

Unlike the president's proposal, which would have required employers to pay at least 80 percent of workers' health insurance premiums, Mitchell's plan would require them to pay only 50 percent. The bill would exempt small businesses with fewer than 25 employees from the mandate.

Gephardt's bill would require employers to provide 80 percent of the cost of an employee's health insurance. That mandate is bitterly opposed by many businesses, most Republican lawmakers and even some moderate Democrats.

Many House Democrats were spooked by Clinton's ready endorsement of Mitchell's voluntary approach, with its standby employer mandate. They view the prospect of a vote in the House on the mandate as a needless political risk because it appears the Senate at most will adopt a watered-down version of workplace-based insurance.

A Clinton aide acknowledged that the president's words left some Democrats in the House shaking their heads, and asking: "If the president wants the Mitchell bill, why should we vote for the Gephardt bill?"

"Everybody here's in an uproar," Rep. Patricia Schroeder, D-Colo., said in an interview last week.

"I think you might see ... we'll cut out everything (from) Gephardt, and slip in Mitchell," she said.

Mitchell's proposal, Clinton said during his press conference, is "the most ambitious bill" that could win Senate passage. It "says to the people who have not been supportive of our approach: 'Look, we'll try it in a competitive way first, and if that doesn't work, then we'll have a requirement,'" Clinton said.

**** filed by:LAWP(--) on 08/07/94 at 02:28EDT ****
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✓A ROYAL ARRIVAL

The already-high celebrity quotient on the trendy island retreat of Martha's Vineyard, Mass. summer vacation destination of Bill, Hillary and Chelsea Clinton was upped another notch this weekend with the surprise arrival of Princess Diana. "Well, she is fancy!" humorist Art Buchwald, a longtime Vineyard habitue, told the New York Daily News when informed of the royal visitor. "But listen, I'm so busy preparing for Bill and Hillary Clinton, I don't have time for Princess Di." The first family is to arrive Aug. 21.

X X X

BC WHITEWATER (SCHEDULED)

NO SMOKING GUN, BUT MORE TO COME ON WHITEWATER

By William Scally

WASHINGTON, Aug 6 (Reuter) - Intensive congressional investigation into the Whitewater affair has painted a picture of officials scurrying to deal with potential political damage, but has found no smoking gun in the hand of President Clinton.

But the hearings in the Senate and House of Representatives banking committees over the past several days were only the beginning.

Still to come -- if Republicans have their way -- are further inquiries into actions by White House officials and, finally, into President and Hillary Rodham Clinton's financial affairs more than a decade ago in Arkansas where it all started with a money-losing stake in the Whitewater land deal.

The week-long hearings lasting long into the night both damaged and made reputations.

The big loser was Deputy Treasury Roger Altman. Both Democrats and Republicans said he had been evasive and untruthful in his testimony and questioned whether he could ever again be a credible witness before Congress.

The winner in the hearings: Democratic Senator Donald Riegle of Michigan, who won praise from all sides all for his thorough handling of the investigation and for maintaining comity among the two parties. His hearings ended Friday with handshakes.

They were a glowing swansong for Riegle whose political career was damaged by his role in the so-called Keating Five influence-peddling scandal in 1991. He is retiring at the end of this year.

Riegle was one of five U.S. senators who had been accused of exerting improper influence on behalf of Charles Keating, owner of the failed California-based Lincoln Savings and Loan Association. Riegle was given a mild reprimand by a Senate investigating panel for his involvement.

In the House Banking Committee party squabbling sometimes degenerated into shouting and gavel-banging by Chairman Henry Gonzalez, a 78-year-old Texas Democrat who from the start had dismissed Republican charges of wrongdoing by Clinton officials.

"God bless the Senate," said Republican Peter King of New York, reflecting the frustration of House Republicans at the chaotic House investigation.

The congressional investigations were sharply limited in their scope to questionable contacts between White House and Treasury officials and the suicide on July 20, 1993, of White House Deputy Counsel Vincent Foster.

That was in line with requests by special counsel Robert Fiske that congressional investigations not get in the way of his probe.

Republicans, who want to delve into the Arkansas tangle, chafed at the restrictions and charged that the Democrats were hiding behind the skirts of the special prosecutor.

But the drawn-out pace also presents a danger to Democrats that highly publicised future hearings might bump up to the presidential election.

The appointment Friday of former appeals court judge Kenneth Starr to replace Fiske led Republicans to voice hopes that the strings on their investigations might be loosened, and threatened to slow the independent investigation.

Senator Alfonse D'Amato of New York, whose strident attacks on the administration over Whitewater continually echoed at last week's hearings, said five administration witnesses had been untruthful and Starr might want to reopen the investigation.

He said the Senate investigation had only scratched the surface.

D'Amato's soft-spoken, professorial counterpart in the House, Jim Leach of Iowa, said the hearings showed Clinton had been given a privileged position by being given "insider information" about a possible criminal case in which he and his wife were potential witnesses.

Riegle said that it was too early for sweeping judgments and noted that

the committee has to make a report to the Senate. It has 10,000 documents in its possession and specially hired lawyers interviewed dozens of witnesses.

The hearings -- 111 hours of them -- gave Americans an unvarnished view of uncomfortable or combative witnesses, probing or posturing members of Congress and numbing repetition.

The witness suffering the longest ordeal, 10 hours of grilling, was Altman, whose testimony to the Senate committee last February was shown to be inaccurate and incomplete and whose statements last week were often greeted with disbelief.

Despite Republican calls for his resignation, his boss, Treasury Secretary Lloyd Bentsen, and Clinton have said they have confidence in him.

REUTER

**** filed by:RB--(--) on 08/06/94 at 12:10EDT ****
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BC-CLINTON-NICHOLS

CLINTON ACCUSER SAYS HE DIDN'T BOUNCE CHECKS

LITTLE ROCK, Ark, Aug 6 (Reuter) - President Clinton's most persistent antagonist said Saturday that he is innocent of charges of passing bad checks.

"I am not guilty, period," said Larry Nichols.

It was Nichols' first public comment since his arrest August 3 on a six-year-old warrant charging him with writing an \$885 check to a music store that bounced.

A second warrant charged Nichols with writing an insufficient-funds check to a tuxedo rental store in January 1991. Nichols was released on a \$5,000 bond.

Nichols, 44, has been a Clinton nemesis since he was fired from Arkansas state government in 1988 for making hundreds of calls on state telephones to Nicaraguan resistance leaders.

Nichols filed a 1990 lawsuit alleging that Clinton, then Arkansas governor, had diverted taxpayer money to a secret fund which he used to pursue extramarital affairs with seven women Nichols named. The women all denied any improper relationship with Clinton. Nichols has continued to accuse Clinton of a broad range of indiscretions and criminal acts.

Hillary Rodham Clinton represented Nichols' ex-wife in a child custody dispute. Mrs Clinton was then a lawyer in private practice.

The Faulkner County, Arkansas, sheriff's department said it had a backlog of arrest warrants and consequently gave priority to warrants involving violent crime. The 1988 warrant was served when it was discovered by a reporter researching public records involving Nichols.

Nichols said authorities "can't find the checks, can't find the bills -- they don't have any proof" that he wrote rubber checks.

Nichols said he would issue a detailed statement Monday.

REUTER

**** filed by:RB--(--) on 08/06/94 at 17:42EDT ****
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AM Whitewater Revelations, Bjt, 630

Two Weeks of Hearings Squeezed Out Some New Details

By PETE YOST= Associated Press Writer=

WASHINGTON (AP) While congressional Whitewater hearings were richer in political drama than content, they managed to produce some new facts about the savings and loan investigation that spawned the whole affair.

The disclosures did little to provide firm answers to the questions that remain. Nonetheless, they were tantalizing.

For instance, it has been known for months that the White House had discussions dating to last fall with Treasury Department regulators about the status of the investigation. The White House portrayed them as minimal and inconsequential.

But from the hearings it was learned there were a total of 40 discussions about the Resolution Trust Corp. investigation of Madison Guaranty Savings and Loan, which was owned by the first family's Whitewater partner.

In some of those discussions, presidential aides were given confidential information about the progress of the probe.

Among the contacts was a key Feb. 2 meeting in which Deputy Treasury Secretary Roger Altman, a college pal of the president's, told White House aides he intended to remove himself from any involvement in the RTC's probe to avoid any appearances of a conflict.

Instead, the aides strongly questioned whether Altman's action was necessary. The next day, Altman called a meeting and informed the White House he had changed his mind.

The decision was important enough, that a top aide even told President and Hillary Rodham Clinton about it, according to testimony at the hearings.

Left unanswered: Why was the White House so intensely interested in having Altman remain in place?

But every White House aide who testified insisted no attempt was made to sway the investigation. In the end, it didn't matter because Altman reversed his decision and recused himself when political pressure became too intense.

Feb. 2 emerged as an important day for another reason, according to testimony at Friday's final hearing. On the same day Altman was being swayed on his decision, a senior RTC lawyer went out to visit the investigator in Kansas City, Mo., who launched the investigation.

The investigator, L. Jean Lewis, secretly tape-recorded the conversation and Republicans suggested the transcript showed the lawyer was seeking to change a potentially embarrassing conclusion about the Clintons. The lawyer denied it.

Other facts Republicans drew out in their questioning were aimed at poking holes in the Clinton administration's assertion that nothing was done to derail the investigation even though the White House was given confidential information about it.

Rep. Jim Leach, R-Iowa, produced evidence showing that the RTC's inquiry was undercut by some of the agency's own lawyers, who wrote 13 pages of legal objections to it before sending the case to prosecutors.

Leach said the legal objections were evidence that perhaps an effort was made to block the case from going forward.

Prosecutors' handling of the case and whether the RTC lawyers' objections had any effect were outside the scope of these hearings. Therefore, Leach was unable to pursue the subject further.

The White House also volunteered information on its own last week but outside the hearings.

A year after White House deputy counsel Vince Foster's suicide, presidential aides acknowledged for the first time that a Whitewater file in Foster's office was transferred to a closet safe in President and Mrs. Clinton's private White House residence.

Previously, it was believed the file went directly to the Clintons' personal lawyer. Now aides say it sat in the Clinton's residence for five days before that happened.

The handling of Foster's documents was also outside the scope of the first hearings.

END

PM Whitewater-Court Text, 860
With PM-Whitewater Bjt
By The Associated Press=

Text of the order by a three-judge U.S. Court of Appeals panel naming Kenneth Starr as an independent counsel to take over the Whitewater investigation:

Upon consideration of the application of the attorney general pursuant to 28 U.S.C. Section 592 (c)(1)(A) for the appointment of an independent counsel with authority to exercise all the power, authority and obligations set forth in 28 U.S.C. Section 594, to investigate whether any individuals or entities have committed a violation of federal criminal law, other than a Class B or C misdemeanor or infraction, relating in any way to James B. McDougal's, President William Jefferson Clinton's, or Mrs. Hillary Rodham Clinton's relationships with Madison Guaranty Savings and Loan Association, Whitewater Development Corporation, or Capital Management Services, Inc.; it is

ORDERED by the Court in accordance with the authority vested in it by 28 U.S.C. Section 593 (b) that Kenneth W. Starr, Esquire, of the District of Columbia bar, with offices at Kirkland and Ellis, 655-15th Street, NW, Washington, DC 20005, be and he is hereby appointed independent counsel with full power, independent authority, and jurisdiction to investigate to the maximum extent authorized by the Independent Counsel Reauthorization Act of 1994 whether any individuals or entities have committed a violation of any federal criminal law, other than a Class B or C misdemeanor or infraction, relating in any way to James B. McDougal's, President William Jefferson Clinton's, or Mrs. Hillary Rodham Clinton's relationships with Madison Guaranty Savings and Loan Association, Whitewater Development Corporation, or Capital Management Services Inc.

The independent counsel shall have jurisdiction and authority to investigate other allegations or evidence or violation of any federal criminal law, other than a Class B or C misdemeanor or infraction, by any person or entity developed during the Independent Counsel's investigation referred to above and connected with or arising out of that investigation.

The independent counsel shall have jurisdiction and authority to investigate any violation of 28 U.S.C. Section 1826, or any obstruction of the due administration of justice, or any material false testimony or statement in violation of federal criminal law, in connection with any investigation of the matters described above.

The independent counsel shall have jurisdiction and authority to seek indictments and to prosecute any persons or entities involved in any of the matters described above, who are reasonably believed to have committed a violation of any federal criminal law arising out of such matters, including persons or entities who have engaged in an unlawful conspiracy or who have aided or abetted any federal offense.

The independent counsel shall have all the powers and authority provided by the Independent Counsel Reauthorization Act of 1994. It is

Further ordered by the court that the independent counsel, as authorized by 28 U.S.C. Section 594, shall have prosecutorial jurisdiction to fully investigate and prosecute the subject matter with respect to which the attorney general requested the appointment of independent counsel, as hereinbefore set forth, and all matters and individuals whose acts may be related to that subject matter, inclusive of authority to investigate and prosecute federal crimes (other than those classified as Class B or C misdemeanors or infractions) that may arise out of the above described matter, including perjury, obstruction of justice, destruction of evidence, and intimidation of witnesses. The court, having reviewed the motion of the attorney general that Robert B. Fiske, Jr., would be appointed as independent counsel, had determined that this would not be consistent with the purposes of the act. This reflects no conclusion on the part of the court that Fiske lacks either the accrual independence or any other attribute necessary to the conclusion of the investigation. Rather, the court reaches this conclusion

because the act contemplates an apparent as well as an actual independence on the part of the counsel. As the Senate report accompanying the 1982 enactments reflected, "The intent of the special prosecutor provisions is not to impugn the integrity of the attorney general or the Department of Justice. Throughout our system of justice, safeguards exist against actual or perceived conflicts of interest without reflecting adversely on the parties who are subject to conflicts."

Just so here. It is not our intent to impugn the integrity of the attorney general's appointee, but rather to reflect the intent of the act that the actor be protected against perceptions of conflicts. As Fiske was appointed by the incumbent administration, the court therefore deems it in the best interest of the appearance of independence contemplated by the act that a person not affiliated with the incumbent administration be appointed.

It further appearing to the court in light of the attorney general's motion heretofore made for the authorization of the disclosure of her application for this appointment pursuant to 28 U.S.C. Section 592 (e) and of the ongoing public proceedings and interest in this matter, that it is in the best interests of justice for the identity and prosecutorial jurisdiction of the independent counsel to be disclosed.

It is so ordered.

End Text

**** filed by:APE(--) on 08/06/94 at 00:53EDT ****
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BC-CA--Hillary Call-Letter,200
With PM-CA--Hillary Call

Here are some excerpts from Monica Mapa's Feb. 17, 1993 letter that prompted Hillary Rodham Clinton to call the San Francisco woman and talk to her about health care reform:

"...the in-house neurologist who had been attending to my mother dropped her case upon discovery that (underlined) she did not have health insurance."

"The doctor merely said to my father, 'You can't afford my fee. It will wipe you out,' and refused to care for her any further. And though she shouldn't have been moved, this doctor had her transferred by special ambulance to the city-run hospital. 'I'm doing you a favor,' was one of the last things I heard this doctor say to us."

"I am sad to have lost my mother and sadder still for those faceless Americans like my mother who might someday be pitted against the medical insurance industry and the indifference of self-serving practitioners."

"I hope in your effort to implement change in the health care industry that you bear in mind that our very lives depend on easy and affordable access to quality care right now."

**** filed by:APW-(CA) on 08/05/94 at 23:56EDT ****
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RTC officials wind up Whitewater hearings

By MARY ANN AKERS=

WASHINGTON, Aug. 5 (UPI) A panel of federal regulators, wrapping up five days of Whitewater hearings in the House Friday, denied charges they sought to influence a government probe of a failed Arkansas thrift with ties to President and Mrs. Clinton, while a key Republican witness failed to appear.

April Breslaw, a Washington banking regulator who is accused of seeking to engineer the outcome of the Resolution Trust Corp.'s investigation of Madison Guaranty Savings & Loan, said she had "no recollection of saying that anyone hoped for a particular outcome for the civil investigation."

Republicans charge Breslaw visited RTC investigator Jean Lewis in Kansas City in February and tried unsuccessfully to persuade her to say that Bill and Hillary Clinton gained no financial benefit from Madison. The failed S&L was owned by James McDougal, a co-investor with the Clintons in the Whitewater land development company.

The RTC, which has since turned its probe of the Madison case over to the Justice Department, was investigating the circumstances surrounding the failure of the Arkansas thrift. Part of its investigation included whether Madison funds may have been improperly funneled to Whitewater and to Clinton's gubernatorial campaign.

Lewis, who maintains Breslaw did in fact seek to influence the outcome of the Madison probe, refused to testify before the House Banking, Housing and Urban Affairs Committee. Her attorney said in a letter to the committee that it "would be impossible" for her to discuss the conversation without exceeding the limited scope requested by Whitewater special counsel Robert Fiske.

Democrats, however, questioned the validity of Lewis's charge and suggested she opted not to testify because, as Rep. Barney Frank, D-Mass., put it, "she'd get blown out of the water."

Frank said he believed the Republicans were "embarrassed" to have Lewis appear at the hearing because they knew "she would be a loose cannon." Rep. Stephen Neal, D-N.C., suggested Lewis feared potential questions about a political book contract she has signed and her copyright of "Bubba" T-shirts that refer to the president.

Details about Lewis's book are scarce, but the title is proposed to be "BITCH," an acronym for "Boys, I'm Taking Control Here."

Breslaw, whose job it was to investigate Madison civil claims, said she was "prodded" into meeting with Lewis, who was not involved in the civil aspect of the probe, and that she was misled to believe the conversation was "a cursory and unimportant chat."

Their conversation, however, was taped and formed the basis of Rep. Jim Leach's, R-Iowa, accusation in a speech on the House floor in March that "the independence of the U.S. government's regulatory system has been flagrantly violated" to protect the president.

Breslaw, a career lawyer for the Federal Deposit Insurance Corp., said no one ever informed her that her conversation with Lewis was being taped. "Such recording is illegal in many states. Moreover, Ms. Lewis went out of her way to make the conversation appear casual," she said.

She added, "I was so surprised to find myself being publicly attacked on the floor of the House of Representatives."

Leach and others in his party also alleged RTC officials obstructed justice by delaying criminal referrals on Madison to the Justice Department with an "unprecedented" legal review of the documents involved.

Jack Ryan, acting chief executive officer of the RTC, denied there was ever any attempt to obstruct justice.

He said Treasury officials never pressured him to influence the RTC's probe of Madison Guaranty and that he never spoke with anyone at the White House about Madison or Whitewater.

A number of published reports have suggested Ryan instructed the Kansas City RTC office, which prepared and forwarded the Madison-related criminal

referrals to Justice, that he would like the documents to reflect that Whitewater did not cause a loss to Madison.

"I have never instructed anyone to do anything but find the truth and work to see if the RTC had a cost-effective civil case, as is our regular procedure," Ryan asserted.

After five days of questioning in the House and six days of grilling in the Senate, the hearings into the first phase of the Whitewater affair concluded with little fireworks.

At the heart of the congressional hearings is whether Treasury officials gave improper warnings to the White House about the investigation and whether the Clinton administration influenced RTC officials during the probe of Madison.

Fiske has found no evidence criminal laws were broken during the White House-Treasury contacts. And the non-partisan Office of Government Ethics has concluded no ethical standards for executive branch employees were violated, but that their contacts about the sensitive matter were "troubling."

But scandal-sniffing Republicans in both chambers, hoping to find a hole in Fiske's investigation, pressed the issues continuously throughout the week.

In the Senate there were parting words of warning to Roger Altman, the deputy Treasury secretary, that his dubious candor before the committee last February about his briefings of White House personnel on the Madison investigation and his questionable defense of those remarks had doomed his future.

Sen. Alfonse D'Amato, R-N.Y., said Altman "continues to temporize, excuse, dodge, and shift blame in a desperate effort to cling to his public office."

"Mr. Altman's apology rings hollow," D'Amato said. "He should behave honorably and leave."

"We are the legislative branch, we cannot simply remove Mr. Altman. We can say from this day forward, we will be unable and unwilling to accept or rely on any statement or action or judgment of Roger Altman."

**** filed by:UPI-(us) on 08/05/94 at 16:17EDT ****

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AM Whitewater-Investigator, 220

S&L Investigator Who Spawned Whitewater Declines to Testify

With AM-Whitewater

WASHINGTON (AP) Her work spawned the entire Whitewater affair. But on Friday an empty witness chair marked the spot where federal savings and loan investigator L. Jean Lewis could have told her story to Congress.

Lewis, a criminal investigator in the Resolution Trust Corp.'s Kansas City office, declined an invitation to testify before the House Banking Committee's Whitewater hearing.

Through her lawyer, Lewis said that the current hearings have such a narrow scope that she would prefer to wait and testify when she can tell her entire story.

Still, the absence didn't stop her from being a focal point of lawmakers' discussions.

Lewis' investigation of the failure at Madison Guaranty Savings & Loan in Arkansas concluded President and Hillary Rodham Clinton and their Whitewater land venture may have benefited from wrongdoing at the S&L.

That allegation, which became public in news stories last fall, is now the focal point of a wide-ranging special counsel's investigation of Arkansas financial dealings that is collectively called Whitewater.

On Friday, the House panel examined Lewis' claim in memos that higher-ups in Washington had placed "roadblocks" to the criminal referrals she forwarded to prosecutors outlining her case.

Specifically, lawmakers discussed a secretly taped conversation Lewis had Feb. 2 with a top RTC lawyer in Washington.

END

BC-White-House-Watch:-Whom-to-Trust,-Whom
White House Watch: Whom to Trust, Whom to Dump

(Editors: This week Bloomberg Business News offers two alternate White House Watch columns. To see an alternate column, type BBC035)

Washington Aug. 4 (Bloomberg) -- President Clinton, who stretched belief when he said he never inhaled, did it again this week when he said was too busy to watch the Whitewater hearings.

If Clinton had tuned into the proceedings, he would have seen key administration aides provide Congress with sworn and often contradictory testimony.

And he would have witnessed a new credibility problem with his administration: Whom to believe, whom to trust and who, if anybody, needs to be dumped.

Polls show most Americans don't trust Clinton. And that goes a long way toward explaining why his approval rating is under 50 % -- despite a robust economy and generally popular initiatives.

While the initial phase of the Whitewater hearings didn't produce any smoking guns, they underscored the administration's difficulty in not being viewed as straight shooters.

Treasury Secretary Lloyd Bentsen.

Deputy Treasury Secretary Roger Altman.

Treasury general counsel Jean Hanson.

Margaret Williams, chief of staff for Hillary Rodham Clinton.

They and other witnesses often disagreed about who told what to whom about White House efforts to keep tabs on investigations into the Clintons' Arkansas financial dealings.

Believe It or Not

Treasury Chief of Staff Josh Steiner won the prize for top entry in the administration's own version of "Ripley's Believe It Or Not."

He disavowed his own diary.

He wrote in that diary that Altman was under "intense pressure" not to recuse himself from a Whitewater-related investigation, and Clinton was "furious" when he did.

Before House and Senate Banking Committees, Steiner swore under oath he didn't know what he was writing about. He told disbelieving lawmakers his writings were impressionistic musings.

Speaking at his news conference Wednesday night, Clinton declared: "I do not countenance anybody being less than forthright with Congress."

But he seemed less than forthright himself.

Asked about Steiner's diary entry that he was "furious" when Altman recused, Clinton replied: "The only thing that upset me was that I didn't want to see him stampeded into it."

Congressional hearings showed that the only stampeding was by the White House. It unsuccessfully tried to rope Altman into staying involved in an investigation into the 1989 collapse of the Madison Guaranty Savings & Loan.

Madison was owned by Jim McDougal, a partner of the Clintons in the Whitewater Land Development Corp. Madison and Whitewater are now the subjects of a sweeping investigation by independent prosecutor Robert Fiske into the Clintons' financial affairs.

While the White House contends there's been no evidence anyone interfered with the Whitewater-Madison probes, many argue the administration at least tried with the Altman recusal.

Altman ultimately did remove himself from the investigation of Madison by the Resolution Trust Corp. At the time, he was the agency's acting chief executive officer.

Altman emerged as a central figure in the Whitewater hearings.

He opened more than 16 hours of testimony by apologizing to Congress, saying he didn't mean to mislead it last February about the extent of White House-Treasury contacts on Whitewater.

"People have been indicted for less," roared Sen. Al D'Amato (R-N.Y.),

who over the years has had his own ethical scrapes.

Senate Banking Committee Chairman Don Riegle (D-Mich.) added, ``Frankly, I don't think there was an acceptable excuse.''

Denials All Around

Some of the most dramatic testimony involved Altman, Bentsen and Treasury Department general counsel Jean Hanson.

Hanson testified that Altman told her to inform White House counsel Bernard Nussbaum of confidential criminal referrals that listed the Clintons as possible witnesses to Madison fraud.

Altman denied it.

Hanson also said Bentsen was aware of her meeting with Nussbaum.

Bentsen denied it.

Altman said that Bentsen recommended to him that he recuse himself from the Madison case.

Bentsen denied it.

Clinton was asked at his news conference if he intended to ask for Altman's resignation. The president declined to answer that question directly.

But he said he believes Altman has done a ``superb'' job as treasury deputy secretary, and that he maintains ``confidence'' in him.

Asked what impact Whitewater has had on his administration and credibility, Clinton said:

``I can't say All I can tell you is that I said I would cooperate fully and we have. I have said repeatedly I have done nothing wrong, and I didn't.''

The president then smiled and said:

``I've watched none of these hearings. I've not kept up with them.''

``I've been working on jobs, and health care, and the crime bill, and peace in the Middle East, and doing the things that I was hired to do by the American people.''

--Tom Ferraro in Washington (202) 434-1800/mfr

(For more information on Congress; NI CNG; on Clinton administration; NI EXE; on Treasury, NI TRE; on RTC, NI RTC) -0- (BBN) Aug/05/94 15:24 EOS (BBN) Aug/05/94 15:24 86

**** filed by:---F(--) on 08/05/94 at 15:36EDT ****

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AM-MO- Whitewater-Investigator, Bjt,0500
Empty Chair Marks Spot for Missing House Whitewater Witness
By CURT ANDERSON= Associated Press Writer=
WASHINGTON (AP) An empty chair marked the spot at the Whitewater witness table where savings and loan investigator L. Jean Lewis was supposed to sit Friday.

Ms. Lewis refused the House Banking Committee's invitation to discuss the criminal referral she made while probing a failed Arkansas thrift as a Resolution Trust Corp. investigator in Kansas City, Mo.

But she was central to Friday's hearing: her investigation linked a check-kiting scheme at Madison Guaranty Savings & Loan to Bill and Hillary Clinton and their investment in the Whitewater land venture.

And it was Lewis, who is 40 and lives in suburban Shawnee, Kan., who suggested in memos that higher-ups were placing "roadblocks" before her criminal referral and who secretly taped a conversation she had Feb. 2 with April Breslaw, a top RTC lawyer in Washington.

Breslaw has suggested that she was unwittingly led into a bugged room and encouraged to talk casually about the case. It was then she made remarks indicating the Clintons would like a different outcome to the Madison investigation.

Ms. Lewis' lawyer, Michael Forshey of Dallas, told Banking Committee Chairman Henry Gonzalez in a letter this week she wouldn't appear Friday because she didn't want to jeopardize the ongoing probe of Whitewater by special counsel Robert Fiske.

Some committee members charged she was refusing to appear because she plans to profit from her investigation by writing a book or movie script. That drew an angry response from Forshey.

"There is no contract. There has been no negotiations for a book, movie or anything else, period," Forshey said.

Forshey's law firm has represented Lewis since 1993 to help her copyright slogans used on novelty items such as T-shirts and notepaper, the lawyer said.

According to documents provided by Forshey, the slogans all share the same acronym: b-i-t-c-h. They include "Bubba, I'm Taking Charge Here," "Boys, I'm Taking Charge Here" and "Bill, I've Taken Charge. Hillary."

Other lawmakers want Ms. Lewis subpoenaed to testify about the tape recording and her belief there was a high-level cover-up of her criminal referral.

"Shouldn't we be looking at the entire Kansas City operation and bring in whatever witnesses there are there? It doesn't make sense to do part of it," said Rep. Bill McCollum, R-Fla.

Gonzalez said he would consider such a subpoena, if a majority of the committee wanted to issue one.

"We will decide what it is the committee wants to do and whether or not it (is) its wish to ask, through subpoena, Ms. Lewis to appear," said the Texas Democrat.

Ms. Lewis said through her lawyer she would be willing to appear before the Banking Committee at a later date, when its attention turns more closely to the Kansas City investigation of Madison.

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Whitewater Hearings Undermine Clinton Clout To Push Agenda

By Greg Hitt

Dow Jones Staff Reporter

WASHINGTON -DJ- The Whitewater hearings on Capitol Hill have shed no light on what happened in Arkansas a decade ago.

Lawmakers have been forced by special counsel Robert Fiske to avoid the explosive GOP allegations of unseemly financial relations between the Clinton political establishment and the Arkansas business community.

But the hearings have served a primary Republican objective, buttressing public doubt about Clinton at an untimely juncture for the administration. On Capitol Hill, several Clinton initiatives - including health-care reform and the Uruguay Round trade treaty - are imperiled and in need of the support of a strong chief executive.

Clinton, in a prime-time press conference tonight, hopes to take back some ground lost in recent weeks. But deflecting attention from Whitewater, after the saturation coverage the affair has received, will be difficult.

"Most Americans don't care, don't follow, and are not thrilled that Congress is throwing itself at this rather than the issues that matter to them," said Norman Ornstein, a political analyst at the American Enterprise Institute.

"But at the same time, the drum beat of investigation and criticism drags down their opinion of Clinton," Ornstein said. "He's dropped 10 points in the polls in the last few months, and this is a major factor."

The president and first lady Hillary Rodham Clinton were investors in the Whitewater land deal, along with the owners of Madison Guaranty Savings & Loan.

Special counsel Fiske is investigating the failure of Madison, and its financial ties to Whitewater. The counsel has already concluded that White House and Treasury officials, including Deputy Secretary Roger Altman, broke no laws when they held a series of meetings on the investigation.

(MORE) DOW JONES NEWS 08-03-94

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BC WHITEWATER-LUDWIG

OFFICIAL GULPED WHEN CLINTON ASKED ABOUT ADVICE

WASHINGTON, Aug 3 (Reuter) - The Clinton administration's top bank regulator said Wednesday he had a "gulp reaction" when the president asked him last December if it was okay to get his advice on the Whitewater affair.

Comptroller of the Currency Eugene Ludwig said he had been surprised by the request, and he told Clinton the following day -- after consulting White House and Treasury Department lawyers -- he would be unable to do so.

"I was a bit surprised," Ludwig, who is a friend of Clinton's, told the Senate Banking Committee. "I had this sort of 'gulp' reaction."

Ludwig's direct encounter is the first such one in which Clinton's own reaction toward the Whitewater affair has been touched on at the banking panel's hearings.

Until now, the hearings have focused on the reactions of top administration aides and officials and has offered only indirect references to the president.

The brief exchange between Ludwig -- whose agency oversees about 3,400 national banks -- and Clinton occurred at the Renaissance Weekend the president and Hillary Rodham Clinton have attended in Hilton Head, South Carolina, for years.

The New Year's gathering brings together big-wigs from in and out of government.

"The president said something to the effect that he could not understand all the fuss about Whitewater. He expressed the belief that he had done nothing wrong ...," said Ludwig.

"He then asked me whether I thought I could advise him. I do not recall responding specifically," added Ludwig, who said the exchange relating to Whitewater lasted about 30 seconds.

Contrary to some press reports, Ludwig said, the president had not sought his advice but had instead asked whether it would be permissible to do so.

Ludwig also held out the possibility that there could have been a miscommunication between him and Clinton.

White House lawyer Joel Klein, who attended the Renaissance Weekend, said Clinton had told him at the time the comptroller "must have misunderstood him because he had only wanted to ask for the names of people knowledgeable in banking and real estate who might be able to explain Whitewater to the public in simple terms." Klein testified before the banking panel.

REUTERS

END

White House Says It Is Up to Altman to Regain Trust of Congress

Washington, Aug. 3 (Bloomberg) -- The White House said today it was up to Deputy Treasury Secretary Roger Altman to regain the trust of senators who claim he misled them about his role in the Whitewater affair.

White House chief of staff Leon Panetta told ABC's "Good Morning America" that Altman was "trying to work out his differences with his testimony, both in the House and the Senate."

Panetta added: "Whether Mr. Altman can work out his differences with the Senate and with others, let's give him a chance to do that."

The comments came just hours after Altman ended 10 hours of testimony before the Senate Banking Committee at 2 a.m. He is scheduled to appear before the House Banking Committee today.

Altman is under fire for not telling that Senate committee in February about a number of White House and Treasury contacts which concerned a failed thrift with links to the President Clinton and first lady Hillary Rodham Clinton.

Despite calls from some Republicans for the deputy secretary's resignation, Clinton sent word yesterday through his press secretary, Dee Dee Myers, that he had confidence in Altman and wanted him to stay on the job.

Today, Myers told reporters, "I hope that he will be able to rebuild his relationships" with Congress.

"He's done an outstanding job as deputy treasury secretary and he will continue in that capacity," Myers said.

On Feb. 24, Altman told the Senate he knew of only one "substantive" White House-Treasury contact regarding investigations into the Clintons' Arkansas financial dealings.

Within days, Altman amended his testimony to include other "incidental" contacts as well as discussion he had with the White House about possibly recusing himself from a probe into the 1989 collapse of Madison Savings & Loan.

Madison was owned by Jim McDougal, a partner of the Clintons in the Whitewater Land Development Corp., an Arkansas real-estate venture.

In his congressional testimony yesterday, Altman apologized yesterday for "making mistakes" in February appearance before the committee. -- Dina Temple-Raston at the White House (202) 434-1884/daw (For more on Clinton, NI EXE. For more on Congress, NI CNG.) -0- (BBN) Aug/03/94 11:54 EOS (BBN) Aug/03/94 11:54 86

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BC-Bentsen-Contradicts-Own-Aides-at
Bentsen Contradicts Own Aides at Whitewater Hearings (Correct)
(Correcting spelling of aides in headline.)

Washington, Aug. 3 (Bloomberg) -- Treasury Secretary Lloyd Bentsen testified today he was unaware of efforts by his own employees to help the White House keep tabs of the Whitewater-Madison affair.

Testifying at the fourth day of Senate Whitewater hearings, Bentsen also contradicted some of his staffers who testified under oath this week on Capitol Hill.

Bentsen insisted he wasn't aware that Treasury officials alerted the White House last fall to a confidential criminal probe into a failed Arkansas thrift with ties to the Clintons.

Despite Deputy Treasury Secretary Roger Altman's claim to the contrary, Bentsen said he did not urge Altman to recuse himself from that investigation by the Resolution Trust Corp.

"I sympathized with him ... (but) I told him it was his decision to make," Bentsen told the Senate Banking Committee.

Altman ultimately did recuse himself and also stepped down as acting head of the RTC.

Bentsen said today he didn't learn until last spring of the extent of meetings between Treasury and White House staffers about federal investigations into the 1989 collapse of Madison Guaranty Savings & Loan and the Whitewater Land Development Corp.

Madison was owned by Jim McDougal, a partner of the Clintons in Whitewater, a failed Arkansas real estate venture.

"No Laws Broken"

Special Whitewater counsel Robert Fiske is now attempting to determine if Madison funds were diverted to Whitewater or to Clinton's 1984 gubernatorial campaign.

The Clintons and McDougal deny any wrongdoing. President and Hillary Rodham Clinton also maintain that they have cooperated fully with the investigations.

Bentsen today accepted the "responsibility" for White House-Treasury contacts, which numbered more than 40, but stressed there's been no evidence anyone tried to interfere with the probes.

"Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place," Bentsen said.

"But when you boil it down, no criminal laws were broken, and the people who work at Treasury did not violate the ethical standards," he said.

Bentsen's testimony followed the panel's grilling much of yesterday and early today of Altman, who was to appear today on the other side of the Capitol before the House Banking Committee.

Altman apologized to senators yesterday, saying he didn't mean to mislead them last February when he first testified to the panel about the Whitewater-Madison probes.

Lawmakers' Disbelief

But many lawmakers said they still didn't believe Altman was coming clean about the extent and nature of his contacts, which dated back to last fall.

"To believe you, we must disbelieve other people who have sworn under oath," Sen. Robert Bennett (R-Utah) angrily told Altman, who was pounded by Democrats as well as Republicans.

