RTC legal division in Washington. The directive was issued the day after Mr. Leach asserted that RTC headquarters had tried to interfere with an investigation by the agency's office in Kansas City, Mo., regarding Whitewater and Madison Guaranty Savings & Loan.

Ms. Kulka, RTC Deputy Chief Executive John Ryan and others cited in memos released last week by Mr. Leach have denied any effort to interfere with the Kansas City investigations. Ms. Kulka couldn't be reached for comment yesterday.

—Kenneth H. Bacon contributed to this article.

Canadian Bankruptcies Drop

OTTAWA – Canadian bankruptcies totaled 5,416 in February, a 7% decline from 5,821 a year earlier, the federal Consumer and Corporate Affairs Department said.

The latest figure included 4,445 bankruptcies by individuals, a 4.7% decline from 4,666 a year earlier, and 971 business bankruptcies, a 16% drop from 1,155 a year earlier.

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Washington Wire

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

WASHINGTON PUZZLES over the reasons behind the stormy financial markets.

Fed officials note that the run-up in long-term interest rates followed, but didn't coincide, with its recent moves to raise short-term rates. But Fed chief Greenspan's one-quarter-percentage point rate increases are criticized by some for creating uncertainty about how much further the Fed plans to raise short-term rates. President Clinton cautioned yesterday that people should "remain confident that there's not inflation in the economy."

Some administration and Fed officials suspect the steepness of the bond market's fall is linked to the dollar's decline against the yen in mid-February. Big-time investors like George Soros and Michael Steinhardt are said to have lost heavily when the dollar fell, forcing them to liquidate holdings of U.S. bonds. That would push prices down and interest rates up.

The White House is watching the financial turmoil closely, economic aide Gene Sperling says, "but the honest truth" is that the universal view in the administration is "that the fundamentals look sound."

PEACE PROGRESS in Bosnia is tempered by worries about new clashes.

U.S. and NATO officials fear that the Muslim military draws a perverse conclusion from the peace accord with the Croats: that it can now re-deploy its infantry against the Serbs. Muslim leaders tell visitors "there will be no peace without justice."

The U.N. commander in Sarajevo complains that Russian troops there are of little use and questions NATO peacekeeping plans for armored troops. But a NATO officer rejects his concerns, saying heavy armor would be needed quickly if "things go bad." NATO also wants unimpeded movement; unlike U.N. troops, says a U.S. official, "You hold up a NATO convoy, and . . . we'll blow you off the road."

HEALTH CARE is on voters' minds more than Whitewater, lawmakers say.

Few voters seem to care about Clinton's Whitewater woes, say members of Congress meeting with constituents over the Easter recess. But they aren't enthused about his health-care plan either. "His version is losing support," says New Mexico Rep. Richardson. Voters "don't want the government to be more involved," says Louisiana Sen. Breaux, who backs a rival plan.

But Oklahoma Rep. Synar says his constituents like the Clinton plan the more they understand it. Lawmakers report increasing public pressure to pass some bill. Otherwise, "there'll be a major backlash" against incumbents, warns California Rep. Matsui.

Tobacco-state Democrats, whose votes may be needed to pass a health bill, will press to restrain tobacco-tax increases "right down to the final wire," Lucky Rep. Barlow.

STRANGE BEDFELLOWS: Consumers Union, which wants a Canadian-style health system that would wipe out the private-insurance industry, joins with major insurance companies on one health-care issue: fighting the weakening of antitrust laws for medical-care providers.

BLAME GAME: Clinton aides blame Deputy Treasury chief Altman for Whitewater-probe leaks about Stephanopoulos's calls to Treasury. One official who has been subpoenaed snipes that Altman is out to protect himself by pointing fingers at others. Altman vigorously insists he isn't the source of leaks and vows to stay on.

JUST IN CASE: New York Rep. Rangel and California's Matsui quietly step up soundings about seeking to succeed Ways and Means Chairman Rostenkowski if he is indicted. Florida's Gibbons is next in line, but the would-be challengers take hope from Rep. Obey's election as appropriations chairman over more senior rivals.

CRIME DEBATE: Those favoring prevention over punishment in the crime bill fear a lack of a united front by the Congressional Black Caucus will let House leaders compromise away prevention provisions the Caucus sought. Some black lawmakers plan to vote against the bill because it would expand the federal death penalty.

NOT SO FAST: Telecommunications legislation suddenly is less certain.