White House officials today continued to voice support for Altman, but they added that it is up to him to regain the trust of lawmakers.

Chief of staff Leon Panetta told ABC's "Good Morning America" news program this morning that Altman was "trying to work out his differences with his testimony, both in the House and the Senate."

"I hope that he will be able to rebuild his relationships (with Congress)," White House spokeswoman Dee Dee Myers told reporters at a regular briefing this morning. "He's done an outstanding job as deputy treasury secretary and he will continue in that capacity."

Bentsen Greeted Cordially

The anger and disbelief that greeted Altman yesterday stood in contrast to the cordial reception accorded Bentsen, who served in the Senate for two decades.

Still, a few senators hit him with some pointed questions.

Senate Banking Committee Chairman Don Riegle (D-Mich.), asked for Bentsen's assurance that he would direct his staff in the future to give the committee "direct, full complete answers."

"That certainly is my intention and my direction to anybody representing Treasury," Bentsen said.

Jean Hanson, general counsel at Treasury, told the committee Monday that she alerted White House lawyer Bernard Nussbaum last fall to criminal referrals that named the Clintons as possible witnesses to fraud at Madison Guaranty.

Hanson said Altman ordered her to advise Nussbaum and that Bentsen knew about it.

Altman, however, maintained yesterday that he could not recall giving Hanson any such order.

And Bentsen said today, "No, I didn't have any knowledge of it."

"She's mistaken," he said of Hanson.

Altman and Hanson were called to appear today before the House Banking Committee, which is holding its own Whitewater hearings.

The Senate panel was to hear later today from Comptroller of the Currency Eugene Ludwig, who has said President Clinton sought his counsel about Whitewater-Madison. Also scheduled to testify are several White House staffers, including former Chief of Staff Mack McLarty.

--Tom Ferraro with Dina Temple-Raston at the White House (202)

434-1800/mfr

(For more information on Congress: NI CNG; on the Clinton administration: NI EXE; on the Treasury: NI TRE; on the RTC: NI RTC) -0- (BBN) Aug/03/94 11:59 EOS (BBN) Aug/03/94 11:59 86

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BC Whitewater-Tarred-Altman-Says-He-Won't
Whitewater-Tarred Altman Says He Won't Resign (Update2)

(Adding more Altman and Ludwig testimony)

Washington, Aug. 3 (Bloomberg) -- Deputy Treasury Secretary Roger Altman told Congress today he won't resign despite bipartisan complaints he misled lawmakers about the Whitewater affair.

"I do not intend to do that," Altman said firmly, rejecting suggestions by Republicans that he step aside.

The White House said today it's up to Altman to restore his credibility, while the Treasury deputy secretary told skeptical lawmakers he didn't intentionally withhold information from them.

"Who are you trying to kid?" replied Rep. Toby Roth (R-Wis.), expressing the sentiment of many in Congress.

Altman was sworn in before the House Banking Committee's Whitewater hearing just hours after the Senate Banking Committee finished with him.

"If we had to do it all over again, we would have done it better,"

Altman said regarding a series of White House-Treasury contacts about investigations into the financial dealings of President Clinton and first lady Hillary Rodham Clinton. But, he said, "I didn't lie to the U.S. Congress."

Altman apologized to Senate panel yesterday, saying he didn't mean to mislead it when he testified to it Feb. 24 about what he and other Treasury aides told the White House about the probes.

During that earlier testimony, Altman said he was aware of only one "substantive" contact between White House and Treasury aides regarding those probes.

He subsequently amended his testimony to include other "incidental" contacts. He also disclosed he discussed recusing himself from one probe headed by the Resolution Trust Corp.

"Indicted for Less"

"People have been indicted for less," said Sen. Al D'Amato (R-N.Y.), ranking Republican on the Senate Banking Committee.

D'Amato's comments came as the Senate committee heard from Treasury Secretary Lloyd Bensten, who testified today he had been unaware of the extent of contacts between his department and the White House.

Also testifying before the panel was Comptroller of the Currency Eugene Ludwig, who said President Clinton asked him last January if it would be appropriate to ask for advice on Whitewater.

Ludwig said he informed the White House the next day he believed it would be inappropriate, but a short time later he gave one piece of advice.

"Disclose everything," he said he told Margaret Williams, Mrs. Clinton's chief of staff, on Jan. 19. The next day, Attorney General Janet Reno appointed Robert Fiske, a Republican, as a special Whitewater counsel.

A month later, Altman recused himself on Feb. 25 from the RTC's investigation into the 1989 collapse of the Madison Guaranty Savings & Loan.

Madison was owned by Jim McDougal, a partner of the Clintons in the Whitewater Development Corp., a failed Arkansas land venture.

Fiske, in a sweeping investigation being conducted independently of Congress, is now trying to determine, among other things, if Madison funds were diverted to Whitewater or Clinton's 1984 gubernatorial campaign.

The Clintons and McDougal deny any wrongdoing.

Limited Probe

At this point, the congressional Whitewater hearings are examining only a series of more than 40 Treasury-White House contacts between last March and February regarding investigations into the Clintons' Arkansas financial dealings.

In his first appearance before a committee looking into Whitewater, Bentsen stressed that there's been no evidence that anyone interfered with the investigations, but contradicted sworn statements by Altman and his own general counsel, Jean Hanson.

Bentsen said he did not recommend that Altman recuse himself from the

RTC's Madison probe. At the time, Altman was the agency's acting chief.

"I sympathized with him (but) I told him it was his decision to make," the Treasury secretary said.

Bentsen also insisted he was unaware that Hanson alerted the White House last fall of a confidential "criminal referral" that named the Clintons as possible witnesses to fraud by Madison.

"I had no knowledge of it," he said. "She's mistaken."

Bentsen said, "Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place."

"But when you boil it down, no criminal laws were broken, and the people who work at Treasury did not violate the ethical standards," he said.

Altman was battered during his appearance before both the House and Senate panels. Lawmaker after lawmaker accused him of "deception," "half-truths" and "memory lapses."

Resignation Suggested

Republican Reps. Rod Grams of Minnesota and Marge Roukema of New Jersey suggested that the administration would be better off if he resigned.

Altman disagreed and said, "No."

White House chief of staff Leon Panetta, during an appearance on ABC's "Good Morning America," said it's up to Altman to regain Congress's trust.

"Let's give him a chance to do that," Panetta said.

The anger and disbelief that greeted Altman stood in contrast to the generally cordial reception accorded Bentsen, who served in the Senate for two decades.

Still, a few senators hit him with some pointed questions.

Senate Banking Committee Chairman Don Riegle (D-Mich.), asked for Bentsen's assurance that he would direct his staff in the future to give the committee "direct, full complete answers."

"That certainly is my intention and my direction to anybody representing Treasury," Bentsen said.

--Tom Ferraro with Karen Serwer at Capitol Hill and Dina Temple-Raston at the White House (202) 434-1800/daw

(For more information on Congress: NI CNG; on the Clinton administration: NI EXE; on the Treasury: NI TRE; on the RTC; NI RTC) -0- (BBN) Aug/03/94 15:02 EOS (BBN) Aug/03/94 15:02 86

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Bentsen testifies to Senate on Whitewater

By JEFF BATER= UPI Business Writer=

WASHINGTON, Aug. 3 (UPI) Treasury Secretary Lloyd Bentsen appeared Wednesday before the Senate panel that spent two days grilling his key aides over the Whitewater affair, and he stood firmly behind his staff.

"When you boil it down, no criminal law was broken, and the people who work at Treasury did not violate the ethical standards," Bentsen flatly stated during testimony before the Senate Banking Committee.

Top Treasury officials are central figures in the complicated, thorny case involving a government probe of a failed Arkansas thrift with indirect ties to President Clinton and his wife, Hillary Rodham Clinton.

Congress opened hearings last week, with both House and Senate committees trying to determine whether Treasury officials gave improper warnings to the White House about the investigation.

The Senate panel bore in on three of Bentsen's top aides Roger Altman, deputy treasury secretary; Jean Hanson, Treasury's general counsel; and Joshua Steiner, Bentsen's chief of staff.

Hanson spent seven hours before the committee Monday, while Steiner's appearance lasted six hours.

Altman, perhaps the most controversial figure in the affair and subjected to GOP demands for his resignation, endured more than 10 hours of scrutiny in a hearing that ended at 2:15 a.m. EDT Wednesday.

Senators, particularly Republicans, have cast doubt on the trio's testimony, picked it apart, challenged their judgments even subjecting them to ridicule.

The committee was generally far easier on Bentsen, a soft-spoken, elder statesman, who has not really been enmeshed in the Whitewater affair, and treated the former senator with relatively light, respectful questioning that lasted less than four hours Wednesday.

New York Rep. Alfonse D'Amato, the ranking Republican on the committee, vented some of the sharp anger and dissatisfaction he has expressed in past months while unofficially leading the GOP charge against the administration over Whitewater.

D'Amato suggested that Bentsen should have advised Altman to distance himself from the politically volatile case.

"As painful as this may be...I think you had an obligation to give him counsel to step aside," D'Amato said.

But Bentsen, irked, shot back: "Senator, I don't agree when I didn't know the facts in the case."

Sen. Don Riegle, D-Mich., issued to Bentsen what amounted to a mild upbraiding.

"I would like to have an assurance that in the future and I think the only person that can give that signal and have it really resonate is you, not us that any other Treasury official that comes before this committee either now or in the future, when they're asked direct questions, give direct, full, complete answers right then on the spot," said Riegle, the committee's chairman.

Replied Bentsen: "That certainly is my intention and certainly my direction to anyone representing Treasury."

The Cabinet secretary pointed to a new probe that showed his subordinates did not personally benefit from their controversial contacts with the White House in the case.

He was referring to an investigation by the non-partisan Office of Government Ethics, which concluded Treasury officials in the Whitewater case did not violate ethical standards for executive branch employees but found, nonetheless, that their contacts about the sensitive matter were

"troubling."

Earlier, Robert Fiske, the independent counsel probing Whitewater, issued results of his investigation concluding no criminal laws were broken during the White House-Treasury contacts.

At issue is whether the Resolution Trust Corp., an independent federal agency, was influenced by Clinton administration officials during its probe of Madison Guaranty Savings & Loan.

Madison collapsed in 1989, costing taxpayers an estimated \$47 million. It was owned by Arkansas businessman James McDougal, who was a partner with Bill and Hillary Clinton in a real estate venture known as the Whitewater Land Development Corp.

The RTC was created in 1989 to clean up the tarred S&L industry and examine the failure of hundreds of U.S. thrifts like Madison during the 1980s.

Altman, a college friend of Clinton's, ran the agency from early 1993 through last March in addition to his job as deputy Treasury secretary a situation that some have said created the appearance of a conflict of interest and possible impropriety.

Critics have alleged the administration received improper warnings about the RTC's probe into Madison via meetings between White House and Treasury officials, including Altman.

He told senators Tuesday the administration did not interfere in the investigation.

But there are pivotal discrepancies between accounts Altman has given of Whitewater events and those put forward by Jean Hanson.

The Treasury's top lawyer has testified she briefed White House officials last September about Whitewater on Altman's instructions.

In a key appearance before the Senate Banking Committee Feb. 24, Altman did not mention the briefing, and he testified this week he does not remember giving such orders to Hanson.

D'Amato and other Republicans have seized upon the conflicting statements and accused Altman of providing misleading testimony.

Said Altman: "I realize, in retrospect, my testimony of Feb. 24 may appear too narrow or perhaps incomplete. I regret that perception and apologize for it.

"I want to emphasize, however, that there was never any intent to mislead this committee."

Just 7 1/2 hours after the deputy Treasury secretary concluded his testimony in the Senate, he appeared Wednesday morning before the House Banking Committee.

But the haggard-looking Altman was subjected to a less-intense grilling than the one he received the night before.

It was again suggested, however, Altman should consider stepping down as a result of the controversy.

Rep. Marge Roukema, R-N.J., asked the deputy secretary if he plans to quit.

"No, I do not," Altman told her.

Rep. Rod Grams, R-Minn., who boasted that he was one of the first to call for Altman's resignation earlier this year, said he still believed "the best course would be for you to resign as deputy treasury secretary."

But Altman stressed, "As I said earlier, I do not intend to do that."

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BC Whitewater-Critic-Says-Attempt-Made-to
Whitewater Critic Says Attempt Made to Block Referrals (Update4)

(Updating with response by Cutler to Leach charge)

Washington, Aug. 3 (Bloomberg) -- The chief GOP Whitewater critic charged today an attempt was made to block criminal referrals naming the Clintons as possible witnesses to fraud.

Producing internal documents at the House Banking Committee's Whitewater hearings, Rep. Jim Leach (R-Iowa) alleged a concerted yet failed effort was made to sink the case last fall.

"It may be true that criminal referrals were not effectively blocked," as a parade of administration witnesses have testified in recent days, Leach said, "but it's not true an effort to do so was not made."

He said the while federal thrift investigators ultimately sent the nine criminals referrals to the Justice Department, "in an unprecedented procedure," staff objections to them were included.

Leach's allegations, denounced by Democrats as unfounded and politically motivated, highlighted another long day of testimony by White House and Treasury officials about contacts they had regarding an investigation into the financial dealings of President Clinton and first lady Hillary Rodham Clinton.

White House counsel Lloyd Cutler, asked about Leach's allegations, again insisted no attempt was made to impede the referrals stemming from the collapse of an Arkansas savings and loan with ties to the Clintons.

The thrift, Madison Guaranty Savings & Loan, was owned by Jim McDougal, a partner of the Clintons in the Whitewater Development Corp., a failed Arkansas real-estate venture.

Wrongdoing Denied

Both figure prominently in a sweeping criminal investigation. The Clintons and McDougal deny any wrongdoing.

Earlier today, a defiant Deputy Treasury Secretary Roger Altman told Congress today he would not resign despite bipartisan complaints that he misled lawmakers about the Whitewater affair.

"I do not intend to do that," Altman said firmly, rejecting suggestions by Republicans that he step aside.

The White House said today it's up to Altman to restore his credibility, while the Treasury deputy secretary told skeptical legislators he didn't intentionally withhold information from them.

"Who are you trying to kid?" replied Rep. Toby Roth (R-Wis.), expressing the sentiment of many in Congress.

Altman was sworn in before the House Banking Committee's Whitewater hearing just hours after the Senate Banking Committee finished with him.

By the time he was through, Altman, one of the many "Baby Boomers" in the Clinton administration, told Congress he planned to revive himself tonight by attending a Rolling Stones' concert.

His boss, Treasury Secretary Lloyd Bentsen, testified on the other side of the Capitol, before the Senate Banking Committee. He contradicted sworn statements by Altman and his general counsel, Jean Hanson.

Bentsen said he did not recommend that Altman recuse himself from the RTC's Madison probe. At the time, Altman was the agency's acting chief.

"I sympathized with him (but) I told him it was his decision to make," the Treasury secretary said.

Unaware of Alert

Bentsen also insisted he was unaware that Hanson alerted the White House last fall of the nine "criminal referrals" that named the Clintons as possible witnesses to fraud by Madison.

"I had no knowledge of it," he said. "She's mistaken."

Bentsen said, "Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place."

"But when you boil it down, no criminal laws were broken, and the people who work at Treasury did not violate the ethical standards," he said.

Back at the House Banking Committee, Leach disagreed.

He said the day after Hanson alerted White House counsel of the criminal referrals, a review of them was ordered at the RTC's Kansas City office and apparently Hanson participated in it.

On Oct. 8, Leach said, the RTC's criminal investigations unit set aside objections concerning statute of limitations and double jeopardy, and sent the referrals to the U.S. attorney in Little Rock, along to with the objections.

The RTC had no immediate comment today. But Rep. Stephen Neal (D-N.C.), a member of the House Banking Committee, denounced Leach's charge as unsubstantiated.

"I don't see anything. Where's the evidence?" Neal said. "This is purely a partisan effort to damage the administration."

Cutler, interviewed on PBS during the televised Whitewater hearings, sought to brush off Leach charges.

Cutler quoted RTC general counsel Ellen Kulka, who testified to Congress Monday, as saying, "No one brought any pressure on us and the referrals were sent regardless of any difference of opinion that may have existed among the staff."

Altman Apologizes

Altman apologized to Senate panel yesterday, saying he didn't mean to mislead it when he testified to it Feb. 24 about what he and other Treasury aides told the White House about the probes.

During that earlier testimony, Altman said he was aware of only one "substantive" contact between White House and Treasury aides regarding those probes.

He subsequently amended his testimony to include other "incidental" contacts. He also disclosed he discussed recusing himself from one probe headed by the Resolution Trust Corp.

"People have been indicted for less," Sen. Al D'Amato (R-N.Y.), ranking Republican on the Senate Banking Committee, said today as Bentsen delivered his testimony.

Also testifying before the panel was Comptroller of the Currency Eugene Ludwig, who said President Clinton asked him last January if it would be appropriate to ask for advice on Whitewater.

Ludwig said he informed the White House the next day he believed it would be inappropriate, but a short time later he gave one piece of advice.

"Disclose everything," he said he told Margaret Williams, Mrs. Clinton's chief of staff, on Jan. 19. The next day, Attorney General Janet Reno appointed Robert Fiske, a Republican, as a special Whitewater counsel.

A month later, Altman recused himself on Feb. 25 from the RTC's investigation into the 1989 collapse of the Madison Guaranty Savings & Loan.

Fiske, in an sweeping investigation being conducted independently of Congress, is now trying to determine, among other things, if Madison funds were diverted to Whitewater or Clinton's 1984 gubernatorial campaign.

The Clintons and McDougal deny any wrongdoing.

At this point, the congressional Whitewater hearings are examining only a series of more than 40 Treasury-White House contacts between last March and February regarding investigations into the Clintons' Arkansas financial dealings.

-END-OF-AUTOBREAK(1)-

-AUTOBREAK(2)-FOLLOWS

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Essay

WILLIAM SAFIRE

The Whole Truth

WASHINGTON

Why have the Riegle hearings on the Whitewater scandal brought credit to the Senate, while the Gonzalez circus on the same matter has brought ridicule on the House?

Because the essence of the Senate hearings is not about the abuse of the banking system by the Clintons, or even about White House attempts to impede or wrongfully investigate an investigation. These hearings are not yet about Whitewater; they are about the constitutional requirement that the Congress be told the whole truth.

That's why the tenor of the Senate hearings has changed so radically. A week ago, Democratic senators were pooh-poohing the investigation as partisan poking-around. Now, Republicans are giving some of their questioning time to the other side because Democrats are acting as members of the legislative branch being deceived by the executive branch.

A generation ago, Congress and the courts came down hard on a C.I.A. chief, Richard Helms, for doing what he saw to be his duty in concealing a covert action. In the 80's, the Reagan appointee Elliott Abrams was convicted, again not for lying but for "willfully and knowingly . . . failing to answer fully and completely when asked" about material information by a Senate committee.

The latest example of incomplete testimony — subtracting a significant fraction from "the whole truth" — was not to protect national security but to help a friend, the President, avoid political embarrassment.

Treasury's Roger Altman plainly withheld a series of questionable contacts and heated discussions of refusal from probing senators this spring. Yet the Clinton-appointed counsel, Robert Fiske, and the Office of Government Ethics saw no evil.

The prospect of condoning incomplete testimony drew the checks-and-balances issue for the Senate: if Democrats allow a Democratic Administration to make a mockery of Congressional oversight today, what power would the Senate have to check any President tomorrow?

With House hearings a national joke — diehard cover-upper Henry Gonzalez awarded Altman a "Congressional Purple Heart" — senators reluctantly showed their displeasure at having been made fools of.

Altman, no ax murderer, is a political zombie. Other members of Treasury's briskly walking dead showed how a pattern of legalistic half-truth-

telling has permeated the Clinton culture.

Treasury General Counsel Jean Hanson, whose sworn testimony frequently conflicted with Altman's and Secretary Lloyd Bentsen's, was shown her own memos and written reports of phone conversations. Five times she claimed to have "no independent recollection" of the information in the documents, but did not dispute their accuracy.

That is a slippery lawyer's way of saying "I don't remember, so you can't ask me more about it." (I am looking at, though I have no independent recollection of, a cartoon by James Thurber showing a prosecutor saying to a witness "Perhaps this will refresh your memory" as a large kangaroo is brought into court.)

The clank of falsity goes to the top. For over a year the White House has been saying that Whitewater files were sent from Vincent Foster's office after his death to the Clintons' private attorney. At a much-praised

What changed the Senate mood.

press conference in April, Hillary Clinton was asked if her top aide, Margaret Williams, had removed documents from Foster's office.

"I don't think that she did remove any documents," Mrs. Clinton answered. She said, "Mr. Nussbaum distributed the files according to whom he thought should have them."

Sounds as if it went right to the family lawyer, right? But Newsweek reveals that Nussbaum let Maggie Williams take the Whitewater files; she spoke to Hillary in Arkansas and was told to lock them in a closet in the family quarters of the White House. Five days passed before they were turned over to the Clintons' lawyer, who arranged for their continued secrecy under subpoena.

Mrs. Clinton's answer was not an outright lie; only "incomplete," intended by the First Lady to mislead.

Deceiving the press with a half-truth is no crime. But willfully failing to answer fully to the Congress is a violation of 2 U.S. Code Section 192. Only a misdemeanor — but it helps preserve the American system of checks and balances. □

A Blip on the Screen

Joshua Steiner, the 28-year-old diarist who ate his words under oath, is already a blip in Whitewater, which may or may not prove a blip in the history of the Clinton Administration. Mr. Steiner, the Treasury Department's chief of staff, testified before the Senate Banking Committee on Tuesday, shed no light on anything, and promptly disappeared into the dregs of a news cycle dominated by the marathon bad hair day of the designated Whitewater fall guy, Roger Altman.

Yet Mr. Steiner's appearance, before a panel more bipartisan and less farcical than its House counterpart, marked the first time these hearings had left blood on the floor. "Painful to watch" is how Don Imus, the rare radio talker who doesn't hate the President, described the spectacle. To which other sympathetic observers might add words like excruciating, poignant, sad. Though Mr. Steiner's ordeal added nothing to the Whitewater story line, it did seem to compress into a few hours both the great promise and great disappointment of the Clinton era so far.

Coming into the hearing, Mr. Steiner, by all accounts, a smart, likable fellow whose résumé included elite schools (Andover, Yale, Oxford) and a stint high up in a New York City bureaucracy (the public library), nearly as cumbersome as Treasury. His only known sin was to write a modestly freewheeling diary — there are no salacious "good parts" — that was subpoenaed for its revelations about what Mr. Altman and Bill Clinton might have known about the Resolution Trust Corporation's investiga-

A Clinton aide disowns himself.

tion of Whitewater and when they might have known it.

Even if the most embarrassing Whitewater entries in Mr. Steiner's diary are true, they hardly inflict any new damage on Mr. Altman, who has already shot himself in both feet and every other appendage. The supposedly incriminating entry dealing with Mr. Clinton's fury at Mr. Altman's recusal is on its face speculatively secondhand. Nonetheless, Mr. Steiner disowned his diary repeatedly, as if its benign anecdotes were a confession of high crimes — and as he did, so he seemed to disown himself.

There were two contradictory Joshua Steiners testifying at once. The Steiner in the diaries — whose entries were displayed poster-size — was human and exuberant, speaking of fateful meetings and lessons learned about the importance of doing "the right thing." But in answering questions from the committee, Mr. Steiner spoke in another voice entirely — not human, not spontaneous and not credible.

He reshuffled the same phrases for his inquisitors over and over, no matter what the question. So often did he reiterate his hedge that his diary was not "intended to be a precise narrative" that he prefaced one replay by saying "I'm sure you're getting tired of hearing it." Long before rabid Re-

publican partisans like Alfonse D'Amato and Lauch Faircloth badgered Mr. Steiner for being overrehearsed and unable to "reprogram" himself to give direct answers, even a supportive Democrat, John Kerry, was gently chiding the young man for distancing himself from his "very refreshing, very honest" diary.

To what end did Mr. Steiner sell out his own authentic self for a phony committee-room persona no doubt cobbled together by a drill team of lawyers and White House spin artists? Presumably he was trying to help save Mr. Altman's job. But at what price? As more than one senator noted, the Steiner in the diaries had a much better shot at leaving the room with his reputation intact than did the Steiner who stuck to a mechanical, laborious script in which ducking questions rather than answering them was the priority.

"You're the kind of person we need involved in public service," said Mr. Kerry, rightly, in the process of praising the Joshua Steiner of the diaries. And he might have been speaking of many who arrived in Washington last year sharing Mr. Steiner's youth, brains and high ideals. But on Tuesday, in what might be a Clinton Administration version of "Invasion of the Body Snatchers," that kind of public servant was nowhere to be found at the witness table. Sitting in his place was an obfuscating politician, also increasingly redolent of the Clinton Administration, who in the morning looked like a victim of Congressional child abuse but by afternoon seemed old and cynical enough to fit right into the club. □

THE NEW YORK TIMES, THURSDAY, AUGUST 4, 1994

Right and Wrong on Trade

This was the week for the Clinton Administration to play tough on trade. It threatened to retaliate unless Japan reversed government procurement policies that discriminate against exports of U.S. telecommunications and medical equipment. And it bludgeoned Canada into agreeing to reduce wheat exports to the U.S. for a year while a commission reviews an ongoing dispute about such exports.

The fighting stance toward Japan is justified, though the Administration threatens to carry it to excess. The decision to shut out Canadian wheat, by contrast, amounts to an assault on U.S. consumers — the price of Mr. Clinton's promise to bail out Midwestern farmers whose support he desperately needed in Congress to pass the North American Free Trade Agreement.

Government purchasers in Japan blatantly discriminate against U.S. equipment manufacturers — perhaps because Japanese companies bribe local officials. Whatever the cause, the solution is for government procurers to adopt open bidding and contract procedures that would expose underhanded deals. So far, the Japanese have refused to do so — which justifies the Administration's threats.

Yet even if the Japanese were to concede on procedural issues, the dispute would not end because Mr. Clinton is fixated on getting the Japanese to swallow numerical targets to measure compliance. For example, he wants Japan's Government to increase purchases from U.S. equipment manu-

facturers by a substantial amount over the next several years. The Japanese are dead set against numerical targets, which they label managed trade that violates free-trade principles.

But their resistance is misplaced; government purchases are not controlled by market forces. What the Japanese probably fear, no doubt correctly, is that if they feed Mr. Clinton's appetite for numerical targets for government purchases, he will extend the idea to areas where it ought not to apply — to private markets like auto parts. The important point for Mr. Clinton to absorb is that the meager economic gains to be had by winning numerical targets are not worth risking a trade war.

There is considerably less merit to keeping out Canadian wheat. U.S. imports are high because of misguided policies that keep land out of production and subsidize the sale of U.S. wheat production abroad. Canadian wheat fills the void. By keeping Canadian wheat out, Mr. Clinton would drive up consumer prices of commodities like pasta.

The best outcome would be for the Canadian wheat deal to last only the one obligatory year and for Mr. Clinton to impose sanctions on Japan only to win more open procurement procedures. But there is little reason to expect the best. In trade disputes, as well as in its legislation to institute the Uruguay Round international trade agreement, the Administration has been all too willing to buy off powerful domestic manufacturers.

A man Retains Clinton's 'Confidence'

But Riegle Says Senators Are Troubled by Whitewater Testimony

By Susan Schmidt
and Ruth Marcus
Washington Post Staff Writers

President Clinton said last night that Deputy Treasury Secretary Roger C. Altman, the focus of congressional criticism in the Whitewater hearings, had done a "superb job" as the No. 2 official at the Treasury Department and retained his "confidence."

But responding to a question at his news conference, Clinton avoided directly answering whether Altman should resign. He said only that he did not "countenance anybody being less than forthright with the Congress" but that after a marathon 16 hours of congressional testimony, Altman "has now answered all the questions that the Senate could possibly have about an incident that involved no violation of the law and no violation of ethics."

Earlier in the day, however, in hearings at the Senate Banking, Housing and Urban Affairs Committee, Chairman Donald W. Riegle Jr. (D-Mich.) signaled that Altman's survival is by no means assured, saying that "every member" of his panel found Altman's testimony before the committee in February "troubling to one degree or another."

"I frankly don't think that there was an acceptable excuse" for Altman's inaccurate testimony, he told Treasury Secretary Lloyd Bentsen.

Administration officials have said the White House essentially is waiting out the hearings to see if Altman can survive. One critical test will be whether senior administration officials conclude that Altman has so lost the trust and support of a critical committee overseeing his department that he no longer can operate effectively.

Yesterday, Sen. Richard C. Shelby (Ala.) became the first Democrat to join Republicans in calling

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for Altman's resignation. But Altman repeated that he has no intention of resigning.

In his testimony Feb. 24, Altman minimized the extent of contacts between the White House and the Treasury Department about the government's investigation of Madison Guaranty Savings & Loan, the failed Arkansas thrift owned by the Clintons' business partner in the Whitewater real estate development venture. Altman also failed to mention his discussions with the White House about whether he should remove himself from overseeing the Madison case.

Last night Clinton for the first time also acknowledged that he was "upset" to learn that Altman had removed himself from overseeing the Madison case. Clinton said he had "no problem" with Altman's decision to step aside but that "the only thing that upset me was I did not want to see him stampeded into it."

Clinton's statements lent some support to diary entries by Joshua L. Steiner, Bentsen's chief of staff. Steiner wrote that White House deputy chief of staff Harold Ickes and senior adviser George Stephanopoulos called Altman to say that Clinton was "furious" that Altman had informed the New York Times editor-in-chief of his recusal decision before telling the White House. Ickes testified last week that he had no recollection of relaying that news to the president until later.

Asked if the three senior Treasury officials who have come under fire—Altman, Steiner and general counsel Jean E. Hanson—could continue to work together effectively after repeatedly contradicting each other in their congressional testimony, Clinton said that was a matter for Bentsen. "The management questions are things that he will have to resolve," he said.

Clinton's comments were made during a day that was the Washington equivalent of a three-ring circus, with the president appearing on prime-time television even as a string of White House aides continued their congressional testimony.

After a marathon appearance before the Senate panel that stretched until 2 a.m. yesterday, Altman was back in the witness chair at 9:30 a.m. to defend himself during six more hours of testimony before the House Banking, Finance and Urban Affairs Committee.

In the afternoon, Rep. Jim Leach (R-Iowa) raised a new charge in the congressional probe of Whitewater, suggesting there were unusual efforts to block criminal referrals in the Whitewater case from being forwarded to the Justice Department.

After the White House was alerted to the fact that the Resolution Trust Corp. was about to send to the Justice Department criminal referrals that mentioned the Clintons as possible witnesses, Leach said Treasury Department officials, including Hanson, were aware of efforts made to delay the referrals. The White House and its defenders repeatedly have stressed that there was no interference in the criminal probe.

Testifying on the Senate side, Bentsen was treated gingerly by most senators, but Riegle lectured him about the need for Treasury officials to be candid in future congressional testimony. "That's a problem we can't have again from anybody in the Treasury Department," Riegle told Bentsen.

Riegle also had tough words for Bentsen's chief of staff, Steiner. He said Steiner's evasive answers in his appearance before the panel Tuesday were a repeat of Altman's February performance, offering "less than a full, direct, blunt, candid answer."

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Under repeated questioning from Sen. Paul S. Sarbanes (D-Md.) on the point, Riegle said, Steiner's "answer turned in effect from a yes to a no.... It completely changed the answer that was being given."

Riegle also criticized the White House for conveying the impression to Altman that he should not recuse himself from the Madison case. He said there was a "cause and effect" between Altman's Feb. 2 meeting at the White House—where he raised the recusal issue—and his decision to remain on the case for several weeks. Altman "ran into something in that meeting and within 24 hours he changed his view," Riegle said. "That's significant. It should not have happened."

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the intent to harm. I think there were some errors in judgment, but I haven't found anybody who calls them right all the time."

Bentsen again said he was unaware of a series of exchanges between White House and high-ranking Treasury officials about the Madison case. Even the White House's concern over Altman's congressional testimony did not "get to me," Bentsen said.

Bentsen did not attempt to resolve a conflict between Altman and Treasury general counsel Hanson over who decided to alert the White House that the RTC had asked for a criminal investigation of Madison. The RTC named the Clintons as possible witnesses in the Madison case and its investigators had raised concerns about Madison funds being diverted into Clinton's 1984 gubernatorial campaign.

But like Altman, Bentsen seemed to distance himself from Hanson. Last February, Hanson sat behind Altman as he told the Senate committee that he had only one "substantive" contact with the White House regarding Madison and that he did not know of any discussion with the White House regarding the criminal referral.

Hanson had given the White House a "heads-up" about the referral and knew of that meeting and other contacts beyond the one that Altman revealed.

"I agree with you that if she had a different recollection of the facts, she should have stated it immediately," Bentsen said.

Bentsen said it was "possible" that Hanson decided on her own to brief the White House on the criminal referrals, as Altman contends. Hanson has insisted that she would never have told the White House counsel's office, unless Altman had "tasked" her to do so.

Yesterday, members of both the Senate and House banking committees split over who they believed, Altman or Hanson. Sen. John F. Kerry (D-Mass.) told Bentsen, "It is hard for me to imagine that ... she would just take it upon herself to go the White House."

On the other hand, Sen. Barbara Boxer (D-Calif.) sided with Altman. In trying to decide "who's shading the truth, who was incompetent," Boxer said she questioned Hanson's explanation of why she did not do more to correct Altman's testimony.

"She could not get the transcript," Boxer told Bentsen. "Isn't it hard for

you to believe?"

Later, White House associate counsel Neil Eggleston offered a sharper picture than before of one of the motivations behind then-White House counsel Bernard Nussbaum's view that Altman should not recuse himself from the Madison case: his experience as a lawyer in private practice with RTC general counsel Ellen Kulka when he was representing a New York law firm in litigation with the government.

If Altman had recused himself, the handling of the case would have been left to Kulka and another senior RTC official.

"He had a personal problem with Kulka," Eggleston said. "He thought she was unreasonably tough. She was his opponent in a very bitter litigation. It was personal."

Eggleston, who attended Altman's February testimony, said he considered the Treasury official's omission of the recusal discussion so significant that he immediately left the hearing room to call the White House on his cellular telephone. "I didn't think it likely that he had forgotten," Eggleston said.

During the House hearings, Leach said there were highly unusual efforts by RTC lawyers to scuttle the criminal referrals around the time Hanson told the White House they were being prepared.

Leach said that it is hard to tell if efforts to block the referrals were orchestrated from above, but said Hanson and top agency lawyers were aware of those efforts.

Hanson said she does not "recall" the events.

On Sept. 30, the day after Hanson notified Nussbaum that criminal referrals naming the Clintons were soon to be sent to the Justice Department, agency lawyers decided to begin an "unprecedented" review of them, Leach said. Normally, at that time the RTC lawyers would not have any involvement in criminal referrals; they would be sent directly by RTC investigators to the Justice Department.

RTC lawyers delayed transmittal of the referrals to the Justice Department for a week and developed a legal analysis objecting to the investigator's recommendations. The lawyers raised questions about stat-

ute of limitations and double jeopardy for former Madison Guaranty S&L owner James B. McDougal, issues special counsel Robert B. Fiske Jr. apparently has decided do not present problems in his investigation.

"A major effort was undertaken to debunk the criminal referrals," said Leach. Leach presented a cover sheet document showing that when the referrals were finally sent to the Justice Department, RTC lawyers attached an "objecting legal analysis."

Hanson appears to have been consulted on the development of the legal analysis on Oct. 4, according to a deposition given by Glion Curtis, acting general counsel of the RTC at that time.

RTC legal and investigative officials are scheduled to testify Friday.

Staff writers Sharon LaFraniere and Howard Schneider and staff researcher Lucy Shackelford contributed to this report.

President Tunes Out Whitewater-TV

White House Staff Insists Clinton Has Other Issues 'to Fret About'

By Ruth Marcus
Washington Post Staff Writer

What Whitewater hearings?

That is the determined position the White House is taking as it endures the second week of senior administration officials, including much of its own top hierarchy, being grilled by the House and Senate banking committees.

President Clinton, officials are at pains to say, is not watching the hearings, or even being briefed daily by his counsel, Lloyd N. Cutler, about what has transpired each day. "He's got many other things to fret about," one senior official said. "He may catch a bit of it on the TV news."

Likewise, White House Chief of Staff Leon E. Panetta "has seen maybe five minutes" of the hearings, said Panetta spokesman Barry Toiv. "At the end of the day, he flips it on and says, 'What's going on?' and then goes to do something else."