The regional Bells want the Senate bill revised to make it easier for them to enter the long-distance phone market. "No legislation is better" than the current bill, says U S West Chairman Richard McCormick. But Commerce Committee Chairman Hollings, sponsor of the Senate bill, threatens to block action if major changes are made.

Long-distance carriers push for revisions in the House bill that favors the Bells under a compromise by powerful chairmen Dingell and Brooks. Neither side wants to openly oppose the sweeping legislation, which seemed headed for passage this year. But the skirmishing already is causing delays that could kill the bills.

Sen. Breaux now places odds of passage at no better than 50-50: "It's iffy."

MINOR MEMOS: Under fire from business for his tough stance on China trade and human rights, the State Department's Winston Lord tells the U.S. Chamber of Commerce: "I feel a little bit like Tonya Harding joining a Nancy Kerrigan family reunion here." . . . Hot air and cold nights: On a recent Saturday at a suburban Washington homeless shelter the chosen TV fare was "The McLaughlin Group" . . . From the let's-be-literal category: The Center for National Policy invites journalists to a "Squaretable Luncheon" discussion.

—RONALD G. SHAFER

1.A

Media Notes

White House Cuts Time Out of Its Pictures

By Howard Kurtz
Washington Post Staff Writer

The White House is plenty steamed about this week's Time cover photo of a grim-faced President Clinton and George Stephanopoulos, saying it was a five-month-old White House picture that the magazine agreed to return back in January.

"I was irate," says Bob McNeely, director of the White House photo office. So irate, in fact, that the White House has cut off the magazine's access to such official photos.

Time Picture Editor Michele Stephenson strongly disputes the White House account. "We have always kept the pictures in our files for future use," she says. "We've done it with Reagan, we've done it with Bush. There's no requirement once we decide to publish one of those pictures that we have to get reapproval."

The cover says "Deep Water: How

See MEDIA NOTES, D5, Col. 4

OFFICIAL WHITE HOUSE PHOTOGRAPH

Top, the Time magazine cover that irked the White House, and below, the original photo showing Dee Dee Myers and George Stephanopoulos with President Clinton.

Timely Tiff

MEDIA NOTES, From D1

the President's Men Tried to Hinder the Whitewater Investigation." But the caption inside fails to note that the picture is of a routine scheduling meeting on Nov. 9, weeks before Whitewater had become a major issue.

"To put the photo on the cover, out of context, and not note in the caption when it was taken, is outrageous," says White House press secretary Dee Dee Myers, who was cropped out of the picture. She complained in a letter to Managing Editor Jim Gaines that Time "did not have our permission" to use a picture that "will likely mislead your readers."

Time spokesman Robert Pondiscio says there was no intent to deceive. "In retrospect it might have been a good idea to date that photo," he says. "That's a fair criticism." But, he says, "I don't think the readers of Time expect the cover photo is going to be a representation of that event."

McNeely says the White House loaned Time about two dozen pictures in January for a photo spread on Clinton's first year. As it turned out, Time didn't use the pictures and shot its own instead.

The borrowed photos "are not for lifetime use," McNeely says. "They are provided at taxpayers' expense for a specific story. They know that."

McNeely's assistant, Brad Smith, says he told Time photo researcher Jay Colton the pictures had to be returned. When they weren't, Smith says, he left Colton a voice-mail message asking for their return.

Time staffers say they figured the White House would never allow the photo to be used with a critical Whitewater story. "I knew they wouldn't be thrilled with this," Stephenson says.

Stephenson says she is sorry for any misunderstanding but is hanging on to the photos. "We fully intend to keep them and use them," she says.

Footnote: White House officials are also mad at Newsweek for its erroneous report, since retracted, that Hillary Clinton put up no money for the commodities trading that netted her $99,000. A Newsweek request for an interview with the First Couple was promptly vetoed. "I couldn't believe they had the audacity to ask," one official says.

Wallowing in Scandal

Whitewater may be all over the airwaves these days, but it's still no Watergate. The Center for Media and Public Affairs says the three network evening newscasts devoted far more time to the Watergate scandal when it first began to take off.

Watergate, of course, began with an actual crime—the so-called "third-rate burglary" at Democratic headquarters—while Whitewater remains a tangle of allegations about the Clintons' Arkansas dealings a decade ago.

During the first three weeks of March, the center found, ABC, CBS and NBC aired 86 Whitewater-related stories, an average of [illegible] a night.

In April and May 1973, as the Watergate coverup was being linked to the Nixon White House, the networks averaged 13.4 stories a night. That topped the 12.9 stories a night on the Iran-contra scandal in late 1986.

Whitewater is "not really comparable to the Watergate and Iran-contra feeding frenzies," says Robert Lichter, the center's director. But there has been such tremendous growth in cable stations and other media outlets since the '70s "that it feels like another Watergate."

Oddly enough, given the damaging nature of the story, the newscasts aired roughly the same number of positive and negative comments about Clinton and his aides. That, says Lichter, reflects the fact that administration officials have been out in force defending the president, compared with a handful of Republicans on the attack.

Botching One in Beantown

The Boston Globe appeared to wound the rival Boston Herald Wednesday when it accused Herald reporter Beverly Ford of faking an interview. Yesterday, however, red-faced Globe editors retracted the story.

The Herald scored an exclusive Tuesday when Ford interviewed the widow of an elderly minister who died of a heart attack during a police raid that targeted the wrong apartment. "Apologies just don't cut it," Mary Williams told Ford.

The Globe called the interview "bogus" after a close friend of the late Rev. Accelynne Williams insisted to Globe reporter Traci Grant that Mary Williams had not spoken to the press.

Globe Assistant Managing Editor Walter Robinson apologized to Ford after another Williams friend confirmed that the Herald interview was genuine. "We had what we thought was a good source who told us unequivocally that the interview didn't take place," Robinson says. "In hindsight, we take. Obviously we should have done more reporting."

"I was absolutely devastated by this whole thing because of the damage it did to my reputation," Ford says, adding that the Globe didn't tell her it was making the charge. Herald editor Andrew Costello calls it "one of the worst cases of irresponsible journalism I've seen in 20-odd years in the business."

Headlines of the Week

On the First Lady's phenomenal luck in trading cattle futures:

"Hillary in the Pits"—Wall Street Journal editorial

"Cash Cows"—New York Post

"No Bum Steers for 1st Lady"—New York Daily News

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IN THE LOOP

World Cup Budgeting

By Al Kamen
Washington Post Staff Writer

John A. Koskinen, who has led the movement to bring World Cup soccer to the District, has emerged as the leading candidate to be deputy director for management at the Office of Management and Budget.

Koskinen is the president of the Palmieri Co., which manages firms having financial difficulties, such as Penn Central Railroad and Crazy Eddie Inc., doubtless perfect experience for the federal government.

If selected, he would chair the President's Management Council, which is to oversee the administration's effort to cut the federal work force by 12 percent by 1999. He would replace White House deputy chief of staff **Philip Lader** who moved out of OMB last December. The early front-runners, former Houston mayor **Kathy Whitmire** and New York Finance Commissioner **Carol O'Cleireacain**, favored by Office of Management and Budget Director **Leon E. Panetta** for their local government experience, were felt by others to be lacking on the private management side of the ledger.

Wisner Leaving, No Prints Found

■ The Clinton administration official who went public with the controversial proposal to ship F-16 fighter planes to Pakistan was **Lynn E. Davis**, undersecretary for international security affairs at the State Department. She brought up the sale at a recent breakfast meeting with reporters.

But well before that, the official shopping the idea around town to see what the reaction would be—including the reaction of **Sen. Larry Pressler (R-S.D.)**, a longtime opponent of arms sales to Pakistan—was defense undersecretary for policy **Frank G. Wisner**.

The problem with all this, of course, is that the government of India is not at all happy about modern fighters in the hands of its mortal enemy. And Wisner's prints can't be seen in promoting or being anywhere near this idea. Why? Because he's in line to be the next ambassador to India.

Wonder if Pressler, who last week denounced the proposed F-16 sale, is going to ask Wisner about this at his confirmation hearings?

Speaking of Wisner, a knowledgeable senior defense official says "it's a good bet" that Wisner's top deputy, **Walter Slocombe**, will take over when Wisner leaves.

The Watergate Complex I

■ Bad timing on the real estate market.

The prize goes to White House counsel **Bernard Nussbaum**, who's rejoining his New York law firm. Nussbaum had been a renter since his arrival in Washington last year but closed on a co-op in the pricey Watergate complex just a few months before he announced his resignation March 3.

Oh well, we can't all bet on the future as well as the First Lady.