If Clinton and Panetta are not watching, they may be the only ones at the White House who have not spent at least some time glued to the sight of their colleagues live on television. Last week, when 10 White House officials went before the House Banking, Finance and Urban Affairs Committee, White House aides throughout the West Wing and the Old Executive Office Building reached for their remote controls.

Senior aide George Stephanopoulos, one of the House witnesses, inadvertently spilled the beans when he spoke into an open microphone at the end of a break in the testimony. "Dee Dee says it looks good," he said, giving his colleagues a quick assessment from press secretary Dee Dee Myers.

This has been a strange and difficult time for the Clinton White House. After months in which Whitewater receded and Whitewater questions could be brushed off by saying it was in the hands of the special counsel, the controversy has returned to the White House with a vengeance, and at a particularly unwelcome time—with the prospects for health reform uncertain and the staff already jittery over the arrival of Panetta, who has said he will make changes but has not yet announced them.

Many of its officials have spent hours in the last few weeks closeted with their lawyers or submitting to questioning in the four separate investigations—in addition to

the special counsel's—that Whitewater has spawned: The internal White House inquiry, the Treasury Department probe, and the separate investigations by the House and Senate committees.

Each morning at Panetta's senior staff meeting, Cutler offers an overview of the previous day's testimony and the lineup for the day to come. And a core group that includes Cutler, other lawyers from the counsel's office, deputy communications director David Dreyer, staff secretary John Podesta and legislative affairs aide Douglas B. Sosnik monitor the hearings—in person or over television—to keep track of what is occurring.

Some members of that group, such as Podesta or deputy counsel Joel Klein, play an odd dual role because they are also witnesses. Klein testified before the Senate committee yesterday; Podesta, who testified before the House last week, is to appear on the Senate side today. Other witnesses are taking a different approach: The less of the hearings they see, the better off they are.

The hearings, as could have been predicted, are taking place at a critical moment for health care reform in Congress. Three of the senior aides who would normally be spending hours on health care—deputy chief of staff Harold Ickes, senior adviser Stephanopoulos and Hillary Rodham Clinton's chief of staff Margaret Williams—are instead testifying before the House and Senate.

"In a perfect world, you never would have scheduled these two events simultaneously," one senior official said. But, the official said, "the silver lining" is that the "real news" about health care is helping drown out the Whitewater coverage.

"It doesn't help" to have the hearings going on, the official said, "but it isn't crippling. . . . The day that O.J. [Simpson] was on the lam you were more likely to find everybody more tuned into that than the Whitewater hearings."

Some of those summoned to testify say that compared with the tension of appearing before the grand jury, the congressional hearings are far less stomach-churning. At least now, they say, they know they have been cleared of criminal charges and, by the internal White House probe and the Office of Government Ethics, of ethical lapses.

"The worst now is bad judgment," one official said. "Nobody wants to exercise bad judgment in front of their mother on national television. On the other hand, the long-term impact of this is minimal."

GOP's Summer Stock Is a Flop

Roger Altman, the do-it-all deputy Treasury secretary who went from being fair-haired boy of the White House to front-runner for Whitewater fall guy, got a hero's welcome at the House Banking Committee the morning after his 10-hour interrogation at the Senate Banking Committee.

Poor dear, the Democrats said in various ways, patting him and thanking him for his government service, congratulating him on his endurance and sympathizing over the hazing he endured from "the other body."

Altman, a tall man with a rugged boyish face, kept insisting he can restore his credibility, which had been widely questioned even by Senate Democrats. He ran into flak from House Republicans—but not on the tenderest point, which is whose idea it was to go to the White House and tip off counsel Bernard Nussbaum about a Resolution Trust Corp. criminal referral that mentioned the Clintons as witnesses.

Treasury general counsel Jean Hanson, a savvy, sharp blonde, who did an all-nighter with senators Tuesday night, says that Altman told her to go over and brief the counsel on the matter. He says he did not. She has a memo reporting on her trip. He says he doesn't recall it, and besides it did not make it absolutely clear that she had delivered the confidential information.

What is hard to believe is that Hanson, who made it big as a corporate lawyer in New York, where the lines of authority are strictly drawn, would take it on herself to carry the bad news to Nussbaum. She had her own bad time because when Altman testified erroneously about the number of Whitewater meetings at the White House before the Senate Banking Committee on Feb. 24, she, sitting behind him, made no effort to correct him or the record.

Of the many repudiations of people and paper that went on in the hearings, none was more striking than that of Joshua Steiner, 28-year-old Treasury chief of staff, who turned on his own diary. The senators didn't know what to do about Steiner, whose tight voice proclaimed his nervousness and whose young face reminded them of their own children. Except of course for Sen. Alfonse D'Amato (R-N.Y.), who yelled at him the way he did at all the witnesses and cut off their answers. He berated the brown-eyed witness for his "feeble, lame-brained excuses."

It must have been particularly painful for Steiner to fend off compliments on

his writing. Most of the senators commended him for the excellence and vividness of his prose, his care for words. Poor Steiner had to dump all over his work. It had turned out to be radioactive for his boss, Roger Altman.

"I made no attempt to be inaccurate, but I want to be clear I was not attempting to be precise," he said, in a classic Washington mumble. So much for his teachers at Yale and at University College, Oxford.

But in his diary, Steiner recorded that Altman had been under "intense pressure" not to recuse himself in the Whitewater case, and Altman feels compelled to deny it for fear of giving credence to cover-up charges from Republicans. So Steiner, the journal-keeper, turned on his literary self.

It may not be as gripping as the sight of a young man abandoning a girl or even a dog, but this is Capitol Hill, not Broadway, and it will have to do for drama until the real thing comes along, which is not likely. If the Whitewater hearings were a series, it would have been canceled, if a show, closed, and if a horse, shot, but this is Washington, the capitol of tedium. Hearings need either a strong plot (like Watergate) or a strong cast (like Iran-contra). Now senators are saying that what they cannot stand is having been lied to by Altman. Republicans, however, show no lasting animus to Oliver North, who trampled on truth by the hour in their presence. They are all supporting him for membership in their exclusive club.

What does it all mean? For one thing, the hearings may be a preview of an exceptionally ugly and bitter election. The Democrats and Republicans on the House Banking Committee seem to hate each other with a Hutu-Tutsi intensity. Republicans who expected to strike gold have come up with a handful of innuendoes. They are recklessly condemning Robert B. Fiske Jr., the special prosecutor, who failed them by exonerating the White House staff of illegality. The Clinton aides can be faulted for yielding to panic, for overstaffing the problem and for showing a wonderful want of judgment. But that won't put you away.

Roger Altman might even survive. He showed his old-boy credentials to the Senate to some avail. Sen. Barbara Boxer (D-Calif.) suggested Jean Hanson perhaps should be replaced.

Maybe the most permanent damage will be done to grammar and manners. Members continually mix up "credible" and "credulous" and interrupt answers.

For the Record

From remarks by Lynn Davis, under-secretary of state for arms control and international security affairs, at a press conference in Washington yesterday.

Q: [According to a Congressional Research Service report] the United States is far and away the largest sales organ for conventional arms, particularly to volatile regions such as the Middle East. ... This administration has been in office now for 18 months and has been promising a conventional arms policy statement, and it still hasn't come. What's the problem?

Ms. Davis: ... [That is] a report about conventional arms transfers to the Third World. Their definition of the Third World ... is everything but the United States, Russia, Europe, Canada, Australia and New Zealand. So the Third World is all other countries out there to which these suppliers would make these kinds of transfers. ... And if you look at what precisely has been happening in terms of U.S. sales—roughly \$14.8 billion in U.S. sales [in 1993], 80 percent of those sales ... were to two countries: Saudi Arabia and Kuwait. ...

So what's happened is that U.S. sales haven't changed very much over this time, but as a proportion of the overall market, ours has now become the highest. ...

Q: Well, could I just follow up on that single point, which when you include the developed world, that track remains just about the same, but the numbers go way up, something in the order of \$30 billion if you included sales to Europe, Japan and other places.

In other words, whether you count only the Third World or you count the entire world, the United States remains number one by a long shot.

A: That's true, but ... our overall sales have not changed in terms of the overall amounts, and so the reason that we are the leading share is that the Russians have dropped out of this particular market.

Walter B. Wriston

Bashing Japan With Flawed Figures

The long-departed senator from Utah and the congressman from Oregon must be looking up or down, as the case may be, at the actions in Washington and wondering if we have learned nothing since the disastrous tariff that bears names was enacted in 1930. For one brief shining moment when Vice President Gore waved the picture of Reed Smoot and Willis Hawley at Ross Perot during the NAFTA debate, it appeared that this administration had shed from history. But all the lessons were quickly forgotten as everyone from the president to members of Congress now constantly berates and threatens Japan in an effort to reduce that country's trade surplus with us.

In a complicated world it is hard enough to make a good decision with all the facts, but it is infinitely harder when the data are bad. This administration's continuing salvos in what could be a disastrous trade war are based in part on a very bad data called the balance of trade deficit with Japan. Somehow, running a trade deficit with Japan was painted as bad for America. There are few if any facts in evidence to support this political assertion. In today's global market, the old international bookkeeping system that produced these figures is as out of date and misleading as single-entry systems would be for a mega corporation. As long as capital, both human

and money, can move toward the best return and the most hospitable climate, there is as little reason for trade figures to balance between nations as between New York and California.

The international bookkeeping system we currently use is an artifact of the past, when national companies used to export finished products across country borders. Two major events have occurred that make these numbers not only worse than useless but dangerous.

The first is that sometime in the 1980s the volume of international production exceeded the volume of trade across borders. That is to say, the quantity of goods and services produced within a country by foreign owned or directed companies was greater than that of the goods and services crossing national borders. This is the natural result of a global business strategy, and this type of production is likely to continue to increase. As long ago as 1987 the McKinsey database listed more than 1,300 American and European companies operating in Japan, their aggregate sales representing almost 11 percent of Japan's GNP. None of these sales show in the balance-of-trade figures.

The second major change in the way the world works is that today value is often added in many different countries, and our bookkeeping system

simply cannot handle this, nor was it designed to. The smart dress a woman buys in a New York store may have had a long journey. The cloth may have been woven in Korea of imported American cotton, finished in Taiwan, cut and sewed in India and given a brief stop in Italy for a "made in Italy" label.

This kind of a journey is today more the rule than the exception. The popular IBM PS2 Model 30-286 contains: a microprocessor from Malaysia; oscillators from either France or Singapore; disk controller logic array, diskette controller, ROM and videos graphics array from Japan; VLSI circuits and video digital-to-analog converter from Korea—and it's all put together in Florida. Measuring systems have simply failed to keep up with the global market and have become less and less useful for policy determinations.

Not so many years ago Hong Kong did not keep any trade figures at all. Year after year the experts from the Bank of England made the long journey to Hong Kong to see how the economy was doing and found themselves frustrated by the lack of statistics. When they looked out their hotel window they could see the bustle, and when walking on the streets could feel the vitality. But they had to return home without the modern magic potion called "trade statistics." Our so-called trade figures do not include services that employ three-quarters of Americans and are therefore so out of date as to be dangerous.

One would never know from reading the papers that Japan is our second-largest export market, that our exports have grown almost 80 percent since 1986 and that the three largest categories of goods sold to Japan are all high-tech: office machines, aircraft and personal computers.

This is not to say that there are not many impediments to trade in both of our countries that should be reduced. In a large measure it was the slowness in removing these barriers that shaped the global market. Corporations leaptfrogged the frontiers to set up local manufacturing and service companies whose products are not captured in the statistics.

To rely on the flawed trade figures in today's world to shape policy is as dangerous as if the Pentagon computed our firepower by counting the number of bows and arrows in the arsenal. The drive for freer markets must continue. To start a trade war that could destroy all that has been built would plunge us back into the bad Depression days of the Smoot-Hawley tariff.

The writer is a former chief executive officer of Citibank and Citicorp.

THE WASHINGTON POST THURSDAY, AUGUST 4, 1994

LETTERS TO THE EDITOR

'Heads-Up' History Revisionism

White House counsel Lloyd Cutler's op-ed column "A 'Heads-Up' History" [Aug. 3], attempts to defend the conduct of Treasury Department officials by comparing their actions with those of prior administrations. None of the examples provided by Mr. Cutler—from Harry Truman to George Bush—is helpful to the Clinton administration.

Mr. Cutler is correct when he writes, "The president is the heart and brain of the executive branch." But the issue is not the propriety of alerting a president to potential or present criminal investigations or prosecutions involving relatives, friends, staffers or members of congress. Rather, the question is whether it is appropriate, ethical or legal for a president (or his senior staff) to

receive a heads-up about a criminal investigation in which the president himself is mentioned as a possible beneficiary by an independent regulatory agency. Providing such a heads-up serves no presidential purpose and may lead to an abuse of office that undermines our system of justice.

Having served as Attorney General Edwin Meese's chief of staff, and as one of his attorneys during the last months of independent counsel Lawrence Walsh's tenure, I must correct Mr. Cutler's assertion that when Mr. Meese "was conducting his initial inquiry into the Iran-contra affair and learned that . . . Oliver North claimed to be acting with the authority of the president, Mr. Meese informed President Reagan and White House Chief of Staff Donald Regan well before Mr.

Meese petitioned for the appointment of a statutory independent counsel."

President Reagan asked Mr. Meese to conduct an information-gathering review of the Iranian initiative over the course of a weekend and report back to him. There was no criminal investigation at the time, and the review itself was not a criminal probe. Moreover, contrary to Mr. Cutler's statement, at no time during Mr. Meese's weekend review was he told the president knew of or authorized any diversion of funds from the Iranian initiative to support the freedom fighters in Nicaragua.

MARK R. LEVIN
Director of Legal Policy
Lambert Legal Foundation
Washington

Don't Abandon Us

Concerned Somali observers are disturbed by U.S. pressure on the United Nations to wind up its operation there by the end of this month, or the end of September at the latest. Financial considerations and the failure of antagonistic Somali factions to reconcile are some of the justifications being given for U.N. withdrawal. But while U.S. frustration with the seemingly intractable problems of Somalia is understandable, U.N. withdrawal now would be ill-advised.

In assessing the situation in Somalia, one must note the substantial progress that has been achieved in the past 18 months through the international humanitarian intervention. Large-scale famine that caused the deaths of tens of thousands has been contained so that the worst-affected regions have recovered from the effects of the civil war and enjoy a measure of peace and stability. The inhabitants of those regions have

returned to their normal occupation of tilling their lands in order to produce sufficient food for their people.

Other parts of the country also are relatively peaceful, and the Somali people are generally anxious to resume

Somalis everywhere want reconciliation.

their normal life. It's true that in the capital, Mogadishu, there are still incidents of violence and kidnappings. But there are signs of mounting pressures for peace among its inhabitants, which the warring factions ignore at their peril.

Even the partly rebellious northwest region is having second thoughts about breaking away from the rest of the

country because of serious disagreement among its various clans regarding that issue. The Somali National Movement, which proclaimed independence for the region in May 1991, has recently renounced its claims publicly, having realized over the past three years the futility of pursuing an untenable goal. The movement has made known its readiness to rejoin the political mainstream of Somalia and to participate fully in the search for a constitutional system of government that will satisfy all groups in the country. The so-called "Somaliland government" at Hargeisa is fast losing support locally for its secessionist agenda.

On matters of administration and security, far-reaching action has been undertaken with U.N. assistance. Many regional and district councils have been formed for local governance and also as

forerunners of a national council that will serve as the central authority for an interim period of two years, pending formulation of a satisfactory constitutional system. Also with U.N. assistance, a regionalized police force, judiciary and penal system have been reestablished in most regions and are being extended.

To disengage now would be to admit that the United Nations is unsuited to assisting small nations in overcoming their problems, which more often than not stem from underdevelopment. We are now witnessing in Rwanda a tragedy that, in the view of many, could have been ameliorated by the United Nations were it not for its precipitate departure from that unfortunate country some two or three months ago. Indeed, the United Nations could well be perceived by Third World countries as no more than

an instrument in the hands of the economically advanced nations, to be activated only in situations where the vital interests of the latter are at stake.

Somalis everywhere want national reconciliation and the preservation of national unity, sovereignty and territorial integrity. There can be no doubt that with a little patience on the part of the international community to stay the course, the unsatisfactory state of affairs in Somalia can be reversed.

It is to be hoped, therefore, that the United Nations will be permitted to remain in Somalia until March 1995, as originally planned, and that U.S. involvement there will not be discontinued prematurely.

The writer, a longtime Somali diplomat, was foreign minister in 1990-91.

Ahmed Mohammed Adan

Another Case of Stepping on the Message

Barbara Boxer, senator and mother, asked her colleagues to be kind to Joshua Steiner, the young Treasury Department official whose diary, it seems, lied to him. ("I wish that my diary was more truthful," he told a Senate committee.) Steiner is but 28, Boxer said, and suffers from all the maladies of youth. In other words, he is inclined to self-aggrandizement, to hormonal enthusiasms and, it seems, a cavalier manner toward the truth. If Boxer is right, then Steiner and the Clinton administration are perfectly matched.

Testifying before the Senate committee looking into the White House's handling of the Whitewater affair, Steiner effectively confessed: Either he lied to his diary or he was lying to Congress about lying to his diary. To the former, he confided that Deputy Treasury Secretary Roger C. Altman was under "intense pressure from the White House" not to recuse himself from matters concerning Whitewater. He told his diary that Altman had "gracefully ducked" questions put to him at a Feb. 24 Senate hearing. Altman disputes that account—so, incredibly, does Steiner.

Someone here is not telling the truth.

That's for sure. In fact, the rank odor of deception has wafted over the entire Whitewater affair from the start. By now, it clings to just about everyone involved, including both Bill and Hillary Clinton—even though, and this is important, no one has yet proved that a single law has been broken. In fact, when it comes to the government's handling of Whitewater, the focus of the congressional hearings, nothing has surfaced to change the Olympian judgment of White House counsel Lloyd Cutler that no laws were broken or ethical principles violated. More's the pity, then, that somehow it seems just the opposite.

The reason Steiner fits so well with the Clinton administration is that he personifies its genius for turning a molehill into a mountain. You can go all the way back to the presidential primaries for examples. Did Clinton smoke dope? How did he avoid military service in the Vietnam War era? Both these questions had simple answers. But they were oh-so-slow in coming, and by the time they did, it was too late. An impression had been formed: Slick Willie.

Somewhat the same pattern has persisted with Whitewater. From its incep-

tion—from the presidential campaign, actually—it has been duck and weave for the Clintons. Just the other day, for example, The Post reported that following Vincent Foster's suicide, his files were not immediately turned over to President Clinton's personal lawyer, as the White House maintained, but to

"Diary-fibbing is now going to take its place alongside not inhaling."

Mrs. Clinton's chief of staff. No big deal, maybe, but the revelation reinforces the perception that at the White House candor, to be candid, is bonded to political utility. If it can't help the president, what's the point?

The White House wants very much to tell the American people that Bill Clinton has been a pretty good president with a pretty good record—a pretty

reasonable assertion, as it turns out. Certainly when it comes to the twin P's of American politics, Peace and Prosperity, Clinton has done just swell—and we're deep enough into the post-Bush era for Clinton to take credit. He has cut the deficit, won the NAFTA fight and—whatever the outcome—fought the good fight on universal health care. "T ain't bad.

But focus groups show the American people are unaware of Clinton's accomplishments—and for this the White House blames the press. "We live in a world where the coverage of Whitewater outpaced coverage of health care," White House senior adviser George Stephanopoulos complained to The Post. Doubtful—but if true, the White House has only itself to blame. It wasn't the press that claimed Hillary Clinton made \$100,000 only by reading the Wall Street Journal's commodities page. The White House keeps stepping on its own message.

About two weeks ago, Altman informally laid out for me pretty much what he would say when he testified before the Senate Banking Committee.

Yes, he had revised and amended his original answer to the question of how much and to what extent he had conferred with the White House about Whitewater. But even so, no laws had been broken and no ethical rules violated. I confess to some surprise. The appearance of impropriety had, for me at least, obscured the fact that there had been no illegality. I am left, anyway, with the impression that Altman was not as candid as he could have been—and the White House knew it. Yet once again the politics of the situation overrode the obligation to be immediately forthright.

Boxer may be right about Steiner. His loopy notions about the truth may well be a function of youth. Whatever the reason, though, the fact remains that in a distinctly unflattering way he seems more a product of the Clinton administration than anything else. Diary-fibbing is now going to take its place alongside not inhaling as a way of ridiculing the Clinton administration. That may not be fair—but that's not the same as saying it's undeserved.

Richard Cohen



BY RICH LIPSON—THE WASHINGTON POST

Clockwise from top: Jagger, staying awhile; Newman & Woodward, viewing; Fonda gets her way; Altman's tough crowd.



BY BILL O'LEARY—THE WASHINGTON POST



■ This should distract from Whitewater for an hour or so: The Rolling Stones and about 20 members of the band's entourage are expected for a White House tour at 2 p.m. today. A White House spokesman says that Mick Jagger, should he actually show up, will be asked to sign some Easter eggs for next year's annual hunt. The group finished up here with a bang last night but will actually remain based in town through its next gig in Birmingham. Sources tell us that due to an accommodation mess-up, the band will just fly in and out of Alabama, and right back to D.C. After that, it's on to Indianapolis.

■ Tough-minded actress Jane Fonda has some advice for beleaguered tourists: When in trouble, try acting. "If you're ever in a situation where you're not getting served or you can't get what you need, just cry," she recommends. Fonda, who attended the Goodwill Games in Russia with her husband, Ted Turner, said she tried the crying game when an elevator operator in Moscow was too busy reading a letter to take her upstairs, and once again when she couldn't get served in a restaurant. Worked every time.

■ Sen. Alfonse D'Amato wouldn't let up on embattled Deputy Treasury Secretary Roger Altman during the Senate Whitewater hearings yesterday—long after Altman left and started testifying on the House side. Clearly alluding to Altman's distancing himself from the testimony of Treasury officials Jean Hanson and young Joshua Steiner, he quipped that Altman was like a guy on a "sinking ship, who throws the women and children overboard."

By Lois Romano

WE'VE HEARD THAT...

■ Ohio Rep. Mike Oxley's baseball season is over, following his breaking a wrist in Tuesday night's Roll Call Congressional Baseball Game. An aide said the 50-year-old Republican went by ambulance to Alexandria Hospital for surgery that ended at 1 a.m. He was released Wednesday morning.

■ They're baaaack! Joanne Woodward and Paul Newman return to Capitol Hill tonight for a congressional screening of a Center for Defense Information documentary on military acquisition of public lands.

Opponents of the land "grab" include screening sponsors Reps. Bruce Vento, Elizabeth Furse and Mike Synar and Dels. Robert Underwood of Guam and Eni Faleomavaega of American Samoa.

■ The man accused of stalking Madonna was ordered Tuesday to undergo



Madonna, attracting pests.

psychiatric testing and stand trial for allegedly trespassing on the singer's Hollywood estate. Todd Lawrence, who claims to be the pop diva's husband, was arrested July 19 and remains jailed on \$13,000 bail. A trial date has been set for Aug. 16.

■ E.L. Doctorow, who wrote about New York's first insane asylum in the best-selling "The Waterworks," is now trying to raise funds to restore the site. "The Octagon" building is in ruins; the city hopes to reopen it to the public.



BY MC BALLO



Clinton's next home away from home.

Bill's Uncommon Pond

■ The Martha's Vineyard vacation home where the Clintons will take their holiday in a couple of weeks is a restored 1800s farmhouse two miles down a dirt road on Oyster Pond in Edgartown—one of the island's loveliest locations.

The four-bedroom, cedar-shingled house belongs to Richard Friedman, owner of the Charles Hotel in Cambridge, Mass., and a Democratic Party supporter. The guest list at Friedman's traditional Labor Day cookout often includes Sen. John Kerry.

Besides the one road, the other entries to the property are by air or water, making security manageable. Also, the Friedman house is set back from the pond, while a neighboring house that sits right on the shore will be occupied by the president's staff. Together, the properties include about 20 acres. The Friedman property includes a two-bedroom guest house and some horse barns.

The houses are just across Oyster Pond from former defense secretary Robert McNamara's house, where the Clinton entourage stayed last summer.

Lisa White, whose parents own the house that the staff will stay, said she helped the president discover the property last summer when the Clintons spent time on her parents' private ocean beach.

"Our family had a cookout with him on the beach," White said. "We took Chelsea water-skiing. They are very down-to-earth."

The First Family, due to arrive Aug. 21, will also enjoy sweeping views of the Atlantic Ocean. Last summer, the president canoed on the pond and even tried his net catching some blue crabs on an expedition with Chelsea. And once again, it seems the social stakes are rising in anticipation of Bill Clinton's arrival. Last weekend at a charity auction, three men bid \$6,000 on a golf game with Washington lawyer and Clinton adviser Vernon Jordan, likely banking on a rumor that Clinton might join the group.

DOONESBURY

By G.B. Trudeau



Brando Talks... to Himself

■ The big gossip in publishing circles is about whether professional recluse Marlon Brando will actually give interviews to promote his upcoming \$5 million Random House memoir.

Carol Schneider, Random's head of publicity, says Brando is obligated to do one—and only one—TV interview. But it will not be a talking head with a network superstar. Instead, the actor and Random House are working on producing some sort of documentary, over which he has editorial control.

Brando himself told Variety's Army Archerd that he's mulling over a far whereby he'd interview hi [redacted] a split

screen device. He's even blocked out some scripts, but notes that "a lot of it will be improvised."

Whatever he does, it had better be good because he's got some competition. Also this fall, Hyperion will be coming out with an unauthorized biography on the legendary star, which is said to be critical and which will surely be highly promoted.

"There have been 15 books on Brando and not a single book with him," says Schneider. "I think people are [redacted] to hear Brando talk. It is a very honest book."



What's News—A1

Business and Finance

QVC IS EXPECTED to announce today that it has received a sweetened offer of \$46 a share from Comcast and Liberty Media and will recommend that the QVC board accept the bid from its two largest holders. Comcast and Liberty previously had offered \$44 a share, or \$1.4 billion, for the 65% of QVC they don't own.

(Article on Page A3)

Norfolk Southern is in talks to acquire Conrail, a pact that would create the second-largest railroad in the U.S. Conrail shares jumped \$2.25 to \$56.50. Norfolk Southern shares slipped a bit, falling 12.5 cents to \$63.625.

(Article on Page A3)

Trans World Airlines plans to shed up to 3,000 jobs, or 12% of its work force, and scale back its international operations in a bid to conserve cash. The cuts will include 25% of the airline's 1,200 European employees.

USAir's pilots union spelled out a plan to help the carrier by swapping pay cuts for partial employee ownership. But British Airways, a 22% holder of the company, and another USAir union criticized the plan.

(Articles on Pages A3 and A4)

Kidder Peabody ousted Melvin Mullin, its No. 3 bond-trading executive. An internal report found him partly responsible for failing to discover and report an alleged trading scam that the company says masked losses of as much as \$100 million.

(Article in Column 1)

The economy is "continuing to expand at a solid pace," although there are signs of weakness in the South and Midwest, the Federal Reserve said in its periodic regional economic report.

U.S. sales of cars and light trucks slid in July, but auto makers and dealers faulted supply shortages, not a slowing economy, for the drop.

(Articles on Page A2)

A federal probe of alleged kickbacks paid by Caremark International is nearing its conclusion. Indictments in two states are expected soon.

(Article on Page A4)

Scott Paper increased the number of jobs it plans to cut by 2,200. A total of 10,500 jobs will be eliminated by year end, as the firm speeds its cost-cutting and restructuring efforts.

(Article on Page A2)

Time Warner named Don Logan chief executive at Time Inc., its magazine and book publishing arm.

(Article on Page B1)

Bausch & Lomb will cut 1,500 jobs, or 10% of its work force, in an effort to offset losses from an inventory glut of contact lenses and sunglasses.

(Article on Page A4)

A panel of judges from the U.S. and Canada dismissed a U.S. appeal of a ruling in Canada's favor in a long-running trade dispute over lumber.

(Article on Page A2)

American Home Products shares rose in the wake of its bid for American Cyanamid, as Wall Street gave a vote of confidence to the offer.

(Article on Page A3)

Avon Products named an executive from its Latin American unit to head operations in continental Europe.

(Article on Page B2)

Markets—

Stocks: Volume 282,368,460 shares. Dow Jones industrials 3792.66, off 3.56; transportation 1612.33, up 8.51; utilities 192.00, up 1.25.

Bonds: Lehman Brothers Treasury index 5203.74, up 7.28.

Commodities: Oil \$20.10 a barrel, off 4 cents. Dow Jones futures index 153.04, off 1.64; spot index 144.70, off 1.03.

Dollar: 100.30 yen, off 0.07; 1.5750 marks, off 0.0083.

World-Wide

BENTSEN SOUGHT to distance himself from the Whitewater controversy.

The Treasury secretary, appearing before the Senate Banking Committee, was largely successful in his efforts to rise above the controversy over the propriety of discussions between White House and Treasury aides about the Arkansas thrift at the heart of the Whitewater affair. But he was lectured by senators who complained that Deputy Treasury Secretary Altman wasn't forthcoming with them. (Article on Page A4)

Clinton said last night that he and Bentsen have confidence in Altman, "and I think he has now answered all the questions that the Senate could possibly have" about the matter.

Clinton criticized Senate Republicans for abandoning the goal of universal health coverage and failing to work with him to devise a comprehensive bill. However, he said he was willing to accept legislation like that proposed by Senate Majority Leader Mitchell, which targets coverage for only 95% of Americans. (Article on Page A2)

Mitchell said that the health-care proposal he outlined earlier this week "represents what is best for the country," adding that it has "some reasonable chance of being enacted." (Article on Page A14)

Bosnian Serb leaders denounced an international peace plan in their harshest terms yet, defying the Serbian government, which has threatened to cut off all aid. A Bosnian Serb assembly voted unanimously to put the plan before Bosnia's Serbs in an Aug. 27-28 referendum.

Israel's Parliament endorsed a landmark friendship pact with Jordan, and tractor crews from both nations demolished part of the fence that had divided the countries for decades. In a move symbolic of growing Israeli-Jordanian cooperation, King Hussein made an unprecedented flight over Israel on his way home from Europe.

An Amtrak train derailed in northern New York, sending nine of its 16 passenger cars down a 20-foot embankment. About 110 people were injured, at least five seriously. The Lake Shore Limited was traveling from New York City to Chicago with 340 passengers and 20 crew members. The cause of the derailment was under investigation.

A feminist writer emerged from hiding in Bangladesh, where she will stand trial on charges of insulting Islam, a crime punishable by up to two years in prison. Taslima Nasrin told a Dhaka court she went into hiding two months ago because she feared for her life. Muslim fundamentalists have demanded her execution.

Aid workers in Zaire complained that thousands of former soldiers from the defeated Rwandan army have been stealing food, medicine and other supplies intended for their fellow Hutu refugees.

The Clinton administration released its first broad statement on national science policy, calling on scientists to link their work more closely to the health and competitiveness of the nation. (Article on Page B6)

Civil penalties of \$162,225 were imposed against 26 foreign campaign contributors for making illegal donations in Hawaiian state and local races. The Federal Election Commission said the fines were part of a broader crackdown on violations of election laws. (Article on Page B12)

Italy's political tensions eased in advance of Parliament's August recess, and the lira recovered slightly. Financial analysts believe Prime Minister Berlusconi is likely to survive through the rest of this month, though further problems may develop in September. (Article on Page A8)

Police in Lagos fired on peaceful protesters and battled violent youths as Nigeria's biggest labor group joined a strike aimed at ousting the military junta. At least five people were killed.

A presidential candidate named a new running mate in Brazil after his first choice quit in the wake of influence-peddling charges. Candidate Cardoso took the step a month after his chief rival in the race, da Silva, replaced his own running mate amid a corruption scandal. (Article on Page A8)

Political violence in Taiwan has mounted on the eve of talks between Taipei and Beijing. Opposition groups are protesting the visit of Chinese officials to Taiwan as well as a crackdown on pirate radio stations. (Article on Page A8)

Bentsen Testifies That He Steered Clear Of Whitewater, Doesn't Defend Aides

By ELLEN JOAN POLLOCK
And JACKIE CALMES

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — Treasury Secretary Lloyd Bentsen distanced himself from the controversy that has ensnared his top aides, while his deputy, Roger Altman, looked increasingly vulnerable.

Mr. Bentsen was largely successful in his efforts to rise above the controversy over the propriety of discussions between White House and Treasury aides about the Arkansas thrift at the heart of the Whitewater affair. But he was lectured sternly by several senators who complained that Deputy Treasury Secretary Altman wasn't forthright with the Senate Banking Committee in February and again in 10 hours of testimony that began Tuesday.

Later in the day, White House aides told the senators that Mr. Altman's incomplete Feb. 24 testimony on the number and content of the White House-Treasury contacts had set off alarms at the White House. Mr. Altman couldn't even get full support from his boss; Mr. Bentsen joined the parade of witnesses who disputed Mr. Altman's version of events last winter.

Clinton Expresses Confidence

At a news conference last night, President Clinton said, "The secretary of treasury has confidence in [Mr. Altman], and so do I, and I think he has now answered all the questions that the Senate could possibly have about an incident that involved no violation of the law and no violation of ethics."

But earlier in the day, some lawmakers had called for Mr. Altman's resignation. Alabama Sen. Richard Shelby, a conservative who's often broken with his party, became the first Democrat to do so. When Rep. Rod Grams (R., Minn.) told Mr. Altman to resign at House Banking Committee hearings yesterday, Mr. Altman retorted, "I said earlier I don't intend to do that."

At a minimum, however, Democrats suggest privately that the Whitewater cloud has cost Mr. Altman a future promotion, which had been widely expected, to succeed Mr. Bentsen someday.

Mr. Bentsen emerged almost unscathed from his session yesterday with the Banking Committee. The former senator was welcomed like visiting royalty, with Sen. Patty Murray (D., Wash.) even asking him, "Why are you here?" and Sen. Orrin Hatch (R., Utah) praising his "wisdom" and "candor."

Mr. Bentsen told the Senate committee that as chairman of the Oversight Board of the Resolution Trust Corp., he was legally precluded from involving himself in investigations of savings and loans. The RTC has been conducting an investigation of Madison.

"I have turned the Treasury Department upside down," Mr. Bentsen said. "I have turned my memory inside out. We went through thousands and thousands of documents and I can't find one written briefing to me on these White House meetings. Not one." He said he didn't learn the extent of the discussions until March 3.

Mr. Bentsen wasn't let off the hook entirely, however. Sen. Alfonse D'Amato (R., N.Y.) told Mr. Bentsen that he had "an obligation to give [Mr. Altman] counsel to step aside" and remove himself from the Madison case. Mr. Altman, a friend of the Clintons, was acting head of the RTC and eventually recused himself from the case in late February. The Clintons had been mentioned as potential witnesses in a criminal referral involving Madison.

Mr. Bentsen said he told Mr. Altman that he sympathized with his position.

recuse himself was personal. He told Mr. D'Amato that he was trying to avoid involvement in the Madison case. Mr. Altman had testified that Mr. Bentsen had advised him to remove himself, and his recollection was backed yesterday at House Banking Committee hearings by Treasury General Counsel Jean Hanson.

Other testimony yesterday painted a picture of near-panic as members of the White House staff realized Mr. Altman had given incomplete testimony Feb. 24. Mr. Altman said he had only one substantive meeting with White House officials involving Madison, and that statute-of-limitation issues were discussed at that time. He failed to mention other meetings between Treasury Department and White House officials and that his recusal had been debated at the White House. Some witnesses have said that former White House Counsel Bernard Nussbaum pressured Mr. Altman not to recuse himself.

White House lawyer Neil Eggleston, who attended the Feb. 24 hearing, told the Banking Committee that almost immediately, "I went out in the hallway, I had a cellular phone, and I called back to the White House to say that I was concerned."

A series of discussions ensued as White House aides talked about how to handle the problem. Deputy White House Counsel Joel Klein testified that White House Staff Secretary John Podesta called Mr. Altman on March 1 and, among other things, reminded him that recusal had been discussed. But when Mr. Altman wrote to the committee the next day to amend his testimony, he didn't mention that point. "I was concerned and frankly puzzled why he didn't say that in his letter," Mr. Klein said.

Senate Banking Committee members are still fuming about that incomplete testimony and conflicting accounts given by Mr. Altman, Ms. Hanson, and Mr. Bentsen's chief of staff, Joshua Steiner.