The Watergate Complex II

■ Four years ago, a man identified in an Arkansas Gazette story as **Nicholas Anthony Guarino Jr.**, who operated Harrison Gold and Silver Exchange in Harrison, Ark., was indicted on mail and wire fraud charges for allegedly bilking his customers out of $1.25 million by taking orders for precious metals that not were delivered.

Today, just when the polls started looking up for President Clinton, we find a publication called "The Impeached President" by a fellow named **Nick Guarino**, published out of Burnsville, Minn.,according to an advertisement cum letter Guarino recently mailed to 150,000 of his closest friends. Guarino says he has "red-hot, explosive material."

Just how is it that Guarino claims to "know where all the skeletons are"? "I ran a multimillion-dollar business in Arkansas," he says. "I know how business is done there.

"I also know that Bill and Hillary will say—when they read this letter—that I'm an ex-convict fresh out of Leavenworth. That's true—but irrelevant. . . ."

Who knows what you'll get, but hey, that's irrelevant.

Not the Watergate Complex

■ It's official. . . . Clinton has nominated career foreign service officer **Ronald E. Neumann**, now head of the office of Northern Gulf affairs (Iran and Iraq), to be ambassador to Algeria.

At the Consumer Product Safety Commission, new chief **Ann Brown** has picked out her crew: **Bertram Cottine**, a lawyer most recently in management at The Bureau of National Affairs Inc. for executive director; Washington attorney **Eric Rubel** is to be general counsel; **Robert Wager**, a vice president at Shannon & Luchs Co., will handle congressional relations.

Also, **Myra Karstadt**, most recently at the Environmental Protection Agency, is counselor to the chairman; **Patricia Adkins**, formerly with a number of organizations including the Children's Defense Fund, is the chief of staff; **Barbara Rosenfeld**, most recently vice president at the Council for Excellence in Government, is senior adviser to Brown.

Also, **Kathleen Begala**, who has worked for several magazines (and is the sister of Democratic consultant to the White House's **Paul Begala**), is the director of the Office of Information; **Hannah Spillman**, former congressional aide and deputy director for finance at the Democratic National Committee, is executive staff assistant.

[illegible] would nominate Jeremy Travis to head the National Institute of Justice. Travis is deputy commissioner of legal matters of the New York Police Department.

TODAY IN CONGRESS

SENATE

Not in session
Committee
Joint Economic—9:30 a.m. March employment statistics. 628 Dirksen Office Bldg

HOUSE

Not in session
Committees: none

At Last, The Fog Lifts

By Landon Parvin

FREDERICKSBURG, Va.

Just when we thought Whitewater might be receding, we learn that Hillary Rodham Clinton turned $1,000 into $100,000 by speculating in the futures market, but gave it up when she became pregnant. It was too awkward for her to practice breathing in Lamaze class while yelling on the phone: "Buy!" "Sell!" "Go short on pork bellies!"

My investigation has also uncovered other unreported information, such as Tonya Harding's involvement in Whitewater. But let me start at the beginning.

It all began when the Clintons and their friends the McDougals bought land in the Ozarks. Contrary to Republican charges, the Menendez brothers had nothing to do with it. In fact, Mrs. Clinton has told investigators that she thought the Menendez brothers were a Carmelite Order.

Neither was Bob Packwood yet involved. Later, of course, Senator Packwood did try to get his diaries included in the documents that the Rose Law Firm was shredding. But

Whitewater, fully clarified.

let me add in his defense that his lawyer, Zoë Baird, raises a very good question. Why does the Senate Ethics Committee want to read the diaries when it hasn't even finished "The Bridges of Madison County"?

Questions remain, however, about the President's knowledge of the original Whitewater deal. As he recalls it, Mrs. Clinton asked if he wanted to invest "with the McDougals." He thought she said "in a McDonald's," immediately agreed and promised that in his McDonald's you'd get those little packets of ketchup for your fries without even having to ask for them. Putting people first, he called it.

At Mrs. Clinton's direction, the McDougals put together "a multicultural and diversified board of nationally known individuals." Spending most of their time in the Ozarks, they don't receive The New York Times, and they soon completed a board consisting of Manuel Noriega, Imelda Marcos, Leona Helmsley and Ted Kanson in blackface.

A former municipal court judge named David Hale says that soon afterward he was pressured by then-Governor Clinton into giving the McDougals a $300,000 loan. Mr. Hale says that if he didn't give the loan, the Governor threatened to send Mrs. Clinton over to explain in excruciating detail some cockamamie notion about reforming the nation's health care system. Mr. Hale immediately agreed to the loan and threw in an extra $50,000 to be safe.