D'Amato Is Outraged

Sen. D'Amato accused Mr. Altman of taking the tack that, "It's always somebody else's fault. It's always somebody else who's changed the facts." And he likened Mr. Altman to a man on a sinking ship who "throws the women and children over. I think he did that with Ms. Hanson and Mr. Steiner."

At the House hearing later in the day, Ms. Hanson said she understands why Mr. Altman "would want to blame everything on me. But I won't return the favor."

Separately, Rep. Jim Leach of Iowa, the top Republican on the House committee, pointed to new evidence suggesting that administration officials tried to block criminal referrals of the Madison case. Administration witnesses have insisted that, however misguided some contacts were, they didn't compromise the civil or criminal cases involving Madison or the Clinton's Whitewater real estate investment.

Citing some documents and his own conversations with RTC investigators in Kansas City, Mo., Rep. Leach said the RTC in Washington drafted an "unprecedented" legal critique of the Kansas City office's criminal referrals in October. Ms. Hanson, he added, was consulted. The report was sent to the Justice Department, which has transferred the referrals to Whitewater Special Counsel Robert Fiske.

Ms. Hanson said she doesn't recall the legal critique, and was shown it only in recent weeks as part of an investigation by the Treasury Department's inspector general. Rep. Steve Neal (D., N.C.) vehemently objected to Mr. Leach's charges. "I'd like to see the evidence for that," he

'A little peephole' into White House

Hearings do fair share of damage

By Judy Keen
USA TODAY

Sen. Christopher Dodd got only six phone calls from his Connecticut constituents Tuesday about Congress' interminable Whitewater hearings.

"And four of them were saying, 'Why are you doing this?'" he says. "I don't know how much this is resonating."

But even Dodd, a Democrat and President Clinton's chief defender on the Senate banking committee, admits the hearings are bruising Clinton.

"The minute the gavel comes down and the hearings commence, there's a certain amount of damage," Dodd says. "Congressional hearings are not convened to tell the American people how wonderful someone's doing."

Although the actions of their aides are being lambasted, no one in House or Senate hearings has accused the president or Hillary Rodham Clinton of doing anything wrong.

So far, previously little-known Treasury Department officials Roger Altman, Joshua Steiner and Jean Hanson have been the targets of most of the rhetorical skewering — and even they have been cleared of criminal wrongdoing.

The details of the hearings — recusals, redactions, referrals — must sound like the tedious drone of bureaucracy to people who haven't taken time out of their summers to bone up on Whitewater minutiae.

Still, the hearings are all over TV and plastered across front pages. CNN's hearings coverage ratings are up 29%.

Only vague impressions — "background noise," White House chief of staff Leon Panetta called it Wednesday — may be registering with people, but that's probably not good news for Clinton.

"It's producing what could be called inundation by innuendo," says Michael Young, a Penn State political scientist. "The charges keep coming."

What sinks in "is backdrop," he says, "but the backdrop is that Clinton is on the grill."

That's the last thing Clinton needs. There's not a deep reservoir of trust for him anyway. The latest USA TODAY/CNN/Gallup Poll, taken two weeks ago, showed Clinton's honesty and trustworthy rating at 39%.

"Nobody in Des Moines could tell you what these hearings are all about," says Michael Uhlmann of the Ethics and Public Policy Center.

"But on another level they know: It's about whether the president can be trusted. People who have nothing to hide don't behave this way."

Clinton supporters say that's why Republicans fought so hard for these hearings. "It works: Last week was a breakthrough week for the crime bill," says Paul Begala, a Clinton political adviser. "All three networks combined devoted seven minutes to crime and 22 minutes to Whitewater."

Clinton's prime-time press conference Wednesday was, in part, a bid to steer attention back to his agenda.

Inside the White House and among many Democrats, there's hope that the Republicans' handling of the hearings and avid questioning will backfire, making them look petty.

"The danger for the Republicans is that their desire to distract attention from the main issues will be all too apparent to the public," says Democratic pollster Geoffrey Garin.

Begala says payback will come on Election Day. "If Republicans want to go to the American people and say, 'We're the Whitewater party,' let them," he says. "Democrats should go to the people and say, 'We're the health-care people.' We'll see who wins."

Plenty of Democrats have been hitting Clinton aides hard, too. But that's a low-risk political strategy because of the president's unpopularity.

Clinton aides acknowledge privately they're watching the hearings with the kind of tension people feel while watching a traffic wreck unfold.

There's a sense that whatever damage is going to be done, it's best if it happens quickly. The next steps — possible exits of permanently stained aides, new ethics rules, a change of subject — are in the works.

But no one in the administration is happy that their private behavior and errors have been displayed so publicly.

"Whatever happens here, it has given the nation a little peephole into the Clinton administration and I think what they're seeing is not a picture they're going to like," says Sen. Phil Gramm, R-Texas.

Senate kid-gloves Bentsen, but contradictions emerge

By Dennis Cauchon
and Margaret Litvin
USA TODAY

Treasury Secretary Lloyd Bentsen walked with dignity and ease through his testimony on Whitewater Wednesday.

But his three top aides struggled through another day of testimony, sniping at each other publicly and listening to calls that they be fired.

The two story lines played on nearby stages as both the Senate and the House held Whitewater hearings.

The hearings focused on whether the three Treasury officials lied to Congress when describing how much contact they had with the White House over Whitewater.

Bentsen, a senator for 22 years, faced plentiful praise and gentle questions from his former colleagues.

"Your life has been an example of public service we can trust," said Sen. Pete Domenici, R-N.M., a harsh critic of Bentsen's aides.

Some of Bentsen's explanation of his involvement in Whitewater is contradicted by witnesses and documents.

Most significant: Bentsen says he didn't know that his top aide, Roger Altman, planned to step aside from the probe of Madison Guaranty Savings & Loan, owned by President Clinton's partner in the Whitewater land deal. Altman changed his mind after talking to the White House on Feb. 2.

But Treasury general counsel Jean Hanson and Altman say Bentsen was told of Altman's plan to step aside on Feb. 1 and of his change of heart on Feb. 3. Bentsen disagreed with their accounts of the first meeting and says he doesn't remember the second.

The senators didn't push Bentsen. Instead, they continued to attack his aides.

Altman ended 10 hours before the Senate banking committee at 2:05 a.m. Wednesday.

At 9:30 a.m. Wednesday, he began 5½ hours before the House banking committee.

On the witness table, Altman taped a photo of his three children and an index card that said: "slow and calm." Wednesday night he went to a Rolling Stones concert.

Senate Democrats and Republicans say Altman lied on Feb. 24 when he said he had only one substantive contact with the White House on Whitewater. In fact, 40 contacts have been discovered.

Altman said he may have misunderstood the questions. "The answers I gave were true. T-R-U-E," Altman said.

Altman's story contradicts testimony of both Hanson and Joshua Steiner, 28, Treasury's chief of staff.



USA TODAY
BENTSEN: Testifies to former colleagues

Republicans accused Altman of trying to blame others. "He's standing on a sinking ship and throwing the women and children overboard," said Sen. Alfonse D'Amato, R-N.Y.

D'Amato joined other Republicans in saying all three should be fired.

Several Democrats said they had lost confidence in the trio but did not call for their resignations.

At the House hearing, Hanson jabbed subtly at Altman: "I understand why he'd want to blame me for things, but I won't return the favor."

Both Bentsen and Clinton said they have confidence in Altman but neither said whether he would keep his job. Said Clinton: "Management questions are things (Bentsen) will have to resolve."

Altman was acting head of the Resolution Trust Corp. when the contacts with the White House were made. The RTC is investigating the failure of Madison S&L.

A key point in the hearings is whether former White House counsel Bernard Nussbaum pressured Altman to stay involved in the Madison S&L investigation.

Pan Am 103: Don't ease the pressure on Libya

Bombing suspects must be brought to trial; reject calls for easing sanctions.

Libya's team of hired mouthpieces is arguing again this week that the economic sanctions now under review by the U.N. Security Council should be lifted. Let's remember why they should not:

Four days before Christmas 1988, a bomb blew apart Pan Am flight 103, robbing 270 people — mostly British and American — of their lives. Investigators long ago identified, and courts have indicted, two Libyan intelligence operatives as the principal suspects. But they have been shielded from trial by Libyan dictator Moammar Gadhafi.

In 1992, the Security Council imposed limited sanctions against Libya, demanding that it cease supporting terrorism, deliver the suspects to a British or U.S. court for trial and compensate the victims' families. Gadhafi has refused to comply.

Gadhafi claims his only concern is that the suspects get a fair trial. Any interest on his part in due process under law should



By **Madeleine K. Albright**, U.S. ambassador to the United Nations

Libya's goal is to buy time, confuse the issue, shift blame and hope the resolve of the Security Council will weaken as memories of Pan Am 103 fade.

The U.S. government is determined that the truth be legally established and that justice be done. New sanctions were imposed last year freezing certain Libyan financial assets abroad, tightening the civil aviation embargo and limiting sales of oil refining and transportation equipment.

At home, we have enforced these sanctions with vigor; the Treasury has frozen almost \$1 billion of Libyan assets. We have

worked assiduously to get others to do the same. For example, a major international bank, the Arab Banking Corp., replaced its Libyan chief executive and froze all Libyan shares and deposits. We have not, however, been completely satisfied with enforcement abroad and are seeking stronger support from our allies in Europe.

If Gadhafi is able to outlast the Security Council, the credibility of that institution will be seriously eroded. If he is able to establish what amounts to a statute of limitations on terrorist mass murder, all international travelers will be endangered. If he is able to evade justice through a shell game of empty offers and false gestures, others will be tempted to follow the same path.

Some suggest that Libya's policies have moderated. We do not deny the possibility for change there, even under the current leadership. But Gadhafi has continued to call publicly for acts of terrorism and violence, including against Libyan dissidents.

Justice delayed is justice denied, and that is Libya's hope. Our responsibility is to frustrate that hope and to demand, demand and demand again that the murderers of that grim Christmas six years past are held accountable for their crime.

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All the news that's fit to spin

Media's zeal to put a political twist on all coverage of government ill serves the public.

LOS ANGELES — The editor's note in Saturday's *New York Times* was a doozy, a classic example of how politics colors everything in Washington, even the facts.

In a front-page story Friday on the crime bill, the *Times* reported that the president was "anxious" to sign the bill "which represents one of the few major promises he made as a candidate in 1992 that he has been able to turn into law."

On Saturday, on the bottom of Page 2, just below the correction of the surname of a Harvard law professor and the misidentification of an executive as Michael, not Mark, the *Times* admits that its characterization of the president's record was "overly broad."

It goes on to acknowledge that "a number of initiatives have been passed" and lists "some of the most important" — deficit reduction, the North American Free Trade Agreement, abortion counseling, the Brady bill and national service.

This is a little more serious than getting a law professor's name wrong.

In politics, when you're up, you can do no wrong, and when you're down, you can do nothing right. The politics of the moment is the lens through which everything is analyzed and presented.

It's easy to get good press when you're doing well because every story is about what a genius you are. Even bad bumps can get cushioned when the press likes you. They bought Bill Clinton as the "Comeback Kid" in New Hampshire. The press liked him then.

But when you're down, every minor misstep is "another setback" for an embattled administration. More bad news, it's called. Just ask George Bush during the last year of his term, when nothing went right anymore. Better yet, ask Dan Quayle about potatoes.

What's worse, even a victory when you're down can get played as part of a pattern of failure. Even if the facts get in the way. Even if, whatever the problem, it's not your legislative record.

That's the sin of the *Times*, one of America's best papers. In this case, it's bad enough to give victory the smell of defeat. It's even worse to rewrite the facts to do it.

A shot at the president has become such an accepted part of any story — even a story about an administration

victory — that no one even noticed that this time, they got the shot wrong. That's why they had to apologize.

Two things determine whether you're up or down:

First, and foremost, poll numbers. Poll numbers aren't just their own story, they are in every story. They are the story line, constantly measured, enforcing short-term vision.

The second is what the elite press and the establishment think of you: whether they think you're better or worse than your numbers.

President Clinton's numbers are so-so — about where they've been for much of his presidency. The turn against him by the chattering classes has been much documented. The result is stories like the one in *The New York Times*.

The press is entitled to its opinion about the administration; we all are. But we don't need to hear ours, much less theirs, in every story we read. Opinions belong in the columns, on pages like this, or on the talk shows, not on Page One or on the evening TV news.

The truth is that most Americans don't really care very much what the press thinks of the president. Most Americans don't think much of the press. And they'd rather, rightly, make their own judgments about their president.

When you read a Page One story, you're looking to find out what happened. Total objectivity is no doubt a fiction; context is inevitable; but some self-control is essential.

This is not about the press's right to know, or to investigate. This is about its right to warp the facts and color the news to reflect the prevailing political view.

At the very least, buyer beware. Editor's Notes like last Saturday's should remind everyone that just because it's in black and white doesn't mean it's so, and that coverage of the president owes as much to how he's doing as to what he's doing.

If Congress passes health-care reform, the crime bill may well be seen as the first step in the president's most recent rehabilitation. Hindsight can readjust the spin. But winning on health care is more difficult if winning on crime is made to count for less. How you're doing determines what you can do. Images gel. Opinions can become facts. Political coverage can easily be a self-fulfilling prophecy; it can even make lies come true.

COUNTERPOINTS' four columnists provide views from diverse perspectives on today's issues. Mondays: Tony Snow. Tuesdays: Michael Gartner. Wednesdays: Linda Chavez. Thursdays: Susan Estrich.



CLINTON: Have media been unfairly piling on?



COUNTERPOINTS
By Susan Estrich

Altman Won't Resign; Ben Ad its 'Errors in Judgment' (Washn) By Sara Fritz and Michael Ross= (c) 1994, Los Angeles Times=

WASHINGTON Under intense criticism from Democrats as well as Republicans for the administration's handling of the Whitewater affair, Deputy Treasury Secretary Roger Altman declared Wednesday he does not intend to resign.

At the same time, Treasury Secretary Lloyd Bentsen, Altman's boss, acknowledged his subordinates made "some errors in judgment" that demonstrate the need for changes at the Treasury, but he stopped short of saying he would seek their resignations.

Questions about a possible personnel shakeup at Treasury arose as Bentsen and Altman testified before separate committees during the sixth day of Congress' inquiry into the propriety of contacts between the White House and Treasury over the investigation of an Arkansas savings and loan owned by James McDougal, President Clinton's partner in the Whitewater real estate development.

After testifying for 10 hours until 2 a.m. before the Senate Banking Committee, Altman was called before the House of Representatives' Banking Committee at 9:30 a.m. for six more hours of hostile questions about his contacts with the White House regarding the Whitewater probe.

In the Senate, Democratic Richard Shelby of Alabama joined with a number of Republicans in calling for Altman's resignation on grounds he was involved in improper contacts with the White House regarding the investigation and then he misled Congress about it.

Noting that Altman's failure to quell criticism has fed speculation that he would be forced to resign, Rep. Marge Roukema, R-N.J., asked him: "What is your thinking on resignation as an attempt to restore your credibility with this committee?"

"I do not intend to do that," he replied.

But when Bentsen was asked at about the same time by

Patty Murray, D-Wash., if he thought that any member of his Treasury staff should be removed, he ducked the question. "Whatever happened here was not done with the intent to harm," he replied.

At a White House news conference Wednesday evening, where questions about Altman's tenure also were being asked, the president said he regrets when any administration official is less than candid with Congress, but he still supports Altman, his former college classmate. "The secretary of the Treasury has confidence in him and so do I," Clinton said.

The president also emphasized he has not been absorbed by the Whitewater hearings. "I've watched none of these hearings, I've been working on jobs, health care and peace in the Middle East," he said.

Likewise, White House press secretary Dee Dee Myers said the president is confident Altman can "rebuild his relationship" with Congress and "can continue to serve, and serve well." She indicated he will have a series of private meetings with legislators to try to smooth things over.

Bentsen, a former chairman of the Senate Finance Committee, was treated gently by most of his Senate questioners. Nevertheless, Sen. Alfonse M. D'Amato, R-N.Y., got into a finger-wagging, shouting match with Bentsen, who sought to minimize the controversial actions of Altman and other Treasury officials.

"You and I have a difference of opinion," Bentsen shouted at D'Amato.

Altman, who as deputy Treasury secretary also served as acting head of the Resolution Trust Corp. until March 31, has been criticized for misleading Congress about his contacts with the White House about Whitewater and for failing to formally disqualify himself sooner than Feb. 25 from any decision involving the RTC's probe of McDougal's thrift, Madison Guaranty.

(Begin optional trim)

Like Altman and other administration witnesses, Bentsen conceded some of the actions of administration officials were unfortunate, but not illegal or improper.

"I've been in public service for nearly 30 years," he told the committee. "I've seen everything from the McCarthy hearings to Watergate, Iran-Contra, the Church committee, all of it. What you have here is a unique confluence of circumstances that, when you strip away all the rhetoric, resulted in actions that broke no criminal law, did not violate the ethics rules and did not in any way affect Madison case."

(End optional trim)

Bentsen said he met Feb. 1 with Altman and Treasury counsel Jean Hanson regarding the RTC probe of Madison. At that meeting, he recalled that Altman said he was considering disqualifying himself from the matter. But Bentsen said he had no recollection of advising Altman to disqualify himself, as Altman has said.

In addition, Bentsen said he met again with Altman and Hanson Feb. 23 the day before Altman allegedly gave misleading testimony to Congress about his contacts with the White House about Madison. But he said he was unaware Altman had met with White House officials on the subject until Altman admitted to it during the Feb. 24 hearings.

Later in the day, W. Neil Eggleston, associate White House counsel, recalled he was in the committee room Feb. 24, when Altman confessed to one meeting Feb. 2 with White House officials about the Madison probe but failed to disclose other such meetings.

Eggleston said he was so disturbed by Altman's failure to tell the committee there had been other meetings that he immediately went into the hallway and telephoned White House officials to alert them to the problem. Several days later, Eggleston said, he called then-White House counsel Bernard Nussbaum who was vacationing in Mexico at the time to discuss the problem.

(Begin optional trim)

In the House, Rep. Jim Leach, R-Iowa, who has been conducting his own investigation of Whitewater, disclosed that some RTC employees wrote a memo objecting to the agency's recommendation to the Justice Department last September that the government should pursue criminal charges in the Madison case.

It was the first evidence that anyone within the government had been objecting to the probe.

But Leach said the memo was not a factor in the government's decision to pursue criminal charges.

Administration officials have insisted while some of the contacts between the Treasury, which oversees RTC, and the White House should not have occurred, that they were not improper because they did not lead to any effort by the administration to block the probe. But Republicans have long suspected that the contacts were part of a ham-handed effort on the part of the administration to obstruct the investigation.

END

Says Altman was kept as friendly force

By Jerry Seper
THE WASHINGTON TIMES

AI

Senate and House Republicans, in separate banking committee hearings yesterday, suggested the White House pressured Deputy Treasury Secretary Roger C. Altman not to recuse himself in the government's Whitewater investigation to keep him on board as a friendly "decision maker."

Mr. Altman, who rejected calls to step down, headed the Resolution Trust Corp. (RTC) in October when it sent the Justice Department nine criminal referrals involving a failed Arkansas thrift tied to President and Mrs. Clinton.

"I find it hard to believe that counsel to the president [Bernard W. Nussbaum] would be so exercised about Mr. Altman considering, if we were to say just considering, recusing himself," said Sen. Alfonse M. D'Amato of New York, ranking Republican on the Senate banking committee.

"I find it hard to believe [the White House] would be, after that recusal, writing memos as to who was going to be the decision maker as it related to what action the RTC may or may not have taken," he said. "There would be no reason ... not to exercise that judgment, none, except powerful voices in the administration."

The referrals listed the Clintons as "potential witnesses" in a suspected check-kiting scheme. Some of the checks went through Madison Guaranty Savings and Loan Association, owned by James B. McDougal, a partner with the Clintons in Arkansas' Whitewater Development Corp.

Rancor and partisanship continued to run high at the hearings, with information tediously extracted by Republicans and Democrats.

The GOP, led by Sen. Christopher Bond of Missouri, has called for Mr. Altman's resignation, citing untruthful testimony before the Senate banking panel.

Several Democrats also challenged his testimony, but only one — Sen. Richard C. Shelby of Alabama — has joined Republicans in seeking Mr. Altman's ouster.

Meanwhile, Rep. Jim Leach, Iowa Republican, yesterday introduced documents showing that a day after a Sept. 29 White House briefing by Treasury officials at which the referrals were first discussed, efforts began inside the RTC to delay them.

Mr. Leach, ranking Republican on the House banking committee, said the RTC's Professional Liability Section on Sept. 30 ordered that the referrals by investigators in Kansas City, Mo., be reviewed before being sent to the Justice Department.

The section later submitted a 13-page legal analysis, based on questions about the statute of limitations, and objected to conclusions by the Kansas City office. Kansas City, rejecting the analysis, forwarded the referrals.

The Clinton administration acknowledged the existence of the analysis but refused requests by Mr. Leach to make it public. Mr. Leach entered a cover letter describing the report into the House record.

"It may be true that criminal referrals were not effectively blocked," said Mr. Leach, citing testimony by Treasury and White House officials. "But it is not true that an effort to do so was not made."

Mr. Altman has denied he played any role in the Madison referrals and said he hesitated to recuse himself because it was a "difficult decision."

Testimony by Treasury officials during the separate Senate and House hearings shows that Mr. Altman, a longtime Clinton friend, considered recusing himself from the Madison probe as early as Feb. 1 but changed his mind after a meeting with Mr. Nussbaum.

"He didn't have the courage and the guts to stand up to Bernie Nussbaum and say to him, 'I am recusing myself,'" Mr. D'Amato said. "He wanted to be part of that power structure."

Addressing his remarks yesterday to the committee's leadoff witness, Treasury Secretary Lloyd Bentsen, Mr. D'Amato said: "Look at the record, it's undeniable. He runs over to the White House ... runs over the next day to say, 'I'm on the team, boys. Don't worry, here I am. I'm part of the team.' And that fact is indisputable."

Senate banking committee Chairman Donald W. Riegle Jr. said a diary by Treasury Chief of Staff Joshua Steiner confirms White House pressure on Mr. Altman not to recuse himself.

"The bottom line is that Mr. Nussbaum particularly didn't like the sound of Mr. Altman's decision to recuse himself," Mr. Riegle told Mr. Bentsen. "And so in some manner he expressed himself forcefully, and you can get the full flavor of it in terms of your chief of staff's diary notes on that."

Mr. Riegle, Michigan Democrat, described White House involvement and Mr. Altman's change of mind as "troubling."

"He says he's made up his mind. He goes in, the president's lawyer ... doesn't like it, really applies some form of pressure ... and Altman gets turned around here," he said.

Asked by Mr. Riegle to explain Mr. Nussbaum's "obligation to weigh in" on the matter, Mr. Bentsen said: "I assume because he was representing the White House in that situation."

White House Deputy Counsel Joel Klein, in testimony before the Senate committee yesterday, confirmed that Mr. Nussbaum had concerns about RTC General Counsel Ellen Kulka taking over the Madison referrals if Mr. Altman recused himself.

"He said Mrs. Kulka was someone he had known from a case he had done ... and he said, in words to this effect ... she was a difficult person to deal with, she was unreasonable, she could be unfair," Mr. Klein said. "The words that come to my mind are 'difficult' or 'unreasonable.'"

In a sharp exchange with Mr. Altman during the House hearings yesterday, Rep. Toby Roth, Wisconsin Republican, accused the Clinton administration of forcing former RTC chief Albert Casey to resign as part of an effort to take control of the agency, which was involved in the Madison probe as part of its mandate to oversee and dispose of failed thrifts.

Mr. Roth said Mr. Casey told the Senate banking committee last year he wanted to remain with the agency but was asked for his resignation in May 1993 even though Mr. Bentsen had praised him before the committee. Involved in the RTC reorganization was White House senior adviser George Stephanopoulos.

"I smell a rat here," Mr. Roth said. Madison, the target of the RTC referrals, failed in 1989 at a cost to taxpayers of \$50 million. Mr. D'Amato said that when Mr. Altman decided Feb. 25 to recuse himself from the Madison affair — after the New York Times told him it was writing a tough editorial about his RTC role — the White House scrambled to figure out what was going on and "who will now control and be the decision maker as it relates to Whitewater."

Mr. Altman attempted during six hours of testimony yesterday in the House and in a 10-hour session Tuesday in the Senate to shift blame for his misleading testimony on White House-Treasury contacts to General Counsel Jean Hanson.

With a picture of his children and an index card with the words "slow and calm" taped on the hearing table, Mr. Altman told the panels he did not tell Mrs. Hanson to brief the White House on the referrals and that misleading and incomplete testimony he gave to the Senate banking committee Feb. 24 — was her fault.

"I do not believe that I suggested that the White House be informed on any facts relating to this referral," Mr. Altman said.

"I do not believe that to be the case."

Mrs. Hanson testified that she was "tasked" by Mr. Altman to brief Mr. Nussbaum, who later resigned, about the Madison referrals.

William Roelle, former RTC senior vice president and chief financial officer, corroborated account of a meeting with Mr. Altman at which the White House briefing was suggested.

Mr. Roelle testified that he heard Mr. Altman tell Mrs. Hanson to "call Bernie."

During her House testimony yesterday, Mrs. Hanson acknowledged irreconcilable differences between her testimony and Mr. Altman's, but she refused to criticize her boss.

"I understand in Mr. Altman's situation he would be inclined to blame me," she said. "But I won't return the favor."

Mr. D'Amato rebuked testimony by Mr. Altman that he was not notified of the Madison referrals in September by Mrs. Hanson and that she briefed Mr. Nussbaum about them on her own.

"I can't believe it. It is just incomprehensible," Mr. D'Amato said.

The Senate hearings continue today with Mr. Stephanopoulos; Harold Ickes, deputy White House chief of staff; John Podesta, an assistant to the president; Bruce Lindsey, senior White House adviser; and Mr. Nussbaum. The House banking committee will hear from Mr. Bentsen.

WHITewater WITNESSES

The Senate and House banking committees continue their Whitewater hearings today with the following witnesses.

Senate	
Harold Ickes, deputy chief of staff to the president	
George Stephanopoulos, senior adviser to the president	
John Podesta, assistant to the president and staff secretary	
Bruce Lindsey, assistant to the president and senior adviser	
Bernard Nussbaum, former White House counsel	
House	
Treasury Secretary Lloyd Bentsen	

The Washington Times
THURSDAY, AUGUST 4, 1994 *

Whitewater dominates Clinton news conference

Defense of aide overshadows health, crime message

By Paul Bedard
THE WASHINGTON TIMES

AT

President Clinton last night held a rare news conference to draw attention to his domestic agenda but repeatedly was forced to defend administration officials mired in the Whitewater affair — especially embattled Deputy Treasury Secretary Roger C. Altman.

As several Treasury Department officials testified before House and Senate panels, Mr. Clinton said he still has faith in Mr.

Altman and will not move to force him out of the administration.

Referring to Treasury Secretary Lloyd Bentsen, Mr. Clinton said: "The secretary of the Treasury has pointed out that Mr. Altman has done a superb job in his position. The secretary of the Treasury has confidence in him, and so do I."

Mr. Clinton's vocal support came as several Senate Republicans called on Mr. Altman to quit and charged him with bowing to White House pressure by remaining head of the Resolution Trust Corp. while it investigated a failed Arkansas savings and loan linked to the Clintons.

Noting Mr. Altman's 10 hours of Senate testimony Tuesday, the president said: "I think he has now answered all the questions that the Senate could possibly have about an incident that involved no violation of the law and no violation of ethics."

Mr. Clinton also repeated that he violated no laws in his dealings in the Whitewater Development Corp., a failed Arkansas land deal being investigated by special counsel Robert B. Fiske Jr.

"I have said I did nothing wrong, and I didn't," he said during the nationally televised, 55-minute

news conference, which had been slated for only 30 minutes.

The news conference came as his public approval ratings were at rock bottom. Aides hoped that Mr. Clinton would be able to use the news conference to boost his popularity by showing a passionate call for health care reform.

Mr. Clinton opened the news conference with a review of his record and a request that Congress swiftly pass health care re-

form and anti-crime legislation.

On other issues, the president:

- Said he would not seek prior congressional approval for an invasion of Haiti.

- Called on North Korea to continue talks with the United States over nuclear weapons. "North Korea's fate is still in its own hands," he said.

- Openly wished that baseball owners and players will settle on a deal before the scheduled mid-August player strike.

The president also said that the end of the Cold War has produced a period when "our people are filled with a mixture of hope and concern."

"There's something gripping the concern of most Americans. And when people have these balances going on, hope or fear, it is sometimes difficult getting through" with his message that

the administration is successful, he said.

Critics, however, have long argued that the Clinton presidency is noted for its inability to deliver on major promises and is dogged by ethical and character flaws.

As he has in the past, Mr. Clinton repeatedly said he has ordered all White House and other administration officials to tell the truth about Whitewater to special investigators and Congress.

Mr. Clinton also said he would never push for an RTC probe to be interfered with: "I never would promote anybody interfering in any investigation. I welcome this investigation, and it will vindicate what I have been saying all along."

Sidestepping charges the White House wanted the politically friendly Mr. Altman in charge of the RTC as it investigated the Madison Guaranty Savings and Loan Association, he added: "I had no problem with Mr. Altman deciding of his own independent judgment, in consultation with his superior,

the secretary of the Treasury, that he ought to recuse himself."

The president's East Room news conference last night was his third since taking office and was similar to its predecessors in its defensive tone. In the earlier news conferences, Mr. Clinton defended his wife's financial dealings and his budget.

Last night's event was wedged in between days of House and Senate hearings into the Whitewater and Madison matters.

Yesterday's hearings — which continued on live TV during Mr. Clinton's press conference — featured Mr. Bentsen disputing accounts of events by Mr. Altman, whose own testimony has been challenged by other top Treasury officials.

Testimony has shown that Mr. Altman and other Treasury officials had contacted senior White House aides about a federal investigation of Madison. The Clintons were named as potential witnesses in the case.

The Washington Times
THURSDAY, AUGUST 4, 1994 *

'Newspeak' alive, well at hearings

By Rod Dreher
THE WASHINGTON TIMES

AT

Did Roger Altman lie to Congress in testimony before the Senate Banking Committee in February?

Given the way language is being used in this week's hearings—an exercise in obfuscation that one senator called "The Dance of the Seven Veils"—it's hard to say.

"My testimony was imperfect," Mr. Altman said yesterday. "Some people think my testimony was too narrow."

Joshua Steiner, Mr. Altman's Boswell, said in his diary that his boss "gracefully ducked" senators' questions earlier in the year.

Some on the committee believed Mr. Altman "sacrificed honest answers" to protect the White House. The Washington Post said yesterday.

Welcome to official Washington, where one tailor's testimony according to the Humpty Dumpty Rule—"When I use a word, it means just what I choose it to mean," the wily egg/spin doctor ex-

traordinaire told Alice in Wonderland.

"Euphemisms are the name of the game here. Everything but cold, stark reality is avoided," said John White, former chairman of the Democratic National Committee.

Sen. Christopher Dodd, Connecticut Democrat, groused yesterday that everybody seemed to be engaging in "CYA"—initials for a phrase whose literal meaning is "to hide one's buttocks from danger"—in an effort to evade responsibility for unpleasant goings-on.

Even members of Congress are doing it. Under fire for the nakedly partisan way he has conducted the House banking committee's Whitewater hearings, Chairman Henry B. Gonzalez compared himself to Thomas Jefferson and blamed the Founding Fathers for the rule limiting questions to five minutes.

Washington scandals are like a fertilizer for the American language. Watergate, a period described by language maven William Safire as "a Golden Age of Political Coinage," produced a dubious bounty of words and phrases. "Smoking gun," "stonewalling" and the ubiquitous political scandal suffix "-gate" entered the nation's political vocabulary as a result of congressional hearings.

On April 17, 1973, White House Press Secretary Ronald Ziegler told the press corps that "new developments" were forthcoming and that previous White House statements about Watergate were now "inoperative." Mr. Safire's New Political Dictionary now defines "inoperative" as "the epitome of unrepentant ground-giving; a correction without an apology."

Apparently ignorant of the Wa-

tergate roots of the phrase, the Clinton White House responded to information that contradicted its earlier explanations of Hillary Rodham Clinton's lucrative bond deals by declaring them "no longer operative."

Mr. Safire was holed up in his office yesterday sifting through the verbal chaff, examining the locutions birthed by the hearings. "Try to find the meaning of the word 'prebrief,'" he suggested.

A "prebriefing" is a neologism coined by Treasury General Counsel Jean Hanson in Senate testimony Tuesday to describe a controversial meeting.

Variations on the perennial favorite "I don't recall"—a useful phrase allowing the witness to gracefully duck, so to speak, a difficult question while keeping the option to change the answer should circumstances dictate—have been legion. Veteran journalist Murray Kempton said that expression is a pretty good indication that the witness is not being entirely truthful.

"That's the [Alger] Hiss formula, 'to the best of my recollection.' You can usually worry about that one," he said.

Mr. Kempton, an anti-Clinton liberal, has been enjoying watching the cagey Altman testify. "God, he's like Nixon! I almost wept with nostalgia," he said.

So far, these hearings have produced no phrases as memorable as Iran-Contra figure Oliver North's "plausible deniability," a banal formulation describing the principle of underlings doing nasty things without telling their superiors about it, allowing superiors to reasonably avoid responsibility should the truth come to light. Mr. Altman perhaps comes close with his conception of "substantive contacts," which appears to be only those contacts with White House officials he felt like admitting to.

Washington scandals "are a lexi-

cographer's dream, but only when some term comes up that hasn't been used or heard before," said Sol Steinmetz, executive editor of Random House's reference division.

John Algeo, who writes a column on neologisms for American Speech magazine, said he gave up long ago trying to predict what terms would survive after the scandal that produced them passed. Nobody would have predicted that the "-gate" suffix would have lived past the Watergate scandal, he said.

"In general, what makes a word or phrase survive is one or two things," he said. "One is if the term names something that doesn't have a good, clear, sharp name already. That was a factor in '-gate' surviving. We needed a term for an attempted cover-up of a scandal."

The second factor is if a word or phrase has something particular about its sound, shape or associations of meaning that captures the popular fancy.

"The use of language is play. There's a lot of play in it. And if people can play with terms, it becomes popular," he said.

Commentator Michael Kinsley once said a "gaffe" is when a politician tells the truth. Sen. John Kerry, Massachusetts Democrat, might have had this in mind when praising Mr. Steiner, a Washington neophyte, for the "very refreshing kind of truthfulness" of his now-infamous "smoking diary" (the phrase is from journalist Maureen Dowd, a play on the Nixonian "smoking gun").

Before these hearings, Mr. Steiner might have defined "diary" as a private journal in which one records one's innermost thoughts. After hearing the young Clintonista on Tuesday take hours discrediting his own diary as essentially an exercise in, er, *sac-rificing honest answers*, Sen. Alfonse M. D'Amato lectured the witness.

"Words have meaning, Mr. Steiner," the New York Republican growled. Except, as Dumptyesque Washington spinmeisters would argue, when political expediency says they don't.

The Washington Times

THURSDAY, AUGUST 4, 1994 *

Extra-special service

Metropolitan Police officers from the Special Operations Division (SOD) were posted Tuesday night outside Oxon Hill Manor, where President Clinton was celebrating his 48th birthday (which actually falls on Aug. 19).

The elite officers, who had escorted our president to his birthday bash and were guarding the area, could hear a siren in the distance. Probably another accident on the Woodrow Wilson Bridge, they thought.

But the siren grew louder, and the emergency vehicle obviously was approaching the Maryland estate of Sumner Welles, where Mr. Clinton was partying with members and guests of the Democratic National Committee.

The officers grew concerned: Something was happening that they didn't know about.

Within seconds, a Metropolitan Police cruiser, its siren wailing and emergency lights flashing, pulled into the manor's driveway. Following closely behind were two black limousines. In the front

of the cruiser were two female police officers, neither recognizable to the Special Operations officers. Strangely enough, the female officers were assigned to the 2nd District Youth Services Office.

In other words, one Special Operations officer told Inside the Beltway, these two officers usually handle juvenile shoplifters or remove children from abusive homes.

Just as a Special Operations lieutenant rushed over to the police cruiser to question the two officers, "out of one of the limos pops Patti LaBelle, who was there to sing 'Happy Birthday' to the president," said the officer.

"We couldn't figure out why two D.C. juvenile officers were escorting her and her entourage, particularly in Maryland," the officer continued. "We wondered, 'What in the hell is going on

INSIDE THE BELTWAY



Patti LaBelle's police escort to the president's premature birthday party surprised even the police.

here?" SOD is the only unit that does any kind of dignitary escort, other than the Executive Protection Unit, and that's the mayor's detail."

Miss LaBelle was staying at the Watergate, where the escort apparently originated. Police headquarters had no immediate comment yesterday.

DOA

The scene was the inbound lanes of the 14th Street Bridge during rush hour. A tow truck was backing up to a 1960s-era school bus — beaten up, rusted

and broken down.

Spray-painted on the side of the bus, according to our observer, Martin McGuinness of Fairfax County, was the slogan "This Is Clinton Care!"

Apparently, Citizens for a Sound Economy — fiscal-responsibility advocates who dogged the Clinton health care bus tour — had struck again.

All but impossible

As we all know by now, first lady Hillary Rodham Clinton, back when she was just plain old Hillary Clinton, made a \$100,000 profit on a mere \$1,000 investment.

How in the world, it's been asked over and over again, did she accomplish this lucrative feat in only 10 months?

The White House claims Mrs. Clinton made all of her investment decisions and personally authorized all of the transactions that produced trading profits of \$99,537.

But now journalist David Brock, the first to bring us the Arkansas state troopers' descriptions of Gov. Clinton's sexual adventures, will report in the September issue of the American Spectator that it is highly unlikely Mrs. Clinton authorized such trades on two key dates confirmed by the White House.

On both dates — Jan. 26, 1979, when she reportedly purchased 11 cattle contracts in two separate transactions, and May 1, 1980, when she apparently sold "short" a Treasury bond — Mrs.

Clinton was chairing daylong meetings of the Legal Services Corp., Mr. Brock reports.

The journalist says official records from the two LSC board meetings indicate that it was all but impossible for Mrs. Clinton, who was appointed LSC board chairman by President Carter, to have authorized the trades during the meetings.

"However forthright Hillary's denials, there is now evidence that someone other than herself directed her trades," he writes.

Class of '84

Is it true that Joshua Steiner, the Treasury Department's 28-year-old chief of staff, is so busy this summer with White water that he wasn't able to attend his 10-year high school reunion?

Cost of care

Tired of hearing the Democratic Party's plan for health care reform, Ross Perot several months ago offered the Republican Party \$1 million if it could get the major TV networks to air the GOP plan.

After all, the networks turned down Mr. Perot's personal infomercial on health care. Sure enough, the networks said no to the Republican Party as well.

So last week, National Empowerment Television (NET) President Paul Weyrich called Republican National Committee chief Haley Barbour to suggest that the GOP publicize its plan over his network.

Mr. Barbour accepted, and this week the hourlong program aired live over NET.

How much did NET charge the GOP? "We didn't charge the Republican Party \$1 million," Mr. Weyrich assured us.

As for Mr. Perot's plan, we'll just have to wait until he buys his own TV network.

The 'smoking' diary

Writing of the Senate hearings as they touched on Treasury Chief of Staff Joshua Steiner and his diary, the New York Times' Maureen Dowd said, "Most of the Democrats and Republicans alike seemed dismayed as Mr. Steiner tried to explain that his diary was not meant to be realistic, but impressionistic, a Monet, not a Manet."

"It seemed disingenuous to several senators, even a metaphor for what's wrong with the Clinton team. This was, after all, the freshly scrubbed, intelligent face of the Clinton Administration, a Yale graduate, a Rhodes Scholar ... and a charter member of the Stephanopoulos, the friends and acolytes of Clinton adviser George Stephanopoulos, whose contacts have helped them rise to the top ranks of government."

"Gray-haired veterans might have warned Mr. Steiner that there are certain immutable rules for those who would succeed in Washington. One is: Don't write anything down. Another is: Don't do anything in private that you would be displeased to see on the front page of the newspaper."

Sagging while growing

"The most stunning political phenomenon of 1994 is the fact that President Clinton is sagging so markedly in public esteem at a time when the economy is performing solidly," says Wall Street Journal columnist Gerald F. Seib.

The deficit-reduction budget for which Mr. Clinton sacrificed much of his promised program did in fact provide the hoped-for economic growth. But for many Americans "it is as if it never happened," Mr. Seib wrote.

He says that Americans remain worried about the short-term future of the economy and that Mr. Clinton's sinking economic poll ratings seem to follow the general drop in confidence in his character and performance.

"That suggests economic doubts are an extension of doubts about the steadiness of leadership. That's a problem that lies somewhere between perception and reality, and ultimately it can be addressed only by President Clinton himself."

Today's quote

"I made no attempt to be inaccurate, but I want to be clear I was not attempting to be precise," said Treasury Chief of Staff Joshua L. Steiner, 28, speaking of his famous diary to the Senate Banking Committee.

Inside Politics



Women candidates

In the National Journal, analyst William Schneider says that female candidates are likely to have a more difficult time in November than they did two years ago in the Year of the Woman.

For one thing, crime is this year's top issue, and because women are widely believed not to be as tough as men, this is not the best issue for them as candidates, Mr. Schneider adds.

He thinks the ultimate test of women's progress will be in California, which could become the first state to have two female senators and a female governor. But the underdog California men are making a race of it.

Both gubernatorial candidate Kathleen Brown and Sen. Dianne Feinstein, both Democrats, have seen their once-commanding leads in the polls over male GOP opponents disappear. "Both are showing weakness among Democratic men and older voters."

Mr. Schneider's comments were given sharper point by the loss of five of the top female candidates in statewide primary races this week in Michigan, Missouri and Kansas.

Fire in the embers

Even bleary-eyed senators could not resist parting partisan shots. As the marathon White-water hearing concluded early yesterday morning, Sen. John Kerry said he welcomed the Republicans' sense of outrage about witnesses potentially lying to Congress.

The Massachusetts Democrat, an opponent of the Reagan administration's policy in Nicaragua, said he hoped the GOP would bring their sense of moral outrage to the upcoming election cycle.

"I sure hope my colleagues on the other side of the aisle are going to apply the same standard to

their support for people like Oliver North and others around the country," Mr. Kerry said.

The slap was directed at Texas Sen. Phil Gramm, chairman of the National Republican Senatorial Committee. Mr. Gramm eagerly endorsed Mr. North's Republican challenge of Sen. Chuck Robb, Virginia Democrat.

Mr. Gramm had just concluded a lengthy assault on the testimony of Deputy Treasury Secretary Roger C. Altman. He said Mr. Altman dissembled better than any witness who had ever testified in his presence.

"Oliver North lied to the United States Congress," Mr. Kerry declared. "That is a known fact. He admitted it, and he's proud of it, and he campaigns on it."

Mr. Gramm replied: "I never said that that was not the case. If Mr. Altman runs for the Senate, I might support him."

Mr. Altman interjected: "Senator, I can tell you unequivocally — and on this one, I think even you'll accept the straightforwardness of the answer — I'm never going to run for the United States Senate."

Moynihan's credo

In a profile Sunday in the New York Times Magazine, writer Todd Purdum reports that Sen. Daniel Patrick Moynihan, New York Democrat, "has always been more confident perceiving problems than devising solutions, more comfortable pointing than leading the way."

"The organizing political principle of his public life has been a restless skepticism of Utopian ideals."

Mr. Purdum added: "He drinks, by all evidence, more than most public figures in this era of white wine and designer water, and reporters and Washington insiders collect Moynihan drinking stories like baseball

cards. ...

"He's a rogue," one old friend says simply. "Pat's an Irish country person. And he drinks too much. We all know him; he's the smartest guy in town who does have enough good people to talk to, who exhausts himself and those close to him and [by drinking] finds surcease from that enormous intellect."

Poor Howard

Radio shock jock Howard Stern usually is willing to say anything. Now a judge says if Stern really wants to be governor he can't clam up about his finances. He must file a disclosure with the state of New York.

The Libertarian candidate never liked the idea and sued, claiming unconstitutionality because the law requires disclosure before election. "It is especially invasive to someone like who lives a highly visible life," he said in court papers.

State Supreme Court Justice Harold Hughes refused to grant him a preliminary injunction. Stern was to take up the case in an on-air news conference today at 8:30 a.m.

Roger and Mick

Deputy Treasury Secretary Roger C. Altman spent the 15 hours during a 23-hour period on Tuesday and yesterday telling two congressional committees what he knew about the Whitewater investigation.

At the end of his ordeal, Mr. Altman said: "Everybody thinks I'm going to go home and go to sleep, but I'm going to go to Rolling Stones tonight."

First 100 GOP

In an effort to convince voters a GOP-controlled House would be more open and efficient, Republicans are promising a "first 100 days" that will include a major overhaul of House rules.

Roll Call reports the GOP intends to provide the chamber's first vote on term limits and consideration of several pieces of legislation as well as an "in day" reform to reduce the number of staffs and committees.

Encouraged by the possibility of regaining the House for the first time since the Eisenhower period, House Republicans are organizing a Sept. 27 gathering on the Capitol steps featuring all members and candidates.

Senate Republicans are considering a similar event for Sept. 21. They are not, however, planning to unveil a specific agenda.

Arrest that crime bill, cont'd

There's a cynical old saying making the rounds again that suggests it's not hard to figure out when a politician is lying to you. It's when his lips move. When President Clinton's lips move these days, it's often to claim that the crime bill now under consideration would put 100,000 new police officers on the street. Who could vote against that, for heavens sake?

As it turns out, nobody. There aren't 100,000 cops in the bill in the first place. Do the math. Heritage Foundation analyst Scott Hodge reports that when you get past Mr. Clinton's promises and start looking at the numbers, they just don't add up. All of which may explain why House Democratic leaders have been having trouble rounding up enough members to back the bill in a vote rescheduled for today.

Take the promise of 100,000 new police officers. The money set aside in the bill to fund all these cops comes from the 6-year \$8.845 billion Community Policing grant program. But putting one new officer on the street in a high-crime area costs an estimated \$70,000 to \$80,000 alone. So putting 100,000 of them on the street for six years would cost a minimum of \$42 billion, more than the entire amount of money in the crime bill.

Or consider the Clinton hiring pledge from another angle, says Mr. Hodge. The bill authorizes \$1.475 billion per year for 100,000 new officers. That works out to about \$14,750 per officer per year — the poverty level for a family of four. That's not exactly much of financial incentive to stick one's neck out in the crime wars. Where would the rest of the money come from?

Good question. State and local governments, already complaining about the ever-growing burden of unfunded federal mandates, should be very interested in the answer. They are the ones who would have to make up the difference between the less than \$9 billion for new officers in the bill and the \$42 billion actually needed.

Interestingly, the bill does not require that state

and local authorities actually use all the federal money to hire police. Some can be used to improve officers' "conflict resolution, mediation and problem solving" abilities. Some can be used on equipment and computers. No doubt some of it will be, since such training and equipment won't pose the same long-term burdens on state and local budgets as hiring new officers would.

Note that in contrast to the partial and temporary nature of the Community Policing grant program, funds for the "crime-prevention" pork-barrel programs described on this page yesterday are permanent and do not require matching funds from state and local jurisdictions. "This means," says Mr. Hodge, "that recipients will have more incentive to apply for these funds than the grants intended for new cops. Thus new social service workers will be much less costly for jurisdictions to hire than new police officers. Indeed, if all this new social welfare money goes toward hiring new social workers, the bill will add a minimum of 40,000 social workers per year — at least two social workers will be hired for every cop the bill puts on the street."

The last, but hardly least, worrisome aspect of the legislation is the fact that 75 percent of the Community Policing grants can be distributed at the discretion of the attorney general. The point is that even as this bill advances the cause of gun control and limits Americans' means of self-defense, other means to law and order — i.e., police protection — have become pork for distribution to political allies. Abortion-clinic operators already get special protection. If this bill passes, liberal-leaning big-city mayors can head to the front of the grant line. But who will come to the defense of the increasingly self-defenseless?

All of these matters merit the attention of House members preparing to vote on the so-called crime bill. Americans in general shouldn't hesitate to ask the president for a strict accounting of the missing 100,000 police officers he promised. But don't read his lips. Do the math.

Mr. Cutler and the forty-headed 'heads up'

White House Counsel Lloyd N. Cutler has been a busy man this past week, exonerating each and every last official of the Clinton administration of any illegal or unethical behavior. He has also contributed mightily to the inside-the-beltway lexicon with his reinvigoration of the World War II era term "heads up." As well, he has been busy as a historian, offering "A 'Heads-Up' History" yesterday in *The Washington Post*. His point is to establish that law enforcement agencies have routinely informed the White House at the outset of investigations of prominent officials, including the president, and that this is perfectly proper.

Unfortunately, much of Mr. Cutler's little history lesson is well off point. Most of his essay discusses instances in which the president has been informed of things having to do with other officials — White House aides, congressmen, etc. Whom is Mr. Cutler trying to convince? Of course the president can and should be informed about such things. But that is not the issue before us in relation to the Resolution Trust Corporation's investigation into the failure of Madison Guaranty Savings and Loan. The RTC's criminal referral mentioned the Clintons. That is not on a par with telling President Carter that someone has accused Hamilton Jordan of using cocaine.

The problem raised by the contacts between the

Treasury Department and the White House over the Madison investigation — some 40 disclosed contacts, enough "heads-ups" to cause whiplash — is twofold. The one the White House, including Mr. Cutler, likes to talk about is the possibility of interference with ongoing investigations. This is popular because there is no evidence establishing that the White House did interfere. (Much evidence does, however, support the contention that officials of the White House wanted to interfere.) And Mr. Cutler is able to point to special counsel Robert Fiske's ongoing criminal investigation as well as the RTC's ongoing civil investigation as evidence against interference.

But there is another problem. Described in general terms, it goes like this: No one knows more about the crime than the culprit. If the culprit gets tipped off that the authorities are on to him, he may be able to take action that will make proving his guilt more difficult, based on his unique knowledge of the details of what happened.

That's the danger of a heads-up to the president about the president. And since there is still no reason to think anyone — including Mr. Fiske and the RTC investigators — knows more about the Whitewater tangle than the Clintons, whether criminal or not, that's the problem with the heads-up after heads-up after heads-up in this case.

An exercise in shoot-first-and-ask-questions-later journalism

Shoot first and ask questions later — that was the motto of the Wild West a century ago, and it seems to be the motto of your newspaper today. Perhaps you have watched too many showings of "Wyatt Earp."

How else can one explain the recent article you reprinted from the St. Petersburg Times, "Fla. congresswoman relies on pork to feed her re-election campaigners?" A number of ladies have called my office and expressed their anger at the stereotypical description given to African-American women attending church and their surprise that an article of this kind would be published in your paper. Their resentment is justified.

The fact is, I am proud of all the federal dollars I have secured for the 3rd Congressional District. I have helped obtain money for two new federal courthouses — one in Jacksonville and one in Orlando, a new Fuller-Warren Bridge in Jacksonville, a new access road to Blount Island, more police in north and central Florida, millions of new dollars for our local colleges and universities and many other major economic development projects.

From Gainesville to Daytona, from Jacksonville to Orlando, I have brought tens of millions of dollars to my district — all in one term. To your paper, this may be a source of criticism; to my constituents, the people I was elected to serve, it means jobs, jobs and more jobs.

The article also criticizes me for "blanket[ing my] district with taxpayer-financed newsletters that tout

[my] accomplishments." Here again, your paper is out of touch with the people. My constituents are keenly interested in how their tax dollars are being spent — and whether they are getting their fair share in return. My newsletters are legitimate — and a completely legal means of letting the people know what's going on in Washington.

Oh, and by the way, last year I came in under budget for franked mail and returned to the government more than \$100,000. I will come in under budget again this year. But you did not mention that.

The article goes on to make a variety of false accusations. I never paid a fine to the ethics commission for anything.

In addition, all but one of the scores of unfounded charges brought against me by a defeated political opponent were quickly dismissed, and I merely reimbursed the state for expenses covering its investigation of the final frivolous charge in an effort to put this ridiculous matter behind us. The state acknowledged no admission of wrongdoing. But the article did not mention this.

Yes, an employee of mine, Glenel Bowden, did have legal problems more than 20 years ago. But he has since been elected and re-elected to the Lake City Council three times by the people of his community. Councilman Bowden is married, with two teen-age children and is a pillar of his community. He serves on the board of directors of the Florida League of Cities. Of course,

these facts were not mentioned either.

I was especially perplexed by the article's contradictory characterizations of me. At the beginning of the article, the reporter described me as "a canny lawmaker with an in-your-face style." Later, he repeated a silly assertion published in Rolling Stone magazine that I am a "lackluster" politician. How I be both "canny and in-your-face" and "lackluster" at the same time? It's like saying I'm both tall and short. I suggest that the reporter pick a description and stick to it.

In short, the article was full of innuendo and gossip. It would be wise if the reporter would heed the words of the fictitious "Dragnet" Sgt. Joe Friday, who wanted "the facts." I was always told that opinions belonged on the editor's pages, gossip in the tabloids and lies in the trash. Yet somehow, the article managed to commingle all three into something posing as a "story."

When I go home to my district — which, by the way, is every weekend — I often meet with young children. And I tell them: Stay in school and do your homework. Maybe I should deliver the same message to the employees of your newspaper. Perhaps then we'd have more professional journalism and less hatchet jobs gracing the pages of your paper.

CORRINNE BROWN
U.S. House of Representatives
Washington

Magazine prints an erroneous story, and then The Times repeats it

Washingtonian magazine printed a very inaccurate item about events that did not happen at the White House.

According to that item, I kissed and hugged Rep. Gerry Studds and his lover to the consternation of Sen. Jesse Helms.

In fact, while all of us were at the White House for a congressional picnic, at no point during the evening in question did I kiss or hug Mr. Studds or his lover.

Washingtonian ran the item without checking, and thus made an

error which, by running their item without checking ("Inside Politics," July 21), you have repeated.

BARNEY FRANK
U.S. House of Representatives
Washington

Roger Altman's long day

The poor senators on the banking committee, confronted with Deputy Treasury Secretary Roger Altman's brazenly nonsensical testimony Tuesday night, were left throwing up their hands. Mr. Altman withstood the panel's marathon grilling by clinging to the Humpty-Dumpty defense: He couldn't possibly have lied to Congress because his words — most notably the now-notorious adjective "substantive" — mean neither more nor less than what he now declares them to mean.

In February, Mr. Altman was asked by Sen. Phil Gramm whether there had been any contacts between Treasury officials and the White House regarding either Whitewater or the failure of the Madison Guarantee. The deputy secretary responded that there had been only one "substantive" contact. Of course, it now turns out that there were some 40 such contacts between Mr. Altman, his assistants and various members of the White House team, including a detailed discussion between Mr. Altman and the first lady's chief of staff, Margaret Williams, about the political implications of the Whitewater affair.

Mr. Altman "vehemently" denied that those meetings and discussions were in any way inconsistent with his testimony. You see, "substantive" meant that the discussion was about the Resolution Trust Corporation's criminal referrals to the Justice Department regarding Madison Guarantee — the referrals that named the Clintons. Senator after senator tried to point out to Mr. Altman that Mr. Gramm's question was about any Whitewater-related contacts, but the deputy secretary was nothing if not resolute, defending to the death his right to rewrite Webster's.

Mr. Altman continued to play his high-stakes game of "Buffalo the Congress." Treasury general counsel Jean Hanson testified Monday that she had met with White House officials to discuss Whitewater at the direction of Mr. Altman, demolishing the deputy secretary's contention that he did not know about Mrs. Hanson's activities. Asked about whether he had instructed her to contact the Clinton team, Mr. Altman said "I did not task, using that odd word, her to do that — to the best of my memory." Odd word, indeed. Mr. Altman clung to the curious verb "task" as to a life-preserver. No doubt, should we ever learn exactly what did transpire between Mrs. Han-

son and Mr. Altman, the deputy secretary will be at the ready with a lecture on the specific meaning of "to task" with its neologistic military overtones of an order that cannot be disobeyed.

Nor did the day reveal Mr. Altman as the only one playing linguistic fast and loose with the truth. Sen. Paul Sarbanes — one of several Democrats on the Senate panel whose questioning of witnesses of the same party was unflinching — tried to pry a simple answer out of the young (and according to Sen. Barbara Boxer, "lovely") Joshua Steiner. Asked if he discussed with Mr. Altman or Mrs. Hanson the fact that their various testimony was rife with contradiction, Mr. Steiner responded "I don't believe I had any specific conversations with either Mr. Altman or Mrs. Hanson."

Mr. Sarbanes wasn't having any more of the graceful adjectival duck: "Strike the word 'specific.' Have you had any conversation?"

Mr. Steiner: "It is conceivable. I can't recall any conversations directly that..."

Mr. Sarbanes: "Strike the word 'directly.'"

Mr. Steiner: "I cannot recall any conversations where Mr. Altman said to me or Mrs. Hanson said to me, 'I have a directly different recollection.'"

Mr. Sarbanes: "Strike the word 'directly.'"

Mr. Steiner: "Senator, I have heard conversations where Mr. Altman has commented that his recollection is different from Mrs. Hanson's."

Mr. Sarbanes: "You have heard such conversations."

Mr. Steiner: "Yes."

Mr. Sarbanes: "All right, now that's a different answer... when I was being told there was no specific conversation. See, it's interesting because Mr. Altman does the same thing when he is before our committee, and we have to parse your words very carefully here."

And how. So confident are the clever fellows in the Clinton administration of their own cleverness that they think they can talk their way around the truth and debate their way out of any jam. The wellspring of this culture of deceit is not Mr. Altman. The Clintons have set the standard for how to be legalistically parsimonious with the truth. The public grew tired of the game long ago, and now even the president's political allies are fed up.

The Washingtonian Ethics
THURSDAY, AUGUST 4, 1994 *

Bentsen defends aides' actions despite attacks by Congress

By Bob Hohler

Boston Globe

WASHINGTON Aggrieved Democrats on the Senate Banking Committee joined Republicans Wednesday in complaining to Treasury Secretary Lloyd Bentsen about the conduct of his top aides in making contacts with Congress and the White House on the Whitewater affair.

Sen. Richard C. Shelby, D-Ala., and two other committee members joined with several House members in calling for Bentsen's top staff members to resign. Bentsen generally defended their actions but issued a less-than-resounding endorsement when asked if they should step down.

"I think that whatever happened was not with the intent to harm," Bentsen told Sen. Patty Murray, D-Wash. "There were some errors of judgment, but I haven't found anybody who calls them right all the time."

Exhaustive Whitewater inquiries by the Senate and House Banking committees largely have focused on the conduct and conflicting testimony of Deputy Treasury Secretary Roger Altman and the department's top lawyer, Jean Hanson.

With varying degrees of intensity, lawmakers from both parties accused Hanson and Altman of engaging in improper contacts with the White House about the Whitewater investigation and trying to mislead Congress about those contacts.

Altman, questioned for four hours Wednesday by the House committee after a 10-hour grilling by the Senate panel the night before, has lost credibility in the eyes of many lawmakers. He has acknowledged failing to inform the committee fully about contacts between White House and Treasury officials when he testified Feb. 24.

"In one or way another, every member of this committee found that testimony troubling," said committee chairman Sen. Donald Riegle Jr., D-Mich. "I frankly don't think there was an acceptable excuse for it."

New York Sen. Alfonse M. D'Amato, the committee's ranking Republican, said, "We've had people who have been indicted for far less in withholding information, let alone answering untruthfully."

Sen. Christopher Bond, R-Mo., concurred that Altman should resign, as did Shelby, who also called for Hanson to step down. Shelby said Altman and Hanson had "irreparably damaged" their credibility with Congress.

Although Sen. Phil Gramm, R-Texas, said Tuesday that "Mr. Altman is out," he has not called for his resignation, a spokesman said.

President Clinton, who attended Yale Law School with Altman and appointed him to the Treasury post, has issued statements supporting him. Clinton's spokeswoman, Dee Dee Myers, said he stands by Altman, but added, "I can't speak for the members of Congress. ... That's something that Roger will have to work out."

(EDITORS: NEXT 2 GRAFS OPTIONAL)

Investigations by the Office of Government Ethics and Robert Fiske Jr., a special federal prosecutor, have concluded that no laws were broken in connection with more than 40 contacts between White House and Treasury officials on Whitewater.

The RTC, which Altman headed until May, is investigating the failure of Madison Guaranty Savings & Loan. Madison's former owner, James McDougal, was a partner of President Clinton and Hillary Rodham Clinton in the Whitewater Development Corp. The Clintons were named as possible witnesses in criminal referrals about Madison forwarded last year from the RTC to the Justice Department.

(END OPTIONAL TRIM)

Hanson alerted White House counsel Bernard Nussbaum

about the criminal referrals in September, a move that critics have denounced as a breach of confidential information.

Hanson told the House and Senate panels that she briefed Nussbaum on Altman's orders, but Altman insisted he did not recall such an order.

Many lawmakers were skeptical.

"It is hard for me to imagine," Sen. John F. Kerry, D-Mass., told Bentsen, "that your lawyer, the counsel to the Treasury, would spontaneously contact the White House about a very unusual happening, the reference to a criminal referral, without some authorization from somebody or some notice to somebody."

Bentsen said it was possible that Hanson acted alone. But he vigorously refuted testimony that she had told him last year about the briefing. Ethics laws prohibit the Treasury secretary from involvement in individual cases the RTC investigates.

(EDITORS: NEXT 3 GRAFS OPTIONAL)

"I have turned the Treasury Department upside down," Bentsen testified. "I've turned my memory inside out. We went through thousands and thousands of documents and can't find one written briefing to me on these White House meetings."

It was then that he sought the investigation by the Office of Government Ethics, Bentsen said. In releasing the report Sunday, he said it concluded that some of the contacts between White House and Treasury officials were "troubling."

"Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place," Bentsen testified. "But when you boil it down, no criminal law was broken."

(END OPTIONAL TRIM)

He said he was considering policy changes to ensure that Treasury officials would not engage again in inappropriate contacts with the White House or give incomplete testimony to Congress.

U.S. seems to be losing momentum on Haiti policy

By Pamela Constable

Boston Globe

WASHINGTON Only days after winning crucial support at the United Nations for an invasion of Haiti, the Clinton administration appears to be losing momentum in its Haitian policy, partly because of domestic opposition and partly because of its own mixed signals.

Wednesday, the Senate unanimously approved a non-binding resolution calling on President Clinton to seek congressional approval before invading Haiti. Minority Leader Bob Dole of Kansas, who sponsored the measure, said that Haiti is not "worth a single American life."

At the same time, new signs of willingness to negotiate with Haiti's army leaders have emerged from Congress and from U.S. allies in the hemisphere, despite Washington's insistence that there is nothing to negotiate except the terms and timing of the regime's departure from power.

Among U.S.-based groups that support Haiti's exiled president, Jean-Bertrand Aristide, opposition to a U.S.-led intervention is becoming widespread and vocal, with religious and grassroots organizations saying they do not trust the foreign community to fully restore Aristide to office.

Finally, administration officials have muted their own sabre-rattling since the U.N. Security Council on Sunday approved using "all necessary means" to restore

Bentsen takes flak for Altman's answers

BY TERRY LEMONS
AND JANE FULLERTON
Arkansas Democrat-Gazette Washington Bureau

WASHINGTON — Treasury Secretary Lloyd Bentsen received a warning Wednesday from a top Democrat irritated over Clinton administration officials' evasive answers to questions about the Whitewater Development Corp. affair.

Senate Banking Committee Chairman Donald Riegle, D-Mich., told Bentsen he was upset about "less than candid" Whitewater testimony offered

• Related article 12A

by Treasury Department officials.

"That's a problem we can't have again from anybody in the Treasury Department," Riegle said.

Riegle's admonition of Bentsen, a former Senate colleague and a senior statesman of the Democratic Party, came during the committee's fourth day of Whitewater hearings.

Much of Riegle's criticism pointed at beleaguered Deputy

Treasury Secretary Roger Altman, who ended 10 hours of Senate testimony after 2 a.m. Wednesday.

Less than eight hours later, Altman faced another grueling day at the House Banking Committee's Whitewater hearings.

Republicans pushed for Altman to resign as they questioned the accuracy of his testimony. In addition, Sen. Richard Shelby of Alabama became the first Democrat to call for Altman's resignation.

"The best course would be for you to resign," Rep. Rod Grams, R-Minn., said.

"I do not intend to do that," Altman replied.

Later, President Clinton gave his college classmate a nod of support from the White House.

"The secretary of the Treasury has confidence in him, and so do I," Clinton said.

Altman drew criticism for his comments involving contacts between White House and Treasury officials about a federal investigation into Whitewater and Madison Guaranty Savings & Loan Association.

On Feb. 24, Altman told Congress he knew of only one contact. It was later revealed he had participated in other meetings involving Whitewater.

Since then, the number of known Whitewater contacts between White House and Treasury officials has grown to at least 40.

Altman also served as the acting head of the Resolution Trust Corp. until he stepped down Feb. 25.

The RTC, the Treasury agency charged with cleaning up the savings and loan crisis, was investigating Madison and Whitewater last fall. The case eventually led to special counsel Robert Fiske Jr.'s appointment to investigate the Whitewater affair.

Bill Clinton and Hillary Rodham Clinton were partners from 1978 to 1992 with James and Susan McDougal in Whitewater, a failed 230-acre residential development along the White River in Marion County. James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least \$47 million.

Fiske is investigating allegations that money was transferred illegally from Madison to Whitewater accounts.

During the House hearings, Altman maintained he did nothing improper in connection with Whitewater.

"I regret this entire controversy, and I wish it had never arisen," he said during five hours of testimony. "But I never did anything unethical. I did the best I could."

But Altman's testimony this week has been at odds with other Treasury officials' accounts.

Riegle blasted Altman for giving the Senate answers that "weren't as complete as they should have been." Riegle also criticized Bentsen's chief of staff, Joshua Steiner, for providing vague answers Tuesday to questions about diary entries involving Whitewater.

The combination of evasive answers from the two officials led Riegle to lecture Bentsen, their boss.

Riegle said he was tired of "less than a full, direct, blunt answer" from Treasury officials. He called on Bentsen to correct the situation.

"That certainly is my intention and my direction to anybody representing Treasury," Bentsen said.

Aside from Riegle's comments, Bentsen enjoyed a relatively smooth appearance before his former Senate colleagues. Bentsen represented Texas for 22 years before Clinton appointed him Treasury secretary.

Bentsen told the committee he had turned the Treasury "inside out" but he did not see any being notified about any Whitewater meetings. In any case, he said, the contacts did not influence the handling of the RTC's investigation.

"It might have been better if some of these meetings or contacts had not taken place or had occurred in a different context," Bentsen said. "But when you look at it, no criminal law was broken and the people who work at Treasury did not violate the ethical standards."

In other Whitewater devel-

• Rep. Jim Leach, R-Iowa, released documents indicating RTC attorneys in Washington tried to block sending criminal referrals involving Madison to the U.S. attorney in Little Rock.

RTC lawyers tried delaying the referrals for three weeks, but the delay lasted only a week, Leach said.

That effort came in late September and early October 1993 when White House and Treasury officials had a series of conversations about Madison.

"A major effort was undertaken to debunk the referrals," Leach said.

Leach said the Madison criminal referrals were the subject of investigating officials in Kansas City and officials in Little Rock.

• During questioning by Leach, Treasury General Counsel Jean Hanson acknowledged that one arm of the RTC had developed a memo objecting to the criminal referrals involving Madison that another arm of the RTC had prepared.

But Hanson said she didn't know the substance of the memo or whether developing such a document was standard procedure.

Leach said the memo apparently was sent along with the criminal referrals to the U.S. attorney's office in Little Rock in an "unprecedented procedure."

• The House and Senate hearings stretched late into Wednesday night.

• Hearings will resume today in both the House and Senate.

Five Clinton advisers, including Arkansans Thomas F. "Mac" McLarty and Bruce Lindsey, will testify before the Senate. McLarty's scheduled appearance Wednesday was delayed. Bentsen is scheduled to be the House's sole witness.

LEVIN ASKS COURT TO EXPLAIN CHOICE OF STARR

WASHINGTON, Aug 12 (Reuter) - A three-judge panel that named Kenneth Starr independent counsel to look into the Whitewater affair was asked Friday to rule on whether Starr's political activities impaired his appearance of independence.

Senator Carl Levin, who heads the Senate committee with jurisdiction over the independent counsel law, said in a letter to Judge David Sentelle, head of the panel, that Starr lacked "the necessary appearance of independence essential for public confidence in the process."

Starr has been active in Republican politics and took part on televised debate on a sexual harassment lawsuit brought against President Clinton by Paula Jones, who was an Arkansas state government employee during the time when Clinton was governor.

Starr was named as independent counsel to investigate the Whitewater affair involving the president and Hillary Rodham Clinton. He succeeds Robert Fiske.

Levin, a Michigan Democrat, questioned whether Starr's activities should disqualify him from the position and urged the court to "provide a complete accounting of his recent activities."

He said the court should then issue an opinion stating whether they impaired Starr's appearance of independence.

"If they do, the court should ask Mr Starr to withdraw," Levin said.

Otherwise, he said, the court should explain why Starr met the standard when it had ruled that Fiske did not.

REUTER

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(wap) (ATTN: National editors)

RTC Scrutinizes Actions of 3 Whitewater Investigators (Washn)

By Susan Schmidt= (c) 1994, The Washington Post=

WASHINGTON The Resolution Trust Corp. Monday placed three senior criminal investigators who worked on the Whitewater investigation on administrative leave while the agency investigates unspecified activities related to job performance.

The agency declined to give a reason for the action, but one agency source suggested it was intended, at least in part, to determine whether one of the investigators improperly tape-recorded an RTC lawyer's comments about the Whitewater probe. All three investigators were involved in preparing formal requests to the Justice Department for criminal investigation into Whitewater and Madison Guaranty Savings & Loan.

The RTC lawyer, April Breslaw, said on the tape that officials in Washington wanted to be able to say that the activities of President and Hillary Rodham Clinton had not caused any losses to Madison Guaranty Savings & Loan, according to a copy of the recorded conversation obtained by Rep. Jim Leach, R-Iowa. Madison, which failed at an estimated taxpayer cost of \$60 million, was owned by the Clintons' partner in Whitewater Development Corp.

The senior investigator handling the RTC's request to the Justice Department for further investigation into Madison, L. Jean Lewis, tape-recorded Breslaw on Feb. 2 during a meeting in Lewis' Kansas City office. Breslaw had gone there to discuss Madison-related issues.

Breslaw told Lewis that the "head people" wanted to provide an "honest answer" about the Clintons' role in Madison but that there were certain answers they would be "happier about, because it would get them off the hook." In recent hearings before Congress, Breslaw said she did not know she was being taped and suggested that RTC investigators may have been trying to manipulate her by offering her drinks at lunch during her visit.

An RTC spokesman said only that Lewis and two other investigators had been placed on administrative leave with pay while the agency investigates whether any of its procedures were violated. Lewis' lawyer said he did not know what the agency was looking into, and the other two investigators were unavailable for comment late Monday.

Leach said Monday that he is "sure the RTC wouldn't take this step lightly" but that "it would appear to be a blatant effort to discredit the work product of a criminal investigative unit that's embarrassed the powers that be."

Leach released portions of the transcript in March and the tape itself was provided to Congress this summer in preparation for Whitewater hearings by former special counsel Robert B. Fiske Jr.

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AM Altman, 420

Altman Resists Leaving Treasury

By TERENCE HUNT= AP White House Correspondent=

WASHINGTON (AP) The Clinton administration intensified pressure Monday on Roger Altman to resign, believing he has lost credibility with Congress, but the embattled deputy Treasury secretary was said to be resisting giving up his job.

Publicly, the administration said it was up to Altman to decide what to do. But privately, officials said the drumbeat for his resignation was too loud for him to survive.

In a replay of a time-honored Washington technique, administration officials tried to point Altman to the door by discussing his likely resignation on condition of anonymity. They talked about the timing of a likely departure perhaps as early as this week and even speculated on his successor.

Key Democrats in Congress also have discussed Altman's fate with Treasury Secretary Lloyd Bentsen, White House Chief of Staff Leon Panetta and White House counsel Lloyd Cutler. It also was the subject of weekend talks between White House and Treasury officials.

Altman, vacationing at his ranch in Wyoming, kept track of a steady stream of newspaper stories predicting his resignation. They were faxed to him from Washington. He was returning to Washington late Monday and was not available for comment.

Republicans have accused Altman of giving confidential information about the Whitewater investigation to White House aides last February. Altman had acknowledged just a single contact on Whitewater but later information showed there were at least 40.

Testifying this month, Altman said he regretted that his original statement "may appear too narrow or perhaps incomplete."

White House press secretary Dee Dee Myers, asked Monday about Altman, said, "There's been no change in the president's opinion on this and I think ... this is something that Mr. Altman will have to decide for himself."

In pointed remarks Sunday, Panetta said the real question for Altman is "can he re-establish the confidence of the Senate in its job?" Interviewed on CBS' "Face the Nation," Panetta said no decision had been made.

Administration officials said Altman had met privately with Bentsen to discuss his resignation.

Explaining why Altman's testimony was a matter of concern, Senate Banking Committee Chairman Donald W. Riegle Jr, D-Mich., said, "We've got to have relationships that we can depend upon. We've got to have relations that work, and are full, complete, open and direct."

One official said Altman probably would resign but that he might try to delay it so that it does not look like he's caving in to pressure.

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Doctors Want Magaziner to Answer Charges He Lied About Members

By Toni Locy
Washington Post Staff Writer

The White House's efforts to settle quietly a lawsuit filed by three health care groups over access to the inner workings of President Clinton's health care task force have broken down.

On Sunday night, the board of directors of the Association of American Physicians and Surgeons, which filed the suit, voted 13 to 4 to reject a proposed settlement by the Justice Department.

"For AAPPS, it's a matter of principle," said Jane Orient, executive director of the group. "We are committed to carrying this case forward."

The board rejected the settlement partly because it would have allowed Ira Magaziner, Clinton's health care adviser, to avoid publicly answering a pending contempt-of-court accusation. The health care groups contend that Magaziner lied in sworn affidavits about the makeup of the task force when he said the members were primarily government employees.

"Without a trial, we are not going to get at the issue of whether Ira Magaziner willfully misrepresented the task force membership," said Kathryn A. Serkes, a spokeswoman for the physicians' group.

The case is scheduled to go to trial in U.S. District Court here on Sept. 12, but that starting date could be in jeopardy. Lawyers for the physicians' group bowed out of the case yesterday. Its leaders say they are talking with other lawyers to take the case.

"It's unfortunate that these discussions have not concluded successfully," said Carl Stern, a Justice Department spokesman. "The administration expressed a preference for devoting its attention to health care

legislation rather than health care litigation. But if it's necessary, we will litigate the case."

The physicians' group and two other organizations filed the lawsuit 18 months ago against First Lady Hillary Rodham Clinton, Magaziner and other administration officials over access to the task force's deliberations.

The groups rejected the proposed settlement in part because it did not grant as much access to the task force's voluminous documents as their members would like. They maintain that more documentation will prove their claim that the task force's subcommittees were full of people representing special interests.

"It just didn't go far enough," Serkes said of the proposed settlement.

The case already has gone to the U.S. Court of Appeals for the D.C. Circuit, which ruled last summer that the White House was not legally required to hold open meetings of the task force headed by Hillary Clinton. The appellate court, which declared that the First Lady was a "de facto [federal officer] or employee," sent the case back to U.S. District Judge Royce C. Lamberth with a legal guide to allow disclosure of the task force's documents.

The negotiations in the case began Aug. 4, when the Justice Department asked Lamberth to conduct settlement discussions.

Justice's overture came a little more than a week after Lamberth set the Sept. 12 trial date and after the department conceded in court that the task force's subcommittees' members were not all government employees.

Serkes said the physicians' group considers that admission to be a violation of the Federal Advisory Committee Act, for which the administration should be held accountable.

Taping of RTC Whitewater Lawyer Is Said to Be Probed

By Susan Schmidt
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Whitewater Whistle-Blower Is Put on Leave

By DAVID JOHNSTON
Special to The New York Times

WASHINGTON, Aug. 15 — An investigator at the Treasury Department agency who began the inquiry into a failed Arkansas savings and loan that has erupted into the Whitewater investigation was placed on paid leave today while she undergoes an internal review of her conduct, an agency official said.

The employee, L. Jean Lewis, was suspended along with two other investigators at the Resolution Trust Corporation, which, as the Federal agency managing the savings and loan bailouts, examines failed financial institutions to determine whether anyone is legally liable for their collapse, said Stephen Katsanos, the agency's spokesman. But the reason behind the move was unclear, and Mr. Katsanos, citing a concern for privacy, said he could not describe the nature of the accusations.

An investigator who first cast suspicion on the President is suspended.

The action was questioned by Representative James Leach of Iowa, who has led Republican efforts in the House to investigate Whitewater. "I'm sure the R.T.C. wouldn't take this step lightly, but this would appear to be a blatant effort to discredit the work product of a criminal investigative unit that has embarrassed the powers that be," Mr. Leach said in an interview with The Associated Press, which first reported the suspensions.

Mr. Katsanos said the paid leaves of absence for the three investigators were intended to allow time for "an internal investigation into some matters that were raised concerning internal rules and procedures," he said. "This is not punitive."

Mr. Katsanos said the suspensions were expected to last about two weeks but could remain in effect indefinitely. "That's going to depend on how long it takes them to complete their investigation," he said.

Ms. Lewis was a leading figure in the decision by the Kansas City R.T.C. office to forward to the Justice Department two complaints of possible criminal conduct centering on Madison Guaranty, the failed savings and loan owned by James B. McDougal, who was President Clinton's partner in the Whitewater real estate investment.

Ms. Lewis and her associates sent the first referral in the Madison case to the Justice Department in late summer of 1992 and submitted the second referral in the fall of 1993, after Ms. Lewis and her colleagues learned to their surprise that Justice Department prosecutors had declined to prosecute after getting the first referral.

Suspensions Raised

The second referral included accusations that President Clinton may have benefited from Madison's collapse. Investigators said about \$12,000 from Madison Guaranty had been deposited in Mr. Clinton's account at another Arkansas bank for the 1984 gubernatorial campaign.

Concern about the referral's mention of Mr. Clinton and the possibility that the issue might be the subject of news reports prompted a series of meetings between Treasury Department officials and White House aides. Those discussions were the focus of hearings in the House and Senate in recent weeks.

The substance of the referrals is still under investigation, but Robert B. Fiske Jr., the former independent counsel in the case, has found no criminal wrongdoing in the White House contacts with Treasury Department officials. Nevertheless, Kenneth W. Starr, who was recently appointed by a three-judge Federal panel to replace Mr. Fiske, is expected to review the contacts again.

Suspended along with Ms. Lewis were Richard Iorio, Ms. Lewis's immediate supervisor, and their superior, Lee Ausen. All three were involved in the criminal referrals in the Madison case.

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THE NEW YORK TIMES, TUESDAY, AUGUST 16, 1994

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By Toni Locy
Washington Post Staff Writer

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Mitchell Warns GOP on Debate Of Health Bill

Senate Will Stay in Session
Around Clock if Delays
Continue, He Declares

By DAVID ROGERS
AND HILARY STOUT

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — Majority Leader George Mitchell warned he will keep the Senate in continuous session, around the clock, if Republicans continue to block votes on a Democratic health-reform bill pending in the chamber.

"If there is going to be delay, then the senators who are going to delay will simply have to be here around the clock," said the Maine Democrat. Sen. Mitchell leavened his remarks with some humor, but his blunt, even acid words, betrayed more than ever his growing frustration with the tactics adopted by Republican senators.

"This discussion has gone from providing little information to no information."

Changing Face of Filibusters

The drama has all but gone from the Senate filibuster, yet the filibuster is hardly extinct. Article on page A14.

he told Oklahoma Sen. Don Nickles, part of the younger conservative cadre in the GOP leadership.

While Republicans deny engaging in filibuster tactics, they have refused so far to allow votes on even modest amendments to the pending health bill. The debate has become a test of wills with the majority leader, who must walk a line between confronting GOP conservatives as obstructionists and reaching out to the moderates whose support he needs to pass a bill.

Mr. Mitchell still is pursuing a compromise with a moderate bipartisan faction led by Sen. John Chafee (R., R.I.) and hopes to meet with the group as early as today. The bloc has been working to draft legislative language now that would seek to supplant large sections of Mr. Mitchell's bill. The White House concedes that it needs the moderates' support to produce a viable bill.

If an agreement can't be reached, Mr. Mitchell risks losing those swing votes to the right in support of a more modest plan. Republican Leader Robert Dole of Kansas yesterday tried to vie for the moderate coalition's support in a speech to the Chamber of Commerce. "I'd like to talk to the mainstream group. They've got a lot more in common with our bill" than with the Mitchell bill, he said. "I'd say to Sen. Chafee, 'Offer amendments to our bill.'"

Within the Chafee group, divisions remain over how far to move toward the

Please Turn to Page A4, Column 1

Mitchell Threatens To Let Health Debate Run Around the Clock

Continued From Page A3

Democratic leadership, and members of the group will meet this morning to try to complete their package. This sets the stage for talks with Mr. Mitchell, probably tomorrow. But the pressure from Mr. Dole is having an impact on the Republicans in the group, and members from both parties are increasingly skeptical that agreement can be reached unless some means can be found to relieve the current hostility. "My optimism level is down to 50-50," said Sen. David Durenberger (R., Minn.) last night.

In a floor speech yesterday afternoon, Sen. John Danforth, another member of the moderate group and a close Chafee ally, said a "strong core group" of senators wanted to enact health reform still this year. But the Missouri Republican sternly warned that the Mitchell bill was "light years" away from the centrist bloc, and without wholesale changes "can't be passed" no matter how long the Senate stays in session.

Sen. Danforth faulted as too costly new entitlement programs for home health care and a prescription-drug benefit. Mr. Danforth said the bill was "crammed" with "all kinds of incentives for litigation" that could make medical costs even higher.

In their efforts to cut back the health-care legislation before Congress, Republicans are increasingly pushing the debate in the direction of the man Mr. Clinton defeated for the presidency.

The plan President Bush proposed in February 1992 committed about the same

amount of resources as the proposal being put forth now by Sen. Dole, about \$120 billion over five years. And it isn't far short of the \$140 billion five-year plan unveiled last week by a conservative coalition of Republicans and Southern Democrats in the House.

The budget numbers are revealing in measuring the relative commitment of each of the plans to expanded coverage. If Congress isn't willing to pass a federal mandate requiring employers to pay part of their workers' health-care costs, the main question of the health-care reform debate becomes: how much is the federal government willing to put forth to help people afford health insurance?

Both the Dole plan and the Bush plan sought to subsidize the cost of health insurance for people with annual incomes under 150% of the federal poverty line. The Bush plan went a step further by offering tax deductions for health-insurance expenses to middle-class families with incomes as high as \$80,000 a year. The House bipartisan plan offers subsidies for people up to 200% of the poverty level. All three plans are considerably short not only of the White House-backed leadership bills in Congress but also of the \$246 billion plan embraced by the bipartisan centrist group in the Senate earlier this summer, which would provide subsidies for people with incomes up to 240% of the federal poverty line.

This gap is a major reason why the Democratic leadership still is pursuing some compromise with the Chafee group of moderates.

Liberal senators are plainly uneasy with the direction of the debate. While still supportive of Mr. Mitchell, Sen. Howard Metzenbaum (D., Ohio) ruminated yesterday that the leader could end "giving away the ball game" in trying to pick up these last votes.

Three RTC Officials in Arkansas Probe Are Placed on Paid Leaves by Agency

By ALBERT R. KARR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Three regional Resolution Trust Corp. officials who participated in the criminal investigation of the failed Arkansas thrift enmeshed in the Whitewater controversy were placed on administrative leave.

Stephen Katsanos, an RTC spokesman, confirmed that Jean Lewis, an investigator in the agency's office in Kansas City, Mo.; Richard Iorio, her supervisor, and Lee Ausen, who supervises both Ms. Lewis and Mr. Iorio, were given paid administrative leave. Mr. Katsanos said he didn't know why the Kansas City officials were put on leave, but said the suspensions are pending an internal investigation of questions concerning "compliance with RTC policies and procedures." The action wasn't "punitive," Mr. Katsanos said.

A person familiar with the situation said the suspensions were related to the three officials' work on the Arkansas thrift, Madison Guaranty Savings & Loan. Mr. Ausen said he hadn't any comment; Ms. Lewis and Mr. Iorio couldn't be reached for comment.

Ms. Lewis appeared to be the driving

force behind the Madison criminal inquiry, and memos released by a congressman early this year suggested that she believed RTC officials in Washington wanted to quash the investigation.

In the recent Whitewater hearings by the House Banking Committee, April Breslaw, an RTC attorney in Washington handling the civil investigation of Madison Guaranty, complained that she had been trapped into a "cursory and unimportant" chat with Ms. Lewis, while visiting the Kansas City office. Ms. Breslaw has been quoted as saying in that conversation, which was tape-recorded without her knowledge, that top RTC officials "like to be able to conclude that Whitewater's financial troubles didn't cause any Madison losses."

Ms. Breslaw told the House panel that her comment to Ms. Lewis included a caveat that RTC officials wanted a favorable outcome only "if they could say it honestly." Ms. Lewis was asked to testify at the hearings, but didn't appear before the House committee.

—Vivica Novak contributed to this article.

Altman likely to resign this week

Hearings on Hill axed credibility

By Jerry Seper
THE WASHINGTON TIMES

AT

Under increasing White House pressure to bow out, Deputy Treasury Secretary Roger C. Altman is expected to announce his resignation this week.

Congressional sources said Mr. Altman, a longtime friend and supporter of President and Hillary Clinton, has been told by top administration officials that he no longer has credibility on Capitol Hill — on either side of the aisle.

"He doesn't want it to appear he was forced out onto the street," said one department official who asked not to be named. "But he's made too many people angry and crossed too many lines for anyone to assume he can remain on the job."

Mr. Altman, who returned to Washington late yesterday after a week's vacation at his ranch in Wyoming, told the banking committee in February that he was aware of only one briefing by Treasury of White House officials regarding a government investigation of a failed Arkansas thrift.

There were at least 40, lawmakers discovered later.

During Whitewater hearings earlier this month, Treasury General Counsel Jean Hanson contradicted Mr. Altman's testimony that he did not order her to brief White House Counsel Bernard W. Nussbaum about the Resolution Trust Corp. investigation of Madison

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ALTMAN

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Guaranty Savings and Loan Association — the Arkansas thrift with ties to the Clintons.

Sen. John Kerry, Massachusetts Democrat and a banking committee member, told Mr. Altman during the hearings that he found it "very hard to believe" that Mrs. Hanson had gone to the White House on her own to advise Mr. Nussbaum about the RTC investigation.

Treasury officials said yesterday that Mr. Altman was under "heavy pressure" from the White House to quit.

At the White House, aides said Mr. Clinton still has confidence in Mr. Altman, but they aren't stating it as firmly as last week.

"There's been no change in the president's opinion on this, and I think, as others have said, this is something that Mr. Altman will have to decide for himself," said White House spokeswoman Dee Dee Myers.

Senate banking committee Chairman Donald W. Riegle Jr. told reporters during a bill-signing session at the White House that he doubts Mr. Altman can be effective after the recent Whitewater hearings.

"We've got to have relationships that we can depend upon. We've got to have relations that work, and are full, complete, open and direct," Mr. Riegle said.

After the hearings, Mr. Riegle, Michigan Democrat, and Sen. Paul S. Sarbanes, Maryland Democrat, personally told the White House that Mr. Altman should resign.

While the White House offered support for Mr. Altman, administration officials at the same time leaked the name of his potential replacement, Frank N. Newman, Treasury undersecretary for domestic finance, bolted to the top of the successor list over the weekend.

Mr. Altman apologized to the Senate banking committee, suggesting his February testimony may have appeared "too narrow or perhaps incomplete." He also blamed Mrs. Hanson for any misleading information he gave the panel, saying she was at the hearing and should have corrected his testimony on the spot.

Administration officials have confirmed that Mr. Altman, before leaving for his vacation, met privately with Treasury Secretary Lloyd Bentsen to discuss his resignation. Mr. Bentsen was not available yesterday for comment.

Treasury sources said Mr. Bentsen and White House officials were embarrassed during the Whitewater hearings by the rev-

elations of a free-flowing network of information to senior Clinton administration aides about the RTC probe of Madison.

Mrs. Hanson testified during both the Senate and House hearings that she had been "tasked" by Mr. Altman to give a "heads-up" to Mr. Nussbaum about the RTC investigation. William Roelle, former RTC senior vice president and chief financial officer, corroborated her account of a meeting with Mr. Altman in which the White House briefing was suggested.

Mr. Roelle testified he heard Mr. Altman tell Mrs. Hanson to "call Bernie."

During her House testimony, Mrs. Hanson acknowledged differences between her testimony and Mr. Altman's but refused to criticize her boss. "I understand in Mr. Altman's situation he would be inclined to blame me," she said. "But I won't return the favor."

Meanwhile, RTC investigators in Kansas City, Mo., who initiated the Madison probe and suggested in criminal referrals to the Justice Department that Mr. and Mrs. Clinton were involved in a possible check-kiting scheme were placed on administrative leave yesterday.

Investigator L. Jean Lewis, her supervisor, Richard Iorio, and their boss, Lee Ausen, were placed on paid leave for 14 days. The RTC confirmed the administrative action after the Associated Press obtained an agency electronic-mail message detailing the move.

"They have been placed on leave, and I have no further comment," said Jane Jankowski, a spokeswoman in the agency's Kansas City office.

Mrs. Lewis was responsible for nine criminal referrals at the heart of the Whitewater affair, including one that named Mr. Clinton's 1984 gubernatorial campaign as a possible "co-conspirator" in the case.

The referrals were forwarded earlier this year to Whitewater special counsel Robert B. Fiske Jr. and are expected to remain a focus of the probe by his replacement, Kenneth W. Starr.

The e-mail, which was distributed to select agency attorneys and investigators, listed no reason why the three were placed on leave. None of the RTC officials could be reached yesterday for comment.

One RTC official, who asked not to be identified, said testimony during the Whitewater hearings about Mrs. Lewis' secret taping of RTC lawyer April Breslaw had upset some RTC executives in Washington.

• Paul Bedard contributed to this article, which is based in part on wire service reports.

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GOP lawmaker concludes Foster death was a suicide

Clinger's report backs findings of Fiske, Park Police

By Paul M. Rodriguez
THE WASHINGTON TIMES

An influential House Republican says his six-month investigation has concluded that there was no murder conspiracy involving Vincent W. Foster Jr. and that the White House aide's death was a suicide.

"In the final analysis, I reached the same conclusion as that of the U.S. Park Police and Special Counsel Robert B. Fiske Jr.; namely, that on July 20, 1993, Vincent W. Foster Jr. died from a self-inflicted gunshot wound to the mouth while at Fort Marcy Park, Va.," wrote Rep. William F. Clinger Jr., Pennsylvania Republican, in a nine-page report.

The congressman, the ranking minority member on the House Government Operations Committee, said he initiated his investigation Feb. 26 to determine whether the Park Police or others were obstructed or otherwise impeded in the Foster death probe, as some have suggested in news reports.

"What I have found during our extensive review is that a significant number of news accounts were simply untrue or otherwise easily explained," Mr. Clinger said in the report, which was given to committee members Friday and made public yesterday.

Mr. Clinger acknowledged — as did Mr. Fiske — that "not every question regarding the death of [the] White House aide ... has been definitively answered."

"Nonetheless," he continued, "I have reached the conclusion that all available facts lead to the undeniable conclusion that Foster took his own life."

Mr. Clinger, in a detailed review of forensic and other evidence, said:

- The gun was "fired while in Mr. Foster's mouth."

- "Mr. Foster placed the gun in his mouth himself ... and there



"In the final analysis, I reached the same conclusion as that of the U.S. Park Police and Special Counsel Robert B. Fiske Jr."

— Rep. William F. Clinger Jr.

were no signs of struggle" at the park.

- The conclusion of self-inflicted gunshot "is supported by the marks left on Mr. Foster's thumb and forefinger ... consistent with the rebound by the trigger" after the gunshot.

- Photographs taken shortly after the body was found "support statements by the U.S. Park Police and the pathologist panel [which examined the Foster suicide on behalf of Mr. Fiske] regarding the location of the body, trigger guard marks and gunpowder residue."

Rep. Dan Burton, Indiana Republican, has made several speeches on the House floor ques-

tioning the Fiske report and the conclusion that Mr. Foster killed himself at the Northern Virginia park.

The congressman, who is virtually alone among Republicans and Democrats in questioning the circumstances of Mr. Foster's death, has said he is troubled by several details supporting Mr. Fiske's conclusion that Mr. Foster died by suicide.

Chief among these details is the testimony of a confidential witness who has told investigators that when he found the body, there was no gun in Mr. Foster's right hand.

The witness, who was interviewed last week by several news organizations, including The Washington Times, said "there was no gun in that man's hand, no way" when he first discovered it, notwithstanding later photos showing a gun.

Mr. Clinger, like Mr. Fiske, Park Police and FBI investigators, did not directly challenge the confidential witness's recollections but suggested that he was not in a position to fully view the body and that as a result, his memory is either faulty or incomplete.

Mr. Clinger said he hoped his "summary report," coupled with other evidence and extensive interviews with people close to Mr. Foster, "will put to rest any lingering questions regarding the events of July 20, 1993."

CORRECTION

The Washington Times erred yesterday in stating the San Antonio Express-News' editorial position on Rep. Henry Gonzalez's role in the House banking committee Whitewater hearings. On Aug. 1, the Express-News wrote an editorial headlined "Henry B. irascible but no one's pawn."

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Consistency casualty catalog

ALAN DERSHOWITZ

The partisan ructions provoked by the Whitewater investigation and the appointment of Kenneth W. Starr as independent counsel betray hypocrisy astonishing even to jaded cynics. Both Republicans and Democrats have bettered Ralph Waldo Emerson's instruction: "A foolish consistency is the hobgoblin of little minds adored by little statesmen and philosophers and divines."

Democrats have unleashed a six-count bill of indictment against the Starr appointment, all but one of which seem unpersuasive. But that count is serious. It rests on a luncheon between federal appeals court Judge David B. Sentelle and Sen. Lauch Faircloth, North Carolina Republican, a harsh critic of Mr. Starr's predecessor, Robert B. Fiske Jr., when the appointment issue was pending before Judge Sentelle and two other judges. That meeting tarnished the appearance of impartiality in the appointment decision; the selection should thus be reconsidered by the panel sans Judge Sentelle.

•Count 1: Mr. Starr lacks prosecutorial experience.

History discredits that criticism. Archibald Cox, appointed special prosecutor to investigate the Watergate scandal, performed brilliantly despite a lack of prosecutorial experience. A Harvard Law School professor and former United States solicitor general during the presidencies of John F. Kennedy and Lyndon B. Johnson, Mr. Cox's success in obtaining access to Richard Nixon's papers and tapes provoked his discharge as part of the infamous "Saturday Night Massacre."

Mr. Starr's credentials mirror those of Mr. Cox. He served as solicitor general during the administration of George Bush after a distinguished stint on the U.S. Court of Appeals for the District of Columbia Circuit. Mr. Starr is universally admired for his industry, scholarship and evenhandedness.

•Count 2: Mr. Starr is an active Republican.

History also discredits such a political association as disqualifying. Public confidence in Archibald Cox's Watergate investigation did not suffer despite his warm loyalties to the Kennedy family, arch-enemies of Mr. Nixon. Before his appointment as solicitor general under Attorney General Robert Kennedy, Mr. Cox provided extensive labor law advice to then Sen. John F. Kennedy. Mr. Cox also enjoyed cordial relations with Sen. Edward Kennedy, Massachusetts Democrat, and withheld his vote from Mr. Nixon in the 1972 landslide presidential election.

Mr. Starr's Republican Party associations are less troublesome to the appearance of prosecutorial impartiality than were Mr. Cox's Kennedy family ties. The latter elicited no remonstrance from Democrats in Congress, so why should the former?

•Count 3: Mr. Starr had intended to author an amicus curiae brief in the Paula Jones sexual harassment lawsuit disputing President Bill Clinton's claim of constitutional immunity.

That intent, however, does not suggest a prejudice against Mr. Clinton. The immunity issue carries no sharp partisan or ideological overtones. Indeed, the American

Civil Liberties Union has also publicly protested Mr. Clinton's immunity defense, and plans to file an amicus brief in the pending Jones litigation that will echo Mr. Starr's views. Further, the immunity issue is not implicated in the Whitewater investigation.

Finally, Judge Abner J. Mikva, a former colleague of Mr. Starr's on the U.S. Court of Appeals and appointed new White House counsel last week by Mr. Clinton, has given Mr. Starr a vote of confidence: "(He is) fair and a person of integrity and I assume he will behave that way."

•Count 4: No replacement of Mr. Fiske was necessary.

But special prosecutor Fiske had been appointed by Attorney General Janet Reno, and that linkage created at least an appearance of sympathy toward the Clinton administration. The purpose of entrusting the appointment of an independent counsel to a panel of three federal judges is to avoid such a perception of favoritism. Indeed, Miss Reno resisted appointing a Whitewater special prosecutor for months because she insisted any appointee's appearance of independence would be compromised. Further, the 103rd Congress controlled by Democrats declined to grandfather Mr. Fiske's appointment in reviving the independent counsel law this year.

•Count 5: The appointing judges were Republican Party shills.

Mr. Starr, however, was the unanimous appointment of Judges Sentelle, John D. Butzner Jr., of the 4th U.S. Circuit Court of Appeals in Richmond, and Joseph T. Sneed of the 9th U.S. Circuit Court of Appeals in San Francisco. Neither Judge Butzner nor Judge Sneed, the former appointed by President Lyndon B. Johnson and the latter by President Nixon, have been plausibly accused of bias in the Starr choice.

•Count 6: While the independent counsel petition was pending, Judge Sentelle lunched with Mr. Faircloth. The latter had earlier written to Miss Reno assailing special prosecutor Fiske for professional ties to former White House Counsel Bernard Nussbaum that created at least the appearance of a conflict of interest. Thereafter, 10 Republican members of Congress echoed that concern in a letter to the three-judge panel urging Mr. Fiske's replacement. Judge Sentelle's lunch with Mr. Faircloth at such a sensitive time created an appearance of bias against Mr. Clinton that sullies the Starr appointment.

•Count 6 seems unanswerable. Appearances are critical, especially in proceedings bristling with partisan ramifications. The Faircloth lunch, even if only trivialities were discussed, should have prompted Judge Sentelle's recusal.

Mr. Starr might consider resigning to create an independent counsel vacancy and concurrently petition for reappointment by the two uncompromised judicial panelists.

Bruce Fein is a lawyer and freelance writer specializing in legal issues.

Kenneth Starr might consider resigning to create an independent counsel vacancy and concurrently petition for reappointment by the two uncompromised judicial panelists.

The decision to replace Robert Fiske with Kenneth Starr as the new Whitewater independent counsel reeks of partisan politics.

The stench comes not so much from Mr. Starr himself — who has a reputation as a fair, if somewhat partisan, Republican — as from the judge who presided over the panel that made the decision. Judge David B. Sentelle of the U.S. Court of Appeals for the District of Columbia is as partisan a Republican right-winger as now sits on the bench. A protégé of Sen. Jesse Helms, Judge Sentelle has contributed to making the D.C. Court of Appeals a hot bed of partisan politics. Along with former Ed Meese protégé Lawrence Silberman and former Republican Sen. James Buckley, the right wing of that court is well-known among lawyers for its partisan approach to cases. Judge Sentelle's opinions are entirely predictable on most issues involving politics and the Constitution.

Judge Sentelle's political background — he was chairman of the Macklenburg Republican Party as well as chairman of the North Carolina Republican Convention — shows him not only as an ideologue on legal issues, but also as a partisan on political events. Moreover, he is on everyone's short list for possible promotion to the Supreme Court — if a Republican were to become president. Since he is in his 50s, his realistic prospect for promotion would be considerably enhanced if President Clinton were to be defeated for re-election in 1996.

The panel that selected Kenneth Starr to replace Robert Fiske was dominated by Judge Sentelle; the two other judges were both semiretired. All were selected by Republican appointee Chief Justice William Rehnquist to serve on the selection board. The man they selected as the new independent counsel is a former member of the

same court on which Judge Sentelle now serves, and was one of Judge Sentelle's right-wing soulmates on that court. He is a potential Republican candidate for the U.S. Senate from Virginia. It is not idle speculation to assume that Judge Sentelle hopes that Kenneth Starr will give the Clintons a harder time than would Mr. Fiske — who, though a Republican, is essentially nonpolitical. Indeed, when Mr. Fiske served on the American Bar Association's Judicial Selection Committee, he incurred the wrath of the Sentelle-Silberman wing of the Republican Party by opposing some right wing hacks who were nominated to the bench solely because of their extremist ideology.

The stench of this partisan act is also magnified by the process — or lack thereof — by which the switch from Mr. Fiske to Mr. Starr was effected. It is still not exactly what that process entailed. Press reports suggest "the judicial panel acted after a group of conservative lawmakers led by Sen. Lauch Faircloth of North Carolina, another Republican protégé of Sen. Helms, wrote to the Justice Department asking that Mr. Fiske be replaced. Another group of makers, including Rep. Dan Burton, Indiana Republican, said it had written to the panel to criticize Mr. Fiske." A call to Judge Sentelle's office resulted in a referral to the Clerk's Office, which denied all knowledge of any terms. But the senders of the letters confirm they were sent yet Judge Sentelle's office refused to make any such letters public. Each and every communication, whether written or oral, of course be made public, since the matter is of grave public interest. The entire process sounds far more political than judicial. The absence of briefs, oral arguments, case citations, and other judicial mechanisms allows judges like Judge Sentelle to view the selection process in political rather than judicial terms. Secrecy exacerbates the problem.

The object of an independent counsel is indeed independence. It is not partisan score-settling or self-wielding. The reason judges were empowered to select the independent counsel was precisely to the appearance and the reality of partisanship. But the chief selected a known partisan to be the selection panel. That partisanship then accepted — and now refuses to disclose — secret letters from other partisans. This very partisan process has now produced a partisan prosecutor with his own political ambitions, rather than a far partisan professional prosecutor.

The entire process by which independent counsels are selected must be revisited in light of fiasco. Perhaps a permanent of independent counsel — entirely removed from politics and staffed by long-term professionals — should be established. The courts should stay entirely out of the selection process.

The crowning irony of Judge Sentelle's very political selection of Kenneth Starr may still be down the road. Any cases ever brought by the independent counsel appealed to Judge Sentelle. The leader of the liberal Democratic wing of that court is Chief Justice Abner Mikva. Judge Mikva has been asked to become a Clinton's new White House

Alan Dershowitz, a Harvard Law School professor, is a syndicated columnist.

Foster death was suicide, study agrees

BY RANDY LILLESTON
Democrat-Gazette Washington Bureau

WASHINGTON — A key House Republican issued a report Monday on last year's death of Vincent Foster Jr., agreeing with other investigators that the Hope native committed suicide.

Rep. Bill Clinger, R-Pa., the ranking minority member of the House Government Operations Committee, had pursued his own investigation of the deputy White House counsel's July 20, 1993, death. Clinger's report resembled one issued in June by former Whitewater special counsel Robert Fiske Jr.

Foster was a former partner in Little Rock's Rose Law Firm.

Clinger in February directed the committee's minority staff to investigate the death, citing the committee's ability to conduct reviews of the management and effectiveness of government operations.

"Although this conclusion is at odds with some Republicans and pundits, it is a conclusion that I have come to after a thorough and complete examination of the facts," Clinger said in a statement issued by his office. "Hopefully, this report and the detailed scientific evidence presented by Fiske will quell any further talk that Mr. Foster's death was anything other than a suicide."

Clinger called speculation surrounding the suicide "unfortunate because in the end I believe this was a personal tragedy, and any comments to the contrary are unproductive."

Fiske allowed Clinger to see some of the evidence in the case months before it was released to the public.

Clinger cited forensic evidence that only Foster could have pulled the trigger on the gun that caused his death and additional evidence ruling out rumors his body was moved to the Virginia park where it was found.

"Perhaps the unexpected death of any high government official will needlessly bring cries of conspiracy from many in our society. That is unfortunate," Clinger's report said.

Arkansas Democrat Gazette

8-16-94

Altman Likely to Quit Soon Over Whitewater, Aides Say

By KEITH BRADSHAW
Special to The New York Times

WASHINGTON, Aug. 13 — Deputy Treasury Secretary Roger C. Altman, under heavy Congressional criticism for his testimony on the Whitewater investigation, is expected to step down from his post in the next week to 10 days, Administration officials said today.

But a Treasury official speaking for Mr. Altman said he had not yet decided whether he was willing to resign and had not been asked to do so.

The Administration officials, who insisted on anonymity, said there was a small chance that Mr. Altman would be offered another Government position.

Jean E. Hanson, the Treasury Department's general counsel, is also expected to resign, the Administration officials said, and the exact tim-

ing of Mr. Altman's departure will depend partly on when she steps down. Ms. Hanson was also criticized by both Democrats and Republicans during the recent Whitewater hearings for her role in the White House-Treasury discussions about the investigation of Madison Guaranty Savings and Loan, which was run by James B. McDougal, a business partner of the Clintons in the Whitewater real estate development.

The resignations are pending in part because the two most senior Democrats on the Senate Banking Committee, Senator Donald W. Riegle Jr. of Michigan and Senator Paul S. Sarbanes of Maryland, have privately told Treasury Secretary Lloyd Bentsen and Lloyd N. Cutler, the Acting White House Counsel, that Mr. Altman should resign, the officials said. Mr. Bentsen and Mr. Altman have met privately since then to discuss the possibility of Mr. Altman's resignation, officials said.

Mr. Altman's integrity has come under heavy criticism from Congress in connection with ongoing investigations into links between Mr. and Mrs. Clinton and a failed Arkansas savings and loan.

When Mr. Altman was first asked about contacts between the Treasury

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Department and the White House in the case, he testified at a hearing in February that there had been only one substantial contact, and he played down its significance.

When word leaked of other contacts, Mr. Altman repeatedly amended his testimony. Mr. Altman testified a week ago before the Senate Banking Committee that he had made poor judgments and apologized, but he said he had not intentionally withheld any information.

Even before the hearings began, officials in the Treasury Department and the White House said they expected that either Mr. Altman or Ms. Hanson or both would have to leave because the clashes between their testimony would make it impossible for them to work together afterward. But Mr. Clinton offered some support to Mr. Altman during the hearings, and the White House has been careful not to make any overt move that could be seen as shoving him out.

A friend of Mr. Altman who insisted on anonymity said that the Deputy Treasury Secretary was still reluctant to resign because "he feels intensely that the charges against him of intentionally misleading Congress are false."

At the White House, there was a growing sense this week that the criticism from Democrats in Congress would make Mr. Altman's resignation unavoidable and that he should have received all the signals he needed by now.

"I think that a lot of people in this building think his departure is inevitable and it's just a question now of whether Roger sees that," a senior White House official who insisted on anonymity said on Friday night.

Mr. Altman, a former investment banker, is a friend of Mr. Clinton's from their college days. While parts of his Whitewater testimony contradicted statements by Mr. Bentsen, an Administration official said today that they had become closer in recent months, citing the presence of Mr. Bentsen's wife, B.A., among members of Mr. Altman's family in the hearing room.

Senators Riegle and Sarbanes met with Mr. Cutler and Mr. Bentsen on Aug. 5, at the end of a week of hearings on Whitewater. Mr. Altman and Senator Riegle declined to comment today, while Senator Sarbanes's office could not reach him for comment.

Joshua L. Steiner, who was Mr. Altman's chief of staff last year and now holds the same position in Mr. Bentsen's office, appears likely to stay in the Administration but may move to a new position, said the officials, who insisted on anonymity.

Trouble for White House

The activities of Senator Riegle and Senator Sarbanes represent the third time in the last week and a half that the Clinton Administration has run into trouble on Capitol Hill with members of its own party. Some conservative Democrats in the House and Senate are opposing the President's plans for broad changes in the nation's health care system.

The Washington Post and The Los Angeles Times first reported the two Democratic Senators' conversations in today's issues, while The Los Angeles Times first reported the meeting between Mr. Bentsen and Mr. Altman.

Senator Alfonse M. D'Amato, Republican of New York, said in a telephone interview today that he would not be satisfied unless Mr. Altman, Mr. Steiner and Ms. Hanson all left the Administration. "All should go — they all were less than candid, they were not truthful," he said.

Mr. D'Amato said that if Mr. Bentsen continued to express confidence in Mr. Altman, "then I have to tell you that my confidence in him is less than it should be."

But Senator Christopher J. Dodd, Democrat of Connecticut, said he did not think that Mr. Altman had to leave. The Treasury Secretary, rather than the Senate, should decide whether a Deputy Treasury Secretary should continue to serve, he added.

During his news conference Aug. 3, Mr. Clinton said it would be up to Mr. Bentsen to make any "management" decisions about the department's top leadership in the wake of the hearings.

It remains unclear who might replace Mr. Altman who came to Washington a year and a half ago from Wall Street with what seemed like a clear shot at someday replacing Mr. Bentsen as the head of the Treasury.

Many expected Mr. Altman, who is 48 years old, to become one of the Clinton Administration's power brokers because of his rare combination of close ties to the President, personal wealth, accumulated as an investment banker, and Washington experience. He served as Assistant Secretary of the Treasury for Domestic Finance in the Carter Administration.

In the Inner Circle

Mr. Altman made many friends at the White House during his first year in office by playing a large role in mustering Congressional support for the President's budget and for the North American Free Trade Agreement. Administration officials predicted that his loss would be felt most strongly in the coming weeks in the struggle with Congress over a health care overhaul, another highly complicated economic issue.

Wall Street analysts have also worried that Mr. Altman's departure could hurt the already weak value of the dollar in international currency markets. The departure of a top finance official in any country tends to have at least a temporary effect on foreign investors' confidence in the currency.

Shaking off Whitewater, Fiske looks fondly on L.R.

BY NOEL OMAN
Democrat-Gazette Capital Bureau

Robert Fiske Jr. and his staff blended together as a team in their six months investigating Whitewater Development Corp. To a point, they also blended into the social fabric of a state many of them have come to call home.

Neither was an easy trick to turn, Fiske said last week.

He had to assemble a team of highly accomplished lawyers, many from the New York-Washington axis, and throw that volatile mixture of egos into a high-profile investigation of the financial dealings of the president of the United States.

But what Fiske termed this "spectacular" experience is ending. On Aug. 5, a three-judge panel ordered him replaced by Kenneth W. Starr.

The interview that Fiske granted the *Arkansas Democrat-Gazette* last week was his first in-depth interview since losing his job as special counsel. However, he put specific questions about the Whitewater investigation and his replacement out of bounds.

Fiske made it clear early in his investigation that his would

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Fiske

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leave no stone unturned in the highly publicized investigation of Clinton's financial dealings. His investigation eventually expanded to include other prominent Arkansas citizens, including Gov. Jim Guy Tucker.

The accompanying international news coverage left some civic leaders wailing and gnashing teeth, suggesting that the investigation threatened to do untoward damage to the state's fragile reputation.

Then Fiske began having his own public-relations problems, brought on by congressional Republicans who once praised him but, after Fiske concluded two aspects of the investigation not to their liking, now thought him not aggressive enough.

Through all of this, Fiske said in his modest office on the ground floor of a west Little Rock office complex, a couple of things struck him about his six months in Arkansas.

One was how friendly the people he met in Arkansas were, and the other was the cohesion of his staff and what it accomplished, apparently considerably more than Fiske has let on.

"I think one of the things ... that we noticed right away is how friendly everybody's been here even though, you know, we're coming down here to do an investigation that may lead to indictments of prominent people in Arkansas," Fiske said.

"That's why we're here. Despite that, everyone we've run into has been very outgoing, want to make sure how we're doing, how we like it. They've been very friendly. It sort of stands out."

Friendliness abounded, apparently, as the outsiders gradually settled in for what all thought was the long haul.

For Fiske, friendliness was found at the Little Rock Athletic Club, where he exercised almost daily. Or the local adult hockey league, which invited him for a spin on the ice after reading a newspaper account of Fiske's exploit as a pee-wee league coach, once taking his team of young pucksters to the Connecticut state championships. (They lost.)

For one lawyer on Fiske's staff, Gabrielle Wolohojian, who happens to be a classical violinist from Boston, it was the Arkansas Symphony Orchestra, where she was allowed to display her talent.

For another staff lawyer, Bill Duffey, originally from Atlanta but now settled in Conway, that friendliness was extended to his family, which includes wife,

Betsy, an author of children's books who joined a local writers group.

Son Charles, 12, an accomplished fiddler, jammed with other bluegrass aficionados at Reedy's Music Store in Pickle's Gap on a recent Saturday night. Another son, Scott, 9, refined his passion at the Scottie Pippen basketball summer camp at the University of Central Arkansas.

The friendly Milford Track restaurant in the nearby Koger Center was the eating spot of choice for the staff. There, Fiske acquired a taste for blackened chicken — not a regular menu item in New York.

Staff members all settled into life in Arkansas, a life that may continue if they remain on the staff after Fiske's departure in what he said was a "week or so."

Julie O'Sullivan, another staff lawyer, joined Wolohojian in taking classes on oil painting at the Arkansas Arts Center.

Staff members shared four season tickets to Arkansas Travelers baseball games. "We've had a lot of fun at those games," Fiske said. "It's pretty good baseball."

Duffey's family took weekend trips to Beaver Lake and other parts Northwest. Fiske cast his fly rod on the Little Red River and climbed Pinnacle Mountain a couple of weekends ago.

They also enjoyed other typical Arkansas pursuits: paddling the Buffalo River, soaking in a Hot Springs spa and horseback riding in the Ozarks.

"When all of us came down here, we felt (that) to the extent we could we should get to know

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the state and sort of get into it," Fiske said. "We were looking forward to the fall. We were going to take a trip up to the Ozarks once it got a little cooler."

But they could only "get into it so far." Establishing friendships, or re-establishing old ones, natural in the legal community or any other community, was off-limits.

"I think we've all been sensitive to any of the appearances about our conduct in Arkansas," Duffey said in an interview.

Fiske had four acquaintances from Arkansas. He renewed relationships with two of them — a Little Rock physician, Mose Smith III, a college classmate, and W.H. "Sonny" Dillahunt, a U.S. attorney from Arkansas when Fiske was a U.S. attorney from Manhattan.

Two other relationships were put on hold: with Alston Jennings and William Allen, both Little Rock lawyers with ties to Clinton. Jennings is a name partner in Clinton's old law firm of Wright, Lindsey & Jennings. Allen represented the state Department of Education while Clinton was governor during the Pulaski County desegregation lawsuit.

Fiske was acquainted with Jennings through the American College of Trial Lawyers, where both had served as president. (He did drop Jennings a note when he saw a newspaper article marking Jennings' 50th wedding anniversary.) Fiske worked with Allen on his only other visit to Little Rock, an overnight stay 13 years ago.

Even Smith could not avoid Fiske's studious attempts to

avoid conflicts, or their appearances. When Smith wanted to invite Fiske to meet his Arkansas friends at a June dinner party, Fiske asked for and received a guest list. Fiske reviewed the list of 15 couples, found no one remotely connected to the investigation, and attended the dinner, which he said he thoroughly enjoyed.

And some of Little Rock's famous markers were off-limits, too, sites made famous by Clinton's connection to them. That limit even extended to Doe's Eats Place, the steakhouse Clinton and his campaign staff made popular nationally.

"The only time I went there was last night," Fiske said, referring to Tuesday, after he and his staff had met with his replacement. "I figured I ought to see it before I left and I thought last night would be a good time."

But the arm's-length they kept from Arkansas brought the staff closer than they otherwise might have been.

"This has been sort of a bonding experience for all of us because we're all down here away from home, so by force of circumstances to a large extent we've spent our time away from the office with each other," Fiske said. "It's worked out from that point of view extremely well."

When Fiske talks about his relationship with his staff and what work the staff has done, the pride is obvious.

"We had this mixture of people that I knew personally ... and people that I had never known before and they just hit it off in a wonderful way," he said.

"We were a very collegial group; nobody had a big ego, asking why somebody was doing something more important. Everyone worked together and helped everyone out; we worked incredibly long hours, 12- or 15-hour days."

Duffey agreed: "This has been a very close staff and has been one of the most gratifying experiences in my professional life."

"There is a lot of loyalty to me," Fiske conceded when asked whether his staff was going to stay with Starr. "But that was part of what was discussed at the meeting with Mr. Starr. What I said to them is that it is very important for everybody to stay long enough to be sure there's a meaningful orderly transition with whatever Ken Starr wants to do."

"Beyond that, whether someone wants to stay as part of his team is an individual decision they will have to work out."

Also obvious is the feeling that Fiske and his team had gotten to the point where they had reached conclusions and, as some press accounts have suggested, were ready to push for indictments.

"It was a wonderful team, the kind of team that you remember the rest of your life," Fiske said. "We're very upbeat about what we've accomplished, how much we've been able to do in six months, how much there is there waiting for Ken Starr to come in and capitalize on ... we have a good feeling about how much we've done."

S-15-94

We can't trade on Hill's luck

When details of your commodities bonanza in cattle first surfaced last March, Hillary Clinton, we decided to get into the market and try to duplicate your winning ways.

Well, we didn't score a \$60,000 profit on a \$1,000 initial investment like you did.

After a lot of sweat, we made a few bucks, 770 to be exact. That's better than most. The experts say 15% to 20% of those who play the commodities markets lose money (we did lose nearly \$400 after commissions on our trading).

But we saw it was possible for a novice to make a killing in the market. How do we know it's possible? We came about this close to making \$60,000 ourselves.

We bought a coffee contract, purchasing 17,500 pounds of beans at 80.48 cents per pound on April 8, just a few days before Java took off like a jet of caffeine.

This one little contract would have netted us a fifty-20 grand, if we could have held onto it. But we were "stopped out" of coffee after we lost \$300, when the beans dropped nearly a penny to 79.18 cents per pound after just one day.

The next day, that same coffee contract made \$1,000 — for the person we sold it to — and the next day it made that person another two thou-

sand. Our bosses at the Dally News gave us the \$5,000 we needed to open up the account — the rock-bottom minimum — but they also put us on an unbelievably tight trading leash.

Manfred and Alan Kechichian, our brokers at Prudential Securities, entered into what is called a stop-loss agreement, so when the caffeine beans lost a penny a pound, we had to sell our coffee contract.

"We used cash management tools like stop-losses to stay alive," said Alan Kechichian. "Our concept of risk and cash management allowed us to be here and maybe experience some luck in our trading."

"This was our biggest missed opportunity," he lamented.

Coffee prices tripled in the next few months, soaring to more than \$1.70 per pound, or the highest level in eight years. But we weren't even in the game by then. Our \$60,000 went elsewhere.

We had the right idea, Hillary Clinton, but our timing was pathetic.

But this coffee contract



Hillary Clinton

does show that Mrs. Clinton's cattle profits could have been achieved by a novice," said Alan Kechichian. "In fact, the price fluctuations in coffee were even more dramatic than when Mrs. Clinton was placing her cattle trades in the 1970s."

Yes, Hillary Clinton, we could have been contenders for your trading record ... but for our big bosses.

But enough whining. We had a blast trading commodities. Was it fun for you, Hillary?

We dabbled in currencies, in metals, in bonds, in soybeans and in sugar, and we even bought your personal favorite — live cattle.

Yes, we owned 40,000 pounds of steer for more than a week, netting a fifty grand profit.

We know you made most of your cash on the cows, Hillary Clinton, so we wanted to give them a shot, too, even though this is a pretty bleak time for cattle as chafed.

And we were tickled when media personality Rush Limbaugh and Lesley Stahl of the TV newsmagazine "60 Minutes" have copied our idea, setting up their own commodities accounts.

We even had a few businesspeople — some traders and a real estate man — contact us and offer to ante up a few thousand to our trading account. We thought that was real nice, but in the end decided to go it alone.

We never heard from you, Hillary Clinton, even though one of your spokeswomen told us you would "absolutely, totally get a kick" out of our efforts.

None of the friends who advised you called either.

But we got letters from readers and students offering us advice.

Don Kaufman, whose dad was instructing a group of grade-schoolers on the floor of the New York Mercantile Exchange, told us:

"Try to sell when people are willing to pay high prices and buy when the prices are low. The whole point is make money."

We tried.

CLOSING THE BOOKS				
The following table shows the results of our trading account as of April 15, 1984. It is not intended to be a guide for future trading. The results shown are for the entire period from April 8, 1983, to April 15, 1984. The results shown are for the entire period from April 8, 1983, to April 15, 1984. The results shown are for the entire period from April 8, 1983, to April 15, 1984.				
Commodity	Quantity	Purchase Price	Sale Price	Gain/Loss
Coffee	17,500 lbs	80.48¢	79.18¢	(\$230.00)
Cattle	40,000 lbs	1.25¢	1.70¢	\$17,500.00
Sugar	10,000 lbs	11.25¢	11.30¢	\$500.00
Wheat	10,000 lbs	1.25¢	1.25¢	\$0.00
Gold	10,000 lbs	1.25¢	1.25¢	\$0.00
Oil	10,000 lbs	1.25¢	1.25¢	\$0.00
Gas	10,000 lbs	1.25¢	1.25¢	\$0.00
Electricity	10,000 lbs	1.25¢	1.25¢	\$0.00
Water	10,000 lbs	1.25¢	1.25¢	\$0.00
Coal	10,000 lbs	1.25¢	1.25¢	\$0.00
Iron	10,000 lbs	1.25¢	1.25¢	\$0.00
Steel	10,000 lbs	1.25¢	1.25¢	\$0.00
Aluminum	10,000 lbs	1.25¢	1.25¢	\$0.00
Copper	10,000 lbs	1.25¢	1.25¢	\$0.00
Nickel	10,000 lbs	1.25¢	1.25¢	\$0.00
Palladium	10,000 lbs	1.25¢	1.25¢	\$0.00
Platinum	10,000 lbs	1.25¢	1.25¢	\$0.00
Silver	10,000 lbs	1.25¢	1.25¢	\$0.00
Lead	10,000 lbs	1.25¢	1.25¢	\$0.00
Antimony	10,000 lbs	1.25¢	1.25¢	\$0.00
Vanadium	10,000 lbs	1.25¢	1.25¢	\$0.00
Chromium	10,000 lbs	1.25¢	1.25¢	\$0.00
Manganese	10,000 lbs	1.25¢	1.25¢	\$0.00
Phosphorus	10,000 lbs	1.25¢	1.25¢	\$0.00
Potassium	10,000 lbs	1.25¢	1.25¢	\$0.00
Sulfur	10,000 lbs	1.25¢	1.25¢	\$0.00
Selenium	10,000 lbs	1.25¢	1.25¢	\$0.00
Strontium	10,000 lbs	1.25¢	1.25¢	\$0.00
Tantalum	10,000 lbs	1.25¢	1.25¢	\$0.00
Tin	10,000 lbs	1.25¢	1.25¢	\$0.00
Tungsten	10,000 lbs	1.25¢	1.25¢	\$0.00
Uranium	10,000 lbs	1.25¢	1.25¢	\$0.00
Vanadium	10,000 lbs	1.25¢	1.25¢	\$0.00
Zinc	10,000 lbs	1.25¢	1.25¢	\$0.00
Aluminum	10,000 lbs	1.25¢	1.25¢	\$0.00
Copper	10,000 lbs	1.25¢	1.25¢	\$0.00
Nickel	10,000 lbs	1.25¢	1.25¢	\$0.00
Palladium	10,000 lbs	1.25¢	1.25¢	\$0.00
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Chromium	10,000 lbs	1.25¢	1.25¢	\$0.00
Manganese	10,000 lbs	1.25¢	1.25¢	\$0.00
Phosphorus	10,000 lbs	1.25¢	1.25¢	\$0.00
Potassium	10,000 lbs	1.25¢	1.25¢	\$0.00
Sulfur	10,000 lbs	1.25¢	1.25¢	\$0.00

Judge Sentelle, Mr. Starr and the Terror

"...an individual who saw [Sen. Lauch] Faircloth and [Judge David B.] Sentelle board a tram underneath the Capitol complex said the two were involved in an "animated" discussion in which Faircloth did most of the talking. The individual spoke on condition of anonymity and said he called The Washington Post to report the discussion between Faircloth and Sentelle because he believed it was inappropriate."

— The Washington Post, August 12, 1994

Call it the Stasi, American-style. You chance upon a discussion between two men. You know that one is a senator from North Carolina who has been highly critical of the Whitewater investigation led by Robert B. Fiske Jr. You know that the other is a judge in the special division of the Court of Appeals responsible for appointing an independent counsel. You know that Attorney General Janet Reno has asked the special division to reappoint Mr. Fiske. But you know that the court is under no obligation to do so. You know that the decision is pending.

True, you hear nothing of what the two men are discussing. But you note that their conversation is "animated."

It is mid-July. It is not, of course, time to do anything with this information, not yet. But you are patient. You know what to do if the time ever becomes ripe. You will call The Washington Post and report on the encounter.

You hear the special division announce that in the interest of the appearance and fact of independence contemplated by the independent counsel law, Mr. Fiske, who had been appointed by Miss Reno, must be relieved. You hear that he is to be replaced by Kenneth Starr, a former judge on the D.C. Circuit Court of Appeals. You know that Mr. Starr was solicitor general in the Bush administration. You watch and listen as leading Democrats start to complain about Mr. Starr's partisanship.

It's time. You call The Post. You work it out with The Post reporter. You can be identified only as "an individual." No more. Your exposure would not be in your interest, not at all.

You don't have to wait long. The story — your story — appears on the front page: "Judge Met Sen. Faircloth Before Fiske Was Ousted."

Well, congratulations. Mr. or Ms. Individual — or is it Sen. Individual? Your exercise in American political terror has been executed quite perfectly.

Fortunately for Judge Sentelle, Sen. Faircloth and Mr. Starr, politics in America is not a life or death proposition. It is very much, however, a matter of trying to destroy people's reputations for political reasons — and of using the threat to destroy to try to induce an outcome favorable to those doing the destroying. Among no one, incidentally, is this art more refined than among those of the hard left who take an interest in the courts.

In police states, informants who come upon potentially damaging information about someone pass it on to the interior ministry, whose secret police knock on the door of the informed-upon and lead him away in the dark of night. The precise American equivalent of this is that an informant with an agenda calls a like-minded reporter, the informed-upon gets a phone call for comment shortly before the newspaper deadline, and his reputation is in tatters by morning, when everybody reads about him over coffee.

Here's what's really going on in relation to Judge Sentelle, Mr. Starr and Sen. Faircloth — and their enemies. Judge Sentelle, in the view of the hard left, was just fine when he was going along with independent

counsel Lawrence Walsh's use of secret grand jury testimony in writing his final report on Iran-Contra. So the notion that he is some kind of vicious right-wing henchman doing the bidding of vicious right-wing senators is of quite recent invention.

It got invented because the hard left did not approve of his role in replacing Robert Fiske. Mr. Fiske had already established himself as the sort of white-shoes prosecutor who was not going to run around charging people for such "crimes" as "misleading Congress." In addition, Mr. Fiske's insistence that congressional hearings would interfere with his investigation had served as an admirable enforcement tool in the clampdown Democrats were enforcing on Whitewater information.

So now Judge Sentelle gets painted as a partisan stooge and denounced anonymously in The Post. A couple of law professors — Stephen Gillers at New York University and Stephen Bundy at Berkeley — get called up to provide context and analysis. They are, of course, presented merely as "legal experts" questioning "the wisdom of the meeting in view of the matter's political implications" — though they have a political agenda for the courts not dissimilar to the apparent agenda of Mr. or Ms. or Sen. Individual, as well as the agenda of many of those who regularly write on the law in the prestige media.

Mr. Bundy loses it a little bit, saying, "Then we find this guy consorting with the leader of the opposing political faction." Consorting? Bear in mind that this story does not report so much as a hint of any discussion about Mr. Fiske or Whitewater or the pending independent counsel appointment between Judge Sentelle and Mr. Faircloth — merely an "animated" discussion. Can Abner Mikva, the chief judge of the D.C. circuit who is bound for the White House counsel's office in October, pass the "consorting" test? When Judge Mikva was working on a decision asserting the unconstitutionality of excluding gays from the military, did he "consort" with anyone on Capitol Hill known to oppose the gay ban?

Meanwhile, Mr. Gillers notes gravely that the appointment of an independent counsel is a "judicial function" of the court, thus an area in which strict judicial neutrality is required. For some reason, however, The Post finds no one to make the point that appointing independent counsels is precisely *not* a judicial function, and that this is a problem.

But to what end? Why the hit on Judge Sentelle? The chance of getting rid of Mr. Starr is remote. But Judge Sentelle's days on the bench are hardly over. Other politically volatile matters will come before him. And the hard left has just given him a little reminder of what lies in store for him if he decides wrongly.

Likewise, Mr. Starr. His resume is similar to that of Archibald Cox, the first Watergate special counsel — a Democrat who was solicitor general during the Kennedy-Johnson years. Mr. Starr served with distinction on the D.C. Circuit Court of Appeals for years. Now he is getting the hard-left treatment, being portrayed as a partisan goon. This, too, is a message, an invitation for Mr. Starr to go easy in his investigation — and perhaps, once again, a warning of what to expect if he digs too hard.

But they're bluffing, these bullies in Congress and on congressional staffs and in the interest groups and their friends in the media — collectively, the Terror. They don't really have so much power as they think or claim. If Judge Sentelle and Mr. Starr conduct themselves with integrity, it is beyond the power of The Washington Post and Mr. or Ms. or Sen. Individual to take it away from them. Once you realize that, you are free — and until you realize it, you are enslaved.

. arrested at the scene

Latin Americans have an old saying about government: "If the minister lies and steals, his subordinates will extort and murder." We in the United States have a long way to go before we lose our naivete about government and catch up with Latin Americans, but Whitewatergate is certainly helping us along.

What has emerged clearly from the Whitewater hearings is that we are governed by crooks from top to bottom. The first couple has lied repeatedly about its Whitewater involvements, just as aides have lied about their efforts to control the Resolution Trust Corp. investigation into the diversion of taxpayer-insured Madison S&L funds to the Clintons.

We know the Clintons lied. Consider, for example, the missing papers of Vincent Foster, deceased deputy White House counsel. Upon hearing of his death, top Clinton aides rushed to Mr. Foster's office, but we were assured that no one took anything. Months later, when evidence turns up, the story changes. Mr. Foster's Whitewater files, we were told, were given to Mr. Clinton's personal criminal defense lawyer, who specializes in white collar crime.

Last week we learned that Mr. Foster's files actually were taken to the Clintons' private residence and remained there for some days—but, we are assured, the Clintons did not look at the papers, or cull them, or doctor them, or anything like that. They just kept them there for safekeeping.

At the congressional hearings last week, Treasury and White House aides "couldn't remember" the numerous Whitewater meetings that they wrote about in their diaries. Indeed, administration officials dismissed each other's and their own diary entries as fanciful. Treasury chief of staff Joshua Steiner said his diary was a form of science fiction that wasn't to be believed. And Mrs. Clinton's chief of staff, Margaret Williams, said that Deputy Treasury Secretary Roger Altman's diary couldn't be believed, either.

The cover-up starts at the top, and by the time it reaches the House banking committee it is a caricature of itself. Rep. Henry Gonzalez, Texas Democrat, the once-proud committee chairman, is today dismissed by the New York Times as a "Democratic excuser" who has been "reduced to the role of court jester." The White House itself, say the newspaper's editors, "operates by 19th-century rules of political intrigue—hidden files and clandestine tip-offs."

That's tough stuff from a liberal paper. Just imagine what the New York Times would be saying if Mr. Clinton were a Republican. The Democratic congressional leaders are trying to deflect the public's attention from Whitewater wrong-

doing by touting a crime bill and health care legislation. However, the claims that Senate Majority Leader George Mitchell and others are making in behalf of these bills are so phony on their face that it reinforces the public's belief that everyone in the government is lying about everything.

The crime bill is a fraud. Everything about the bill is wrong and harmful. Millions of innocent gun owners will be criminalized outright by the vague and expansive ban against "assault weapons." The Bureau of Alcohol, Tobacco and Firearms, the macho folks who brought us the Waco massacre, will be able to define an "assault weapon" anyway they want and to knock down any door they want, hauling the gun owner off to jail.

Children can be hauled off to jail as gang members, and a federal presence will be injected into state and local law enforcement that will second guess every police decision and paralyze the courts.

Under the provisions of this ridiculous bill, criminals will flourish; only the innocent will suffer as a federal police state takes shape.

The health care bill is equally fraudulent. What is afoot is a vendetta against the private practice of medicine. Congress and the White House could not care less about our health. The overriding purpose of the health care bill is to ration our consumption of health care by turning doctors and hospitals into government bureaucrats.

The same people who are incapable of uttering a true word about Whitewatergate are also lying through their teeth about their crime bill and their health care bill. Believe them at your peril.

Paul Craig Roberts, a distinguished fellow of the Cato Institute, is a columnist for The Washington Times and is nationally syndicated.

WILLIAM BUCKLEY JR.

The Mitchell substitute health care bill is so complicated the Congressional Budget Office required weeks to analyze its salient probable effects.

We learn that in the year 2000, when a trigger mechanism activates a variety of measures in those states that have not by that date achieved the desired coverage, Americans who come under the heaviest range of fire of the Mitchell bill could find themselves keeping 15 cents out of every dollar they earn.

Etc., etc., etc. We are always learning, and always forgetting, that Congress cannot pass an act, nor an agency a regulation, the impact of which is discrete as intended, affecting only the target in mind. You cannot raise the federal minimum wage of some Americans without diminishing the wages of other Americans. And you cannot promulgate "free" health care without fettering much that is now free.

But all of this has become difficult to explain because of the root superstition so much of the public suffers from, a legacy of World War II when in order to escape wage and price controls, employers began to confer health benefits on workers. The Internal Revenue Service winked at the practice—indeed, collaborated in the deception by allowing the working couple to receive the benefits without paying taxes on them. Employers were of course permitted to deduct the health benefits as they should have done, given that they were a cost of doing business. But the myth was born, and no substantial effort has been made during the long debate of the last nine months to deflate it.

Ten days ago Sen. Bob Dole was asked the question directly, "Do you believe that employers should provide health benefits to their workers?" Here was a perfect opportunity to affirm economic reality, but Mr. Dole let it pass. His answer was yes, he did believe employers should provide health benefits. And so the subject went back to "employer mandates."

But of course employers do not in fact pay for health care. What they do is sidetrack a sum of money earned by the employee, designating it for health insurance. If John McGuire is paid \$35,000 by General Motors and receives also a health insurance policy worth \$3,500, General Motors is not paying McGuire \$35,000. It is paying \$38,500.

General Motors is not in the business of providing health care. It is paying its workers what the workers earn, and cooperating in a shelter of that part of the salary that goes for health care. Employer "mandates" are hallucinations.

Mr. Dole might have made the point. All he needed to say was that American business has got to pay its workers what their time and effort are worth. Whether the employee then goes on to buy health insurance is another question.

He could have said that buying health insurance is a question in which the government is legitimately interested, even as the government is interested in requiring U.S. citizens to go to school. Accordingly the government should ordain that medical expenses are tax deductible, as also are savings reserved for medical emergency. Government can reasonably stipulate that such deductions and immunities are only available to the worker who can show he has taken out insurance against medical catastrophe.

Mr. McGuire, under such an arrangement, would receive \$3,500 more in pay than he now does. Five hundred dollars of this could buy his catastrophe insurance, the balance put into a fund or into a health policy on which he could draw as he saw fit to cover medical expenses. Whatever was left over at the end of the year would be his.

What of those who are unemployed? Or whose earnings are so meager as to leave them without the surplus needed to buy health insurance?

This surely is the problem the nation should be confronting. Instead we are asked to enshrine the existing superstition—that employers are paying for health care—and revising the structure of the medical universe.

An observer recently remarked that the Republicans want everything the Democrats want, at 80 percent of the cost. That is the impression we get, notwithstanding the manifest improvements of Republican alternatives to the bills currently under consideration. There is at least some public sense of it that Congress is moving thoughtlessly: 65 percent of the American people want to wait another year, give the matter more thought. But when Sen. Jesse Helms suggested exactly that, he was turned down, 54-46.

As ever, Congress and the people have different priorities. But maybe on Election Day the voting public will be more assertive.

William F. Buckley Jr. is president and editor at large of National Review and a nationally syndicated columnist.

Inside Politics



Clinton's chance

"President Clinton is at his best when he is on the ropes, when he believes in something and when he sees political advantage in his course of action," says the Chicago Tribune.

"For Clinton, the troubled crime bill fits the bill on all three counts. Ironically, it could save his presidency from the malaise that has settled over it during a long, hot summer of sagging polls, ethical investigations and legislative drift," added the Tribune's William Neikirk.

"While the crime bill provided him... with the most embarrassing defeat of his tenure, it could be the vehicle for him to regain lost political momentum and galvanize support for his agenda.

"If he succeeds in forcing the bill to another vote and wins, as the White House believes he can this week, it would give his presidency the kind of boost it has needed."

The 'governing' party?

U.S. News & World Report says the defeat of the crime bill has generated widespread uncertainties about the Democratic Party and fresh doubts about President Clinton's ability to lead.

The magazine said partisanship alone is not responsible. It pointed to ineptitude in the White House and noted "that Clinton was neither feared nor respected enough to win over the eight votes he needed for a victory."

"The broader question, with the Democrats in control of both the White House and Congress, is whether the president's party can effectively govern the nation," the magazine declared.

What happened?

In the New York Times, R.W. Apple Jr. outlined how health care legislation turned from a pretty sure bet into a question mark in a year's time.

"Many things have contributed to that change, but one of the most important, surely, is the growing perception that this is a liberal undertaking," said Mr. Apple. That understanding was buttressed by the turning away of many businessmen from the president's plan.

Improvement in the economy also took some urgency from the issue. Other forces: armies of anti-administration lobbyists with access to the nation's television screens, opposition of Senate Minority Leader Bob Dole, and Mr. Clinton's inability, in a time of sinking popularity, to keep the focus on the unifying points.

While the balance is shifting slightly toward moderates in the Congress, Mr. Apple said, "there is no consensus, no widely accepted conventional political wisdom."

"But this, from a fence-sitting senator, comes close: 'Passing something is better politics than passing nothing, but not by much, and only if it is something that looks like a modest if honest effort.'"

White House health

"One faction of advisers, led by Hillary Rodham Clinton, wants to continue to press for universal coverage. But a growing group, including economic advisers, wants to prepare the president to accept less than his stated goals in order to make some progress," says the Wall Street Journal's Washington Wire.

Rush's Top 10

As the Senate debate on health care began last week, Rush Limbaugh contended that "10 senators hold the future of the country in their hands. If they take a stand against Clinton and [Senate Majority George] Mitchell, the government takeover of health care will be stopped. Keep your eyes on these guys."

Rush's key Democratic 10: Dianne Feinstein of California, Jim Exon of Nebraska, J. Bennett Johnston of Louisiana, Ernest F. Hollings of South Carolina, Joseph I. Lieberman of Connecticut, Howell Heflin of Alabama, Bill Bradley of New Jersey, Richard H. Bryan of Nevada, Herb Kohl of Wisconsin and Max Baucus of Montana.

House Republicans

The crime bill fiasco is a foretaste of what's in store for Clinton administration next year when it faces off against soon-to-be Republican leader Newt Gingrich, says Scripps Howard News Service.

In a Reagan-era reprise, Mr. Gingrich and company will hold their own and woo conservative Democrats on crime and health care legislation. There are about 80 Democrats on the GOP working list, although only 58 voted against debating the crime bill.

A health care plan crafted by 10 House members from both parties is the next test. The GOP is expected to get at least 150 of its 178 House members behind the bill. That means Mr. Gingrich needs 68 bolt weevil Democrats — only 10 more than bolted on the crime bill — to take the stripped-down health plan over the top.

Panic over just such a scenario has pushed House Democratic leaders to further delay action on health, probably until after Labor Day.

Powell report

There is movement in the Colin Powell-for-president movement, Morton Kondracke reports in Roll Call.

Mr. Kondracke says a well-connected GOP consultant agreed to begin collecting money and organizing a Powell committee. Sources said it is an "exploratory committee," which would mean it is authorized by the candidate.

But Powell spokesman Bill Smullen said the retired general "had heard something, but is not aware of any initiative and has not approved or endorsed anything."

Associates say Gen. Powell's attitude toward running seems to have warmed lately as the administration shows signs of confusion. Some Powell friends say he

would never consider accepting the vice-presidential spot; others say he would take it.

Today's quote

Wall Street Journal columnist Paul A. Gigot likens the shoving aside last week of Democratic National Committee Chairman David Wilhelm to "trying to save a failing restaurant by firing the head waiter."

Utah 'brawl'

Expect "a snarling, slashing brawl of a race" in Utah's Salt Lake City congressional district as Democratic Rep. Karen Shepher seeks a second term, Tony Semerad and Dan Harrie of the Salt Lake Tribune write.

Back for a rematch is Republican Enid Greene Waldholtz, who lost by only 7,800 votes two years ago. Also present: frequent independent candidate Merrill Cook, who likes to alternate funny ads with opponent body blows.

One top GOP official likens the race to "three hungry dogs fighting for one bone." All three candidates are girding for a close, hard-fought race in one of the country's most volatile districts, says the Tribune.

Whitewater

The Whitewater hearings confirmed the "most damaging" perception of the Clinton administration — not that it is dishonest but that it is ineffective, CNN analyst William Schneider wrote in the National Journal.

"To critics, it looks like a political cover-up by aides who didn't know what they were trying to cover up. That's the problem at the core of Whitewater: Nobody knows what's there."

Gun law

The 72 registered voters of Bowerbank, Maine, lived without any local laws until the annual town meeting this summer passed a measure that makes gun ownership mandatory for each household head.

The Philadelphia Inquirer says the Bowerbank decision is one that a few communities have felt the need to make over the past decade or so, largely as a counter to threats of gun bans.

Debate over the first law in 155 years was intense. "It's our one



John McCaslin is on assignment. Inside the Beltway will resume next Monday.

big law," says opponent Heather Crozier, Bowerbank treasurer. "I have a right to have a gun. I've chosen to have one. But I don't want to be required to have one."

The law carries no penalty and appears unlikely to be enforced. Exemptions are granted for those with a mental or physical disability that would prevent weapons use, as well as for paupers, felons — and conscientious objectors.

Politician in church

One problem for politicians in church is that sometimes it sounds as if the preacher is talking about them.

President Clinton may have had a moment like that yesterday at Full Gospel A.M.E. Zion Church in Temple Hills when the pastor, the Rev. John A. Cherry, delivered part six of a Bible lesson. The flamboyant minister got a bit squeamish and seemed indecisive at one point but said he'd promised himself not to compromise because the president was attending.

"When we look at our elected officials we have to look at their lifestyles first. How does he treat his wife? How does his wife treat him? Let's seek first the kingdom and vote on a moral lifestyle," Mr. Cherry said.

After this review, he got into the day's lesson on impossible choices and only later, perhaps 30 or 40 minutes later, returned to his verdict on Mr. Clinton, which was certainly good:

"What I felt about you in my heart and sensed about you from afar, getting close to you I'm even more convinced of what kind of man you are. ... We like the family life that we see. We like the affection that you show to your wife," said the minister, whose church program revolves around family life.

White House weighing Altman's fate, Panetta says

By Nancy E. Roman
THE WASHINGTON TIMES

The White House is now considering whether to force out Deputy Treasury Secretary Roger Altman, White House Chief of Staff Leon E. Panetta said yesterday.

Mr. Panetta said the deciding factor will be whether senators can regain confidence in Mr. Altman after his misleading statements to Congress, exposed during the Whitewater hearings in July and August.

"He's obviously made some mistakes," Mr. Panetta said on CBS-TV's "Face the Nation." "He's admitted those mistakes during the course of the hearings on the Hill. I think the real question is: Can he re-establish . . . the confidence of the Senate in his job?"

Last week, White House officials said they were standing by Mr. Altman, who they said did not intentionally mislead Congress.

But sources in the Treasury De-

partment told The Washington Times that White House officials were embarrassed during Whitewater hearings by the evident exchange of information between the department and White House aides about a government probe of the failed Madison Guaranty Savings and Loan Association. The thrift had ties to President and Hillary Clinton, so they could have been implicated in the investigation.

Federal law prohibits administration officials from communicating details of an investigation to those linked with it.

Mr. Altman initially said he contacted the White House only once about the investigation, but he has subsequently acknowledged several such meetings.

But Mr. Altman, Jean Hanson, general counsel to the Treasury Department; and Joshua L. Steiner, chief of staff to Treasury Secretary Lloyd Bentsen, all have testified that they were simply

communicating media requests about the investigation, not the substance of the probe.

Republicans on the Senate banking committee have expressed doubt about these assertions.

Sen. Alfonse M. D'Amato, the New York Republican who led the grilling of Mr. Altman, Mrs. Hanson and Mr. Steiner, said it is clear that all three lied and all three should go. "Their time has come and gone. Every day they stay brings discredit to this administration," he said at a news conference Saturday.

The Los Angeles Times reported that Democratic Sens. Donald W. Riegle Jr. of Michigan, chairman of the panel, and Paul S. Sarbanes of Maryland have recommended to Mr. Bentsen that Mr. Altman resign. Their stand makes it more difficult for Mr. Altman, Mrs. Hanson or Mr. Steiner to remain.

On NBC's "Meet the Press," Sen-

ate Majority Leader George Mitchell was asked whether Mr. Altman should resign. "Clearly his credibility was damaged," the Maine Democrat replied. He said the decision should be left to Mr. Clinton and Mr. Bentsen. "No one has consulted me on it," he added.

Mr. Clinton has said he will leave personnel changes to Mr. Bentsen.

Sources have told The Times that Mrs. Hanson's resignation is likely to come before Mr. Altman's departure.

In a Dec. 21 document, Mrs. Hanson, the Treasury Department's top lawyer, chronicled the Whitewater briefings she gave the White House last fall — contacts she had trouble remembering at a Senate hearing eight weeks later.

Mrs. Hanson sat behind her boss, Mr. Altman, on Feb. 24 when he told the hearing that he was unaware of briefings on criminal referrals that mentioned the president. She never corrected him.

Mrs. Hanson's "privileged and

confidential" chronology listed the dates, participants and other details of two briefings she gave the White House in September and October.

She also listed two additional discussions she had about the referrals with a top official of the Resolution Trust Corp., the agency that prepared them. The referrals are recommendations that the Justice Department consider a criminal investigation.

Mrs. Hanson's chronology and her lack of recollection of those events Feb. 24 go to the core of critics' doubts about the administration's candor on the handling of Whitewater.

In February, Mrs. Hanson gave the Senate banking committee a sworn deposition about her recollections. She recalled "having a flash of remembering that I had spoken with [White House Counsel Bernard Nussbaum] in the fall. I didn't recall the specifics of the conversation or the events sur-

rounding it."

But in the chronology written eight weeks earlier, Mrs. Hanson remembered details.

On Sept. 29, the chronology says, Mrs. Hanson met with Mr. Nussbaum and an assistant White House counsel, Clifford Sloan. The discussion was "in B. Nussbaum's office following the Waco pre-brief" — a reference to a meeting on the confrontation between federal officers and members of the Branch Davidian religious cult outside Waco, Texas.

On Oct. 14, Mrs. Hanson wrote, she met in Mr. Nussbaum's office with Mr. Steiner, Treasury press spokesman Jack DeVore, Mr. Sloan, and White House aides Mark Gearan and Bruce Lindsey.

Mrs. Hanson also recalled an Oct. 6 conversation with an RTC official about a reporter's attempt to interview agency investigators. She was even able to give the reporter's name.

• This article is based in part on wire service reports.

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Law makers look into two Clinton-Tucker meetings

President may have tipped off governor about RTC probe

By Jerry Seper
THE WASHINGTON TIMES

A1

Congressional investigators looking into the Whitewater matter have focused on the propriety of an October meeting between President Clinton and Arkansas Gov. Jim Guy Tucker, both of whom were mentioned in secret criminal referrals in a government investigation of an Arkansas thrift.

At the time of the unannounced

Oval Office visit on Oct. 6, top aides to the president had been given a private "heads-up" by Treasury Department officials that Mr. Clinton and Hillary Rodham Clinton were named as "potential witnesses" in the case and that Mr. Tucker was listed as a possible target.

Senior White House adviser Bruce Lindsey, a former Clinton

law partner who has been an active campaign contributor and supporter since the late 1970s, was briefed about the non-public Resolution Trust Corp. referrals at least twice before the Clinton-Tucker meeting.

The information also had been given to White House Counsel Bernard W. Nussbaum, then the president's lawyer, and to Clifford

Sloan, associate White House counsel, who was assigned to Mr. Lindsey informed on additional information from Treasury on the referrals.

Congressional investigators also are concerned about a second Clinton-Tucker meeting on Nov. 18, well after an Oct. 14 White House briefing on the RTC probe arranged by Jack DeVore, who headed the Treasury Department's public affairs office.

Others at the Oct. 14 meeting were Mr. Lindsey; Jean Hanson, Treasury general counsel; Joshua Steiner, Treasury chief of staff; Mr. Nussbaum; Mark Gearan, White House communications director; W. Neil Eggleston, White House associate counsel; Mr. Sloan.

Those who attended the DeVore

see MEETING, page A10

MEETING

From page A1

session were told about media inquiries in the investigation and advised that L. Jean Lewis was the RTC investigator in Kansas City, Mo., who headed the Whitewater probe. Less than a month later — Nov. 10, 1993 — Mrs. Lewis was removed from the case.

The November meeting occurred in Seattle during the Asia Pacific Economic Cooperation Conference, hosted by Mr. Clinton and attended by Mr. Tucker, along with several East Asian leaders.

Congressional investigators said they are concerned Mr. Tucker was told about the confidential government probe. The information, they said, would have constituted what Rep. Jim Leach of Iowa, leading Republican proponent for Whitewater hearings, has described as "insider notification."

Rep. Peter T. King, New York Republican, who initiated the questioning on the Clinton-Tucker meeting in the recent House hearings, has said the "burden of proof" is on the White House to show the president was not informed.

"He was briefed and met with Tucker, which is clearly improper clearly wrong," Mr. King said. "Either they are guilty of totally improper conduct or they are incompetent."

Investigators said depositions of several of 37 Clinton administration officials interviewed for the Whitewater hearings are being reviewed and "other information" about the visits is being re-examined.

"The effort is to determine if insider information was given to Governor Tucker and, if so, by whom," said one congressional source. "Insider notification gives a potential target the chance to destroy what might be incriminating records."

The Senate and House banking committees have oversight responsibility over Treasury and the

RTC and could call for new and expanded hearings if suspected impropriety is documented, congressional staff members said.

The White House has denied Mr. Clinton was told that Mr. Tucker was a possible target of the RTC probe and, as a result, would not have been able to tell his longtime friend of the criminal referrals.

White House Counsel Lloyd N. Cutler told the House banking committee that administration officials were unaware of any specific details from the referrals until after the Oct. 6 Clinton-Tucker meeting. He noted that an inquiry by former Whitewater special counsel Robert B. Fiske Jr. had cleared the White House of any illegalities in the White House-Treasury briefings.

Mr. Lindsey did not return calls to his office last week for comment. In testimony before the Senate banking committee, he confirmed he told the president about the referrals but denied confidential information had been relayed to him or anyone else.

"None of the conversations involved any effort by anybody to influence the conduct of any investigation," he testified. "None of them revealed confidential information. They were discussions advising us of reporters' questions and discussions about how to respond. Nothing improper occurred."

Mr. Tucker also has denied discussing the referrals, saying the president never told him anything about them. "I haven't discussed it with anyone at the White House," he said.

Information on the referrals was relayed to Mr. Lindsey on at least two occasions before the Oct. 6 Clinton-Tucker meeting.

• A Sept. 29 briefing by Mr. Sloan during which Mr. Lindsey purportedly was told specific information on possible targets and potential witnesses.

Mr. Sloan's notes, copies of which were released by the House banking panel, show he knew Mr. Tucker was being investigated by the RTC in a suspected conspiracy

to divert funds. He also was aware that investigators had concerns about the diversion of funds to Mr. Clinton's 1984 gubernatorial campaign and that the campaign was named as a possible "co-conspirator."

• An Oct. 4, 1993, briefing Mr. Lindsey received "from a source outside the government" that there had been media inquiries about the RTC referrals. They included information about checks written on Madison Guaranty Savings and Loan Association to Mr. Clinton's 1984 gubernatorial campaign and concerns that the checks were at issue in the nine RTC criminal referrals.

Mr. Lindsey testified that the source was Denver lawyer James M. Lyons, a former Clinton campaign official who also was involved in damage control when the Whitewater matter first surfaced. He has not said where Mr. Lyons got the information.

In a later clarification, Mr. Cutler said information about the RTC referrals did surface in the Sept. 29 meeting but said Mr. Clinton was not aware Mr. Tucker was mentioned in the referrals when they met a week later at the White House.

It is not clear whether Mr. Fiske's replacement, former Bush administration Solicitor General Kenneth W. Starr, will reopen an investigation into the White House-Treasury contacts. Mr. Starr has said the three-judge federal court panel that named him gave him the responsibility of making "an independent judgment as to the matters involved in this investigation."

The RTC referrals, according to law enforcement sources, named the Clintons and Mr. Tucker as principals in "shell corporations" created by Madison's owner, James B. McDougal, the Clintons' partner in Whitewater Development Corp. The referrals said the Clintons and Mr. Tucker stood to benefit from a suspected check-kiting scheme and account overdrafts authorized by Mr. McDougal.



Gov. Jim Guy Tucker

Photographers were barred from the Clinton-Tucker meeting, and afterward the governor declined to talk with reporters at driveway microphones set up for presidential visitors.

According to Mr. Tucker's Oct. 6 schedule, he also met with White House Chief of Staff Thomas F. "Mack" McLarty and Associate Attorney General Webster L. Hubbell, both longtime Arkansas friends.

The timing of the White House Treasury contacts goes to the heart of questions about whether administration officials improperly tried to influence or squelch the RTC probe of ties connecting Madison, Whitewater and the Clintons.

"Any lawyer who knew this circumstance should have been compelled to advise the president not to meet," Mr. Leach said of Mr. Nussbaum's failure to advise the president against meeting with Mr. Tucker. "No American, including the president of the United States, is entitled to insider information on the development of criminal referrals that may relate to that individual."

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Clinton attempts rescue

Wildfires rage with 'no end' seen

By Margaret Litvin
USA TODAY

AI

Firefighters in seven Western states are struggling to keep up with wildfires in one of the worst seasons in memory.

"We're not looking at getting a real break any time soon," says Cathleen Bridges.

So far, 53,844 wildfires have consumed 2.4 million acres. About 1.5 million acres had burned by this time last year.

"The thing that happens day to day is we have a few contained, but a few new ones show up," says Joe Colwell of the the National Interagency Fire Center in Boise. Also:

► In Idaho, officials recommended evacuation Sunday of about 45 people in the Burgdorf Hot Springs and Secesh Meadows resort.

"There's really not much you can do," says Rick Fereday, owner of a cabin in Secesh Meadows and a hardware store in McCall, near the 22,300-acre Blackwell blaze.

► In Montana, today's weather forecast calls for dry thunderstorms and increasing westerly winds.

"There's no end in sight until we get a season-ending event, some kind of rain or something," says fire information officer Tim Love in Missoula.

► In California, a firefighting plane with three crew members blew up in midair en route to a wildfire Saturday.

All are presumed dead, making this year one of the worst for firefighter deaths.

► 'Endless summer,' 2A

Hopes to save crime, health bills

By Leslie Phillips
and Judi Hasson
USA TODAY

AI

President Clinton and congressional Democratic leaders are tightening the screws in an intense effort to make headway on their two legislative priorities: health-care reform and a crime-fighting bill.

Desperate to succeed on the two items before Congress recesses for its summer break, strategists will pinpoint where and how to get the votes necessary to pass both measures.

Otherwise, they could face devastating losses in November's congressional election.

"When Congress doesn't get something done, the American public pays a price and Congress pays a price," says Senate Judiciary Chairman Joseph Biden, D-DeI.

Targeted for arm-twisting on the crime bill are House Democrats, including one committee chairman and a member of the Democratic whip organization, who helped block a vote on the \$33 billion measure Thursday.

Eight votes must switch to get the crime bill to the floor.

But Clinton says he won't give in to the National Rifle Association and abandon a ban on 19 assault weapons, an issue that led 48 Democrats to oppose the measure.

The president delivered an emotional appeal for the bill Sunday at Full Gospel AME Zion Church in Temple Hills, Md.: "Our ministry is to do the word of God here on Earth, and that starts with giving our children and our families a place in which at least they can be safe and secure."

"Things are all mixed up now in our country," Clinton says. "And so often it seems that petty political things or superficial divisions keep us from doing what in our heart we know is right."

Health reform is in even more trouble than crime.

"I don't believe anybody has the votes," said Senate Minority Leader Bob Dole, R-Kan., on NBC's *Meet the Press*.

But after five days of debate and no action last week, Dole indicates GOP senators would wind up their speech-making and permit votes soon.

Senate Majority Leader George Mitchell suggests compromise is possible, but not on universal coverage.

► Push on crime, 4A
► Health-reform bills, 8A

USA TODAY • MONDAY, AUGUST 15, 1994

USA SNAPSHOTS®

A look at statistics that shape the nation

AI

Hefty gun money

National Rifle Association PAC contributions to U.S. House members favoring and opposing the assault-weapon ban that narrowly passed in May:

To those opposing the ban:
Total: \$1,161,876

Average: \$5,429



To those favoring the ban:
Total: \$80,896



Source: Capital Eye: a Close-Up Look at Money in Politics
(contributions for 1991-1993)

By Cindy Hall and Gary Vagstad, USA TODAY

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Even in a hearing about White House contacts, Senator Lauch Faircloth found in the exchange reprinted nearby, White House contacts with Paula Casey were "out of the realm." Paula Casey is U.S. Attorney for the Eastern District of Arkansas, and was instrumental in the Whitewater cases until she recused herself from them last November.

Ms. Casey is also a long-time Friend of Bill (and Hillary). She first met the future President when she was his student at the University of Arkansas School of Law, Fayetteville, in 1976. She went on to work as a volunteer in every one of Mr. Clinton's many gubernatorial campaigns, as well as his successful presidential quest. Her husband was appointed to a state agency by Governor Clinton and currently is counsel to the Arkansas Public Service Commission.

Ms. Casey's career prior to becoming a U.S. Attorney intersects with the Clintons at many other points, for example a stint on Governor Clinton's Commission on Juvenile Justice. It includes early membership in Arkansas Advocates for Children and Families, founded by Hillary Rodham.

Ms. Casey, in short, is a strand in the web of Arkansas cronyism that gave birth to Whitewater. Doubtless after 16 years of Clinton campaigns, Ms. Casey is acquainted with Mack McLarty and Bruce Lindsey and Betsey Wright and Jim Blair and Webster Hubbell and David Watkins and Jim Guy Tucker and James McDougal and David Hale and the rest of the Whitewater cast.



Paula Casey

On August 16, 1993, she took office as U.S. Attorney in Little Rock under temporary court appointment. The previous March, the Justice Department had asked all the 93 sitting U.S. Attorneys to resign. July 20, Vincent Foster committed suicide, the same day a search warrant was issued for the offices of David Hale of Capital Management Services, Inc.

On Sept. 7, according to their later correspondence, Ms. Casey held discussions with Randy Coleman, Mr. Hale's attorney. In a plea bargain, the correspondence said, Mr. Hale would offer information on "the banking and borrowing practices of some individuals in the elite political circles of the State of Arkansas." (The increasingly acrimonious letters were reprinted on this page on March 4, 1994).

Ms. Casey refused the plea bargain, and Mr. Hale was indicted on Sept. 23. On the same day, Ms. Casey was one of a group of U.S. attorneys formally appointed by the President after Senate confirmation. Upon his indictment, Mr. Hale told the Arkansas press that Bill Clinton and Jim Guy Tucker had urged him to make some of his bad loans. As later detailed, this included a loan of \$300,000 to a company controlled by Susan McDougal, a partner with the Clintons in the Whitewater land deals; about \$110,000 of this money ended up in a Whitewater account.

Also in late September, 1993, investigators in the Resolution Trust Corp.'s Kansas City office informed the Justice Department they had received no notification of the disposition of Case #C0004, concerning Madison Guaranty and originally referred in September 1992 to Charles A. Banks, then U.S. attorney in Little Rock. According to a chronology prepared by Kansas City RTC, they also informed Justice that new referrals were pending. On Oct. 8, 1993, nine new criminal referrals were sent to Ms. Casey's office. RTC officials told the Senate Whitewater hearings that the new referrals named the Clintons and Arkansas Governor Jim Guy Tucker, among others, as possible witnesses to, or beneficiaries of, criminal actions.

On Oct. 27, Ms. Casey wrote L. Jean Lewis of the Resolution Trust Corp. that Justice had declined to pursue the criminal referral of Case #C0004, concerning Madison Guaranty. The letter said that, "The matter was concluded before I began working in this office, and I was unaware you had not been told. . . ." On Nov. 1, Ms. Lewis responded, "You stipulated in your letter that this matter was concluded prior to your tenure. . . . If there are other documents produced that are relative to the conclusion of this matter, I would appreciate receiving the appropriate copies."

On Nov. 9, the Department of Justice issued a press release saying that the Criminal Division was taking over the case involving Mr. Hale, Capital Management and Madison Guaranty. It said that Ms. Casey "informed the government last week that she and her staff had recused themselves because of their familiarity with some of the parties. . . ."

On Nov. 10, Ms. Lewis announced to her RTC colleagues that she had been replaced as lead investigator in Madison: "The Powers that Be have decided that I'm better off out of the line of fire (and I ain't arguing)." (The correspondence involving Ms. Lewis was released by Congressman Jim Leach, and reprinted here May 19, 1994.)

In January 1994, Robert Fiske was appointed special counsel for Whitewater, and in March he accepted guilty pleas on two charges of financial fraud from Mr. Hale. Sentencing was delayed for at least 120 days to allow testimony on his allegations. In questioning Attorney General Janet Reno before the Senate Judiciary Committee, as noted by William Safire of the New York Times last week, Senator Arlen Specter suggested that Mr. Fiske was conducting a criminal investigation of a U.S. Attorney for obstruction of justice. Mr. Fiske has of course since been replaced by Kenneth Starr. Possible criminal investigations entirely aside, though, Senator Faircloth's question remains pertinent.

It would indeed be interesting to know whether anyone at the White House was in contact with Ms. Casey. It would be especially interesting, for that matter, to know who made the decision to take Ms. Lewis off the Madison case, and why. But as the Senator noted, there are a lot of remaining questions waiting to be answered.

Asians worried about a U.S. military pullback from their region may eventually start cutting their own security deals. Some of those arrangements may be positive. It may be too soon to speak of a Canberra-Jakarta axis, but the budding partnership between Australia and Indonesia could put some heft behind the vague talk of "preventive diplomacy" for Asian security.

Canberra has been stepping smartly into the breach caused by the U.S. cutoff of military cooperation with Indonesia over East Timor. Next year Jakarta's troops will participate in the Australian military exercises, and the two capitals are talking up joint weapons deals. All this can be seen as midwifery to a broader strategic partnership, as evidenced by their good work on Cambodia.

We'd say this marks a promising turn in the region's search for post-Cold War stability. Some Asians pin their hopes on an alphabet soup of regional gabfests that would gather everybody around a table. But U.N.-style talk shops can't substitute for big players who are willing to lead and engage in the nitty-gritty diplomacy that produces real results.

Cambodia, where U.N. intervention often has been touted as a study of successful multilateralism in action, may owe more to the Jakarta-

Canberra partnership than most people know. It was Indonesia (along with France) that actually spearheaded the effort to pull Cambodia out of the mire with last year's U.N.-supervised elections. Since then, Australia's Foreign Minister Gareth Evans has led the lobbying among Western leaders for the next step, military aid to contain the Khmer Rouge. In due course, the U.S., France and Canada have signed up.

Meanwhile, at the last Asean roundup, Indonesia cohosted a press conference that brought the Malaysians aboard. That leaves only China and Thailand still objecting; both are compromised by historical ties to the Khmer Rouge. Jakarta was so confident that it reportedly had already begun shipping small-arms ammo and military advisers to Phnom Penh, while bringing 2,000 Cambodian troops to Indonesia for training. What seemed improbable six months ago, a Western and regionally backed campaign to defeat the guerrillas, now has broad support.

Jakarta and Canberra have both dabbled in frivolous approaches to foreign policy in the past, but that luxury may no longer exist. In the waning light of Pax Americana, it's heartening to see these two influential regional players feeling their way toward a strategic consensus.

Altman's Resignation Appears Likely In Face of Eroding Support in Congress

By PAULETTE THOMAS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Loss of support from congressional Democrats for embattled Deputy Treasury Secretary Roger Altman appears to have made his resignation all but inevitable.

Treasury Secretary Lloyd Bentsen has met with White House officials and senior Democrats on Capitol Hill to discuss whether Mr. Altman should remain in his senior post, officials said. His resignation appears likely, one administration official said, due to dissatisfaction from top members of the Senate Banking Committee.

Appearing yesterday on CBS News' "Face the Nation," White House Chief of Staff Leon Panetta said, "It's been discussed, and the fundamental question is whether he can re-establish their confidence." He said that Mr. Bentsen is discussing the matter with Mr. Altman and members of the committee, "but no decisions have been made."

A Treasury spokesman said yesterday that the meetings between Mr. Bentsen and Senate Banking Committee Chairman Donald Riegle (D., Mich.) and committee member Paul Sarbanes (D., Md.), were "discussions, not negotiations or ultimatums. They were discussions as a follow-up to the hearings."

A Treasury official said last week that Mr. Bentsen had also been discussing with White House officials whether Mr. Altman, as well as Jean Hanson, the Treasury's general counsel, should remain in their jobs. The discussions followed the lengthy hearings in which many lawmakers — Republicans and Democrats — expressed doubts over the Treasury officials' conflicting accounts of their disclosure to White House officials of a confidential investigation into Madison Guaranty Savings & Loan, a failed Arkansas thrift that lies at the heart of the Whitewater controversy.

One administration official said yesterday that Mr. Altman "feels very intensely that the charges of intentionally misleading Congress are false. That would be one reason why he would not resign."

But if Mr. Altman's resignation depends on confidence of Senate Democrats, his fate may have been sealed at the close of the hearings, in which Sen. Riegle publicly rebuked Mr. Altman for altering his representations to Congress.

"We can't have a situation in the future where anybody in the executive branch comes before this committee or any committee of the Congress and gives an evasive answer, an incomplete answer, a less-than-the-full-truth answer," Sen. Riegle said.

Mr. Altman, once the heir apparent to Mr. Bentsen's cabinet post, testified before the committee in February that he met with White House officials only to briefly alert them to an investigation by the Resolution Trust Corp. into Madison Guaranty. Mr. Altman was then the acting chief of the S&L cleanup agency.

Since then, he amended that statement several times. It became clear that several meetings had occurred, and that he had also discussed with the White House whether to recuse himself from the case.

Criticism Rises Over Starr Appointment As Some See GOP's Hand in Selection

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The meeting of two Republican senators with one of the judges who named Kenneth Starr as the Whitewater independent counsel has fueled criticism of the appointment on Capitol Hill.

There has been tentative talk among House Judiciary Committee members of holding a hearing on the propriety of the Starr appointment. But a Clinton administration official said that neither the White House nor the Justice Department was inclined to directly challenge the Starr selection. Despite his conservative Republican ties and his publicly expressed views against presidential immunity in the Paula Jones sexual-harassment case, Mr. Starr is seen as someone who will be fair to the Clintons, the official said.

The controversy was touched off by a Washington Post article last Friday reporting that federal appeals Judge David Sentelle had lunch on July 14 with North Carolina Sens. Lauch Faircloth, a leading critic of President Clinton on the Whitewater affair, and Jesse Helms. Judge Sentelle, who has a background in North Carolina politics, headed the three-judge panel that chose Mr. Starr to replace Whitewater Special Counsel Robert Fiske on Aug. 5.

On July 1, Sen. Faircloth wrote to Attorney General Janet Reno, strongly urging her not to recommend that Mr. Fiske be retained because of his purported ties to the Clinton administration.

Judge Sentelle released a statement on Friday describing the lunch as an innocent gathering of old friends: "To the best of my recollection nothing in these discussions concerned independent-counsel matters." Instead, they talked about Western hats, old friends and prostate difficulties, the statement said.

A statement from Mr. Faircloth said, "There was no discussion of any judicial matter or any matter before the Senate." A Helms spokesman didn't return phone calls seeking comment. Mr. Starr was traveling and couldn't be reached for comment.

On Friday, Sen. Carl Levin (D., Mich.) sent Judge Sentelle a letter urging the

appeals-court panel to look into Mr. Starr's political activities to determine whether he can run an independent investigation. And on NBC News' "Meet the Press" yesterday, Senate Majority Leader George Mitchell (D., Maine) called the July 14 meeting "a very unwise action" because it hurts the appearance of impartiality.

But on the same program, Senate GOP Leader Robert Dole of Kansas said that Mr. Starr should disregard pressure to step aside. "My view is that Bob Bennett, the president's lawyer — they're trying to intimidate Starr, trying to make it impossible for him to do the right thing," Mr. Dole said.

Mr. Bennett, who is representing Mr. Clinton in the Paula Jones case, said last week that if Mr. Starr charges any wrongdoing by Mr. Clinton, the public wouldn't have confidence in that finding.

In an interview with the Associated Press yesterday, Mr. Bennett called Mr. Dole's remarks "partisan nonsense," and said, "All I want is fairness for my clients, whether they're Republicans or Democrats."

Under ordinary circumstances, it would be unethical for a judge to privately discuss the substance of a case with someone who has a strong political interest in its outcome, said Paul Rothstein of Georgetown University.

Even though the special federal judicial panel that appoints independent counsels is a unique legal entity, and appointment of a counsel isn't an ordinary "case," it would probably still be unethical for a panel member to discuss a pending appointment with a senator who had a political interest in the selection, said Prof. Rothstein, a legal-ethics expert who has studied the independent-counsel law. But it isn't clear whether that would be enough to serve as a basis for any kind of formal complaint about Judge Sentelle.

Terry Eastland, a conservative legal scholar at the Ethics and Public Policy Center, acknowledged that "this is what the independent counsel law has always been about — appearances." But he added that unless there were evidence of a discussion of the appointment, there shouldn't be a serious ethical question.

Dole and Mitchell Spar Over Starr

GOP Senator Says Clinton Lawyer Trying to 'Intimidate' Appointee

By Ruth Marcus
Washington Post Staff Writer

Senate Minority Leader Robert J. Dole (R-Kan.) yesterday accused President Clinton's lawyer of trying to "intimidate" Whitewater independent counsel Kenneth W. Starr, while Majority Leader George J. Mitchell (D-Maine) added his voice to those questioning Starr's appointment.

On NBC's "Meet the Press," the Senate leaders were asked about the appointment of Starr, a top official in the Reagan and Bush administrations who was picked Aug. 5 to run the Whitewater investigation.

The special court in charge of appointing independent counsels said it would not appoint Robert B. Fiske Jr., the special counsel who had started the investigations, because of the need for the appearance of independence. Fiske was appointed by Attorney General Janet Reno at a time when the independent counsel law had lapsed.

Starr's appointment prompted criticism from a number of Democrats and from one of Clinton's private lawyers, Robert S. Bennett, who said Starr's partisan political activities and contemplated involvement in a lawsuit against the president raised questions about his fairness. Starr had considered writing a friend-of-the-court brief in the



KENNETH W. STARR

... questions raised about his fairness

sexual harassment lawsuit in which Bennett is representing Clinton.

"My view is that Bob Bennett, the president's lawyer, they're trying to intimidate Starr, trying to make it impossible for him to do the right thing," Dole said. "I hope he [Starr] stays."

Bennett, responding to Dole, said, "I'm disappointed that Senator Dole would make such an unfair and partisan remark. I'm not trying to intimidate anybody. I just want fairness for my clients, whether they're Republicans or Democrats."

Mitchell said that, applying the standard of appearances that the court set in removing Fiske and naming Starr, "it seems to me that there is a greater appearance of the absence of independence in his case than there was in Mr. Fiske's case."

Mitchell, a former federal judge, also said it was "very unwise" for the head of the judicial panel, federal appeals court judge David B. Sentelle, to meet with a leading Senate critic of Fiske at the time he was considering removing Fiske.

Sentelle had lunch with North Carolina Republican Sens. Lauch Faircloth and Jesse Helms on July 14—after Reno had asked for an independent counsel and recommended that Fiske be retained. Earlier that month, Faircloth wrote Reno urging Fiske's replacement on the grounds that he had several conflicts of interest in the case. Faircloth and Sentelle said they did not remember discussing Whitewater at the lunch.

MONDAY, AUGUST 15, 1994 THE WASHINGTON POST

How About a Discount on Slow Mail?

By Bill McAllister
Washington Post Staff Writer

When Richard W. Bossert of the New York State Consumer Protection Board went before the Postal Rate Commission last week, he championed an idea a lot of people in Washington would like.

Bossert, a utility systems analyst, urged the panel to direct the Postal Service to offer cheaper rates to areas with poor mail service. His proposal, which was challenged by Postal Service lawyers, would call for the price of a first-class letter to remain at 29 cents in the five worst delivery regions in the country when first-class rates are raised elsewhere.

Because Washington ranked at the bottom of the list in the latest quarterly review, District letter-writers would get cheaper mail rates than most of the nation. New York City, which traditionally has been at the bottom of the list for on-time mail, also would benefit from Bossert's proposal.

According to his estimate, New York customers would save about \$60 million annually from continuing with the 29-cent stamp. Nationally the savings would be about \$880 million, he told the commission.

The independent rate commission is in the midst of hearing proposals by Postmaster General Marvin T. Runyon to boost the price of a stamp to 32 cents, part of a 10.3 percent across-the-board rate increase Runyon hopes to impose in January. Under the agency's complex rate-making procedures, the five-member commission must first approve a new rate schedule and send it back to the Postal Service Board of Governors for final adoption.

Postal lawyers made clear in their questioning of Bossert that the agency does not think much of his idea or his suggestion that the cost of mailing a letter should not exceed 31 cents. Bossert argued that since the Postal Service realigned its overnight delivery requirements in 1991 the value of first-class service has decreased.

That was the year that the agency declared it would no longer assure overnight letter service to all five boroughs of New York. "By sharply reducing its standards—constricting one-day and expanding two-day and three-day service areas—the Postal Service should have increased the percentage of on-time mail deliveries," he said.

That hasn't happened, Bossert

said, citing the agency's difficulty making on-time deliveries this year. The agency now promises overnight delivery for first-class mail in most metropolitan areas, two-day delivery up to 500 miles and three-day delivery for the rest of the country.

Postal lawyers scoffed at Bossert's ideas, suggesting different stamp prices would cause confusion in the nation's 40,000 post offices. It would also create difficulties in areas where suburban mail service was significantly better than in the core city, they said.

At the same time that Bossert was testifying, Runyon got some good news. The Mailers Council, a group of major mailers, released a letter to J. Sam Winters, chairman of the board of governors, reaffirming their support for the postmaster general.

The mailers, who are supporting Runyon's rate case, acknowledged "the generalized deterioration in mail delivery, as well as some outright breakdowns around the country." The group said these "cannot be tolerated and must be fixed."

But it urged continued support for Runyon, saying that efforts to judge any of his programs as a failure "would be far too premature."

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Aide Is Seen As Successor To Altman

Dole Accuses Clinton Lawyer Of Intimidation

WASHINGTON, Aug. 14 (AP) — Senator Bob Dole accused President Clinton's lawyer today of trying to intimidate the newly appointed Whitewater counsel, Kenneth W. Starr, in the hope that Mr. Starr will step down.

The lawyer, Robert S. Bennett, who represents Mr. Clinton in two separate legal cases, has led a Democratic assault against Mr. Starr, a former Solicitor General under President George Bush. Mr. Starr was appointed by a panel of three Federal judges.

Mr. Bennett says Mr. Starr, who is active in Republican affairs, should step down.

But Mr. Dole, the Republican leader, said on the NBC News program, "Meet the Press": "My view is that Bob Bennett, the President's lawyer — they're trying to intimidate Starr, trying to make it impossible for him to do the right thing. I hope he stays."

It was unclear whether the Kansas Senator directed the remark at Mr. Bennett only or also at Democrats and Administration officials who have criticized the appointment.

Mr. Bennett's Response

"That is partisan nonsense," Mr. Bennett said in an interview responding to Mr. Dole's comments. "All I want is fairness for my clients, whether they're Republicans or Democrats."

He added: "I want to know why Fiske was removed. The only thing Fiske has done is he's made some preliminary findings that were helpful to my client, the President. Then, at great further expense and at great delay, he's been yanked."

Mr. Starr is replacing another Republican, Robert B. Fiske Jr., who has cleared the White House of any criminal wrongdoing in its contacts with the Treasury Department over the department's inquiry into a failed Arkansas savings and loan owned by Mr. Clinton's partner in the Whitewater Development Company. The three-judge panel said Mr. Fiske's appointment by Attorney General Janet Reno raised the appearance of a conflict because she was appointed by Mr. Clinton.

By KEITH BRADSHAW

Special to The New York Times

WASHINGTON, Aug. 14 — With Deputy Treasury Secretary Roger C. Altman clinging to his post, Administration officials said today that an early favorite to replace him was Frank N. Newman, the Under Secretary of the Treasury for Domestic Finance.

Treasury Secretary Lloyd Bentsen has not begun a process to find a replacement for Mr. Altman, who damaged his credibility with his Congressional testimony on Whitewater, but Mr. Newman is the official most frequently mentioned in the White House and the Treasury Department, said the officials, who insisted on anonymity.

Mr. Newman is a former vice chairman and chief financial officer at Bank of America in San Francisco, and the officials said his selection would reassure financial markets. Because Mr. Newman has already been confirmed by the Senate in his current position, he could act as Mr. Altman's replacement during the often lengthy confirmation process.

But Mr. Newman is not a longtime friend of Mr. Bentsen or the President, one official said. Mr. Bentsen's friends in the California business community recommended Mr. Newman for the job.

Administration officials said Saturday that Mr. Altman would probably resign within a week to 10 days. The resignation would follow criticism of his candor with the Senate Banking Committee concerning the investigation of a failed Arkansas savings and loan run by James B. McDougal, a business partner of the Clintons in the Whitewater real estate development.

Damage to Credibility

Senator George J. Mitchell of Maine, the majority leader, said today on the NBC news program "Meet the Press" that Mr. Altman had damaged his credibility. Asked if Mr. Altman should resign, Mr. Mitchell replied, "That's a decision for him — and the President and the Secretary of Treasury — to make."

Leon E. Panetta, the White House chief of staff, said today on the CBS news program "Face the Nation" that Mr. Altman's possible departure had been discussed but that no decisions had been made.

Mr. Altman apologized to the Senate Banking Committee early this month for what he described as poor judgment, but said that he had not deliberately withheld information.

In addition to Mr. Newman, several other possible replacements have been the subject of speculation. They include Bowman Cutter, a senior official at the National Economic Council, and C. Fred Bergsten, the director of the Institute for International Economics, a nonpartisan research group here.

But both Mr. Bergsten and Mr. Cutter are best known as specialists in the dollar and trade issues, which are already handled at the Treasury by Lawrence Summers, the Under Secretary of the Treasury for International Affairs. Mr. Summers was traveling today and could not be reached for comment, while Mr. Newman did not return a call to his home.

THE NEW YORK TIMES, MONDAY, AUGUST 15, 1994

ALTMAN POISED TO RESIGN, PAPER SAYS

WASHINGTON, Aug 13 (Reuter) - With key Democratic senators pushing for his resignation, Deputy Treasury Secretary Roger Altman appeared poised to leave his job; The Washington Post reported Saturday.

Two powerful players on the Senate Banking Committee, Donald Riegle, Democrat of Michigan, and Paul Sarbanes, Democrat of Maryland, expressed their unhappiness with Altman in a private 20-minute meeting August 5 with White House counsel Lloyd Cutler, the paper reported.

Citing an unnamed administration official, the Post said the decision of whether to leave the Treasury had been ``left to Roger'' but that Altman was a ``realist'' who understood that a vote of no confidence from Banking Committee Democrats would undermine his effectiveness.

The Post, citing unnamed administration sources, said that they also expect the departure of Treasury general counsel Jean Hanson, who like Altman also came under fire during the congressional Whitewater hearings which concluded last week.

Treasury chief of staff Joshua Steiner, who was also reprimanded at the hearings, will probably keep his job or be moved to a less visible position, according to the newspaper.

A spokesman for Treasury Secretary Lloyd Bentsen acknowledged that the two senators had met with Bentsen after the hearings but said ``these discussions have not been negotiations or ultimatums.''

Altman came under fire at the recent Whitewater hearings because in earlier testimony he had failed to mention a series of contacts between the White House and the Treasury regarding the government's investigation of Madison Guaranty Savings & Loan, the failed Arkansas thrift owned by the president and Hillary Rodham Clinton's partner in the failed Whitewater real estate investment.

REUTER

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O.J. Outruns Whitewater On Texas Town's TV Sets

Congressional Hearings Generate a Yawn

By Sue Anne Pressley
Washington Post Staff