As for Mrs. Clinton's speculative investments, I can accept her explanation that the reason she traded cattle, corn, chickens, hogs, sugar, oats and beans in the commodities market was not to make money but simply to feed her husband.

Now, a more relevant question is this: If the Clintons are well off enough to lose $69,000 on Whitewater, as Mrs. Clinton once indicated, why can't they afford to buy the President a decent jogging outfit?

Robert B. Fiske Jr., the special prosecutor, assures me he is looking into this (as well another issue: how Warren Christopher makes his eyebrows stay up like that).

Shortly after the Clintons' arrival in the White House, the cover-up began. During his grand jury appearance, George Stephanopoulos was asked why he attended a White House meeting on Whitewater late on the evening of Feb. 3. In an impassioned statement, he convinced the jury he hadn't really wanted to go, but his hair looked too good to stay home. (He did wonder what Claus von Bülow was doing there.)

The larger conflict-of-interest question is whether Mr. Stephanopoulos, as a White House aide involved in Whitewater, should be dating Attorney General Janet Reno. I think not.

Which brings us to Webster Hubbell, the Clinton friend who resigned from the Justice Department. Why did he resign? Was it so that he, Les Aspin and Bernard Nussbaum could go to the job summit in Detroit together?

No, Mr. Hubbell resigned because when he was a lawyer in private practice he allegedly overbilled clients. Does this surprise us? This is what lawyers do for a living. It's in the Constitution.

Although these new revelations look bad for the White House, I like to look on the bright side. With risky commodity trading, leveraged real estate deals and failed savings and loans so rampant in the last decade, aren't we fortunate the Clintons never got caught up in the greed of the 80's?

Landon Parvin [illegible] political humor for Democrats of both parties.

On My Mind

A. M. ROSENTHAL

The Pope as Bricklayer

The American entrepreneur, born in Hungary, had just returned from one of his many visits to Budapest. He spoke with anguish of the upsurge of anti-Semitism he found there.

"Well anyway," he said, "at least it is not as bad as in Romania and Poland."

I thought of the story in the paper that morning — Fascists gain important political strength in Italy. The papers call them "neo." But about Fascists and Nazis I make no such distinctions, know no neos.

And then I did have one happy thought: How fine it would be if Pope John Paul II would read from his balcony on Easter Sunday and other Sundays what he had said to Tad Szulc, the American author and journalist, about Jews and Christians.

"The attitude of the Church toward the people of God's Old Testament — the Jews — can only be that they are our elder brothers in the faith," the Pope said. "I have been convinced of that from my youngest years in my native town of Wadowice."

The Pope's comments became more intimate and personal — how he had seen Jews rounded up by the Nazis in Poland when he was in his late teens, how he always regretted he could do nothing, but at least could keep talking of what he had seen, and how he had forever remembered the words of the 147th Psalm he had heard as a child:

"Oh Jerusalem, glorify the Lord; Praise your God, Oh Zion."

The Pope spoke too of the "right" of the Jews to return to Israel, "the land of their ancestors."

The comments to Mr. Szulc were made during an interview in the papal quarters. Mr. Szulc, Polish-born, is writing the Pope's biography. But he is a great scoop artist — a former New York Times reporter who broke the story about the pending Bay of Pigs invasion in Cuba. He is not the man to let a papal exclusive lie around unnoticed until it appears in hard covers. The interview will be printed Sunday in Parade magazine.

His name [illegible] nounced Shults. Shults, not Sluk or Zulk or Skulk, as various nincompoop Times editors used to call him.

When I first read the interview, I thought — nice, but not a big deal; small mercies. I remembered the day in 1987 when the Pope shocked Jews by receiving Kurt Waldheim, then President of Austria, after it became known that he had been on a "wanted" list of suspected Nazi war criminals.

But I talked with specialists in pa-

Will message become mission?

pal parsing, including Rabbi A. James Rudin, director of interreligious affairs for the American Jewish Committee. He thinks the interview broke important ground and told me why.

The Pope, he says, is doing his part to build up brick by brick a new theological Catholic-Jewish "edifice" that will replace the old structure, erected by centuries of religion-spawned hatred toward Jews.

Constantly over the centuries, Christian theology has been a weapon against Jews. Their continued existence was seen as an assault against Christianity, which had its roots in Judaism but was supposed to have replaced it.

The Second Vatican Council of 1962 and 1965 ruled out the continuous theological teaching of Jews as Christ-killers — so far the most important brick. If the Pope-watchers are right and Pope John Paul II meant the interview to be another brick, that is important good news.

In all the world, no stronger influence for good or evil exists than theology. What theologians think is what seminarians are taught, and what they then pass on to their congregations. As an editor I thought theology one of the most important and least covered of subjects, and still do.

If the Pope and all his clergy made the struggle against anti-Semitism not an occasional thing but a part of their priestly mission, would that end Europe's anti-Semitism? No: anti-Semitism is far too valuable a tool for Fascist-minded politicians and their thugs to surrender, Pope or not.

But to any Catholic who did believe in following the teachings of the papacy yet might be leaning toward anti-Semitism, John Paul II would be crying halt: anti-Semitism is a sin against your own religion, its origins and meaning.

Would that diminish anti-Semitism [illegible] and non-Catholic Christians who do care about religion?

I think it certainly would, not completely but to some important measure, yes. And that itself would be a great achievement for any one person, in one lifetime.

bc-whitewater-rose-past adv03 a1913
(ATTN: National editors)
Adv sun apr 3= Troubled Past, Troubled Present for Rose Law Firm (Little Rock)
By John M. Broder and James Risen= (c) 1994, Los Angeles Times=

LITTLE ROCK, Ark. A hundred miles or so north of here, down the road from the Ozark village of Yellville, are the 240 acres of land along the White River that Bill and Hillary Clinton and James and Susan McDougal bought amid dreams of real estate riches. Oddly, It was along this same river more than 150 years ago that one of the founders of the Rose Law Firm, now under heavy scrutiny in the Whitewater affair involving the Clintons, first brought the partnership into disrepute and caused its temporary demise.

In 1832, 12 years after forming the partnership that grew into the Rose Law Firm, Robert Crittenden decided that Little Rock could not contain his ambitions. He tried to unseat the incumbent delegate from the Arkansas territory, Henry W. Conway, but the campaign deteriorated into a bitter exchange of insults and a challenge to a duel, which left Conway mortally wounded, Crittenden disgraced and the law partnership with Chester Ashley disbanded.

The firm was re-established in 1837 without the trigger-happy Crittenden but with its political yearnings intact. Ashley went on to the U.S. Senate, where he served as chairman of the Judiciary Committee. His new partner, George Watkins, later became chief justice of the Arkansas Supreme Court.

The firm adopted its current name in 1865 with the addition of noted jurist U.M. Rose, a founder and later president of the American Bar Association. A ``Northerner'' from Kentucky who arrived in Arkansas on a Mississippi riverboat, he was a linguist, legal scholar and diplomat who was cited by Supreme Court Justice Felix Frankfurter as an important early influence. Rose family members were associated with the firm until the late 1940s.

Over the years, the partnership was a breeding ground for Arkansas' political and legal elite, producing six members of the state Supreme Court, dozens of state legislators and officers of the state bar association. But the past decade has been unquestionably one of the most traumatic periods in the firm's history. Just as the rise of Hillary Clinton and her colleagues increased the firm's political profile throughout the 1980s, then-Chief Operating Officer C. Joseph Giroir Jr. sought to radically transform the firm's relationship with the Arkansas business community.

Giroir never quite fit the Rose image. A small, dapper man partial to flashy suits and custom-made shirts, he considered himself half businessman, half lawyer. Yet his vision of turning Rose into an entrepreneurial player in mergers and acquisitions throughout the region ultimately collided with the firm's conservative traditions. ``The firm almost came apart over Giroir,'' says one Rose partner.

When Giroir's major lender, First South Savings & Loan, was taken over by regulators from the Federal Savings and Loan Insurance Corp., funding for his personal ventures suddenly dried up. In 1986, the agency not only cut off Giroir's line of credit, it seized $12 million in assets he had put up as loan collateral.

``I had no choice but to sue,'' Giroir says now. ``They had just about all my money.''

The problem was that Rose represented the FSLIC in other thrift cases a conflict of interest that became the central management issue for nearly two years. Finally, by early 1988, Giroir resigned and set up his own firm, taking with him some of the best young lawyers in Rose's profitable securities law department.

More important, he took key clients with him, including corporate and personal legal work of Jackson Stephens, the patriarch of a family financial empire and arguably the most powerful figure in Arkansas. It has taken years for Rose to rebuild its securities business since Giroir's departure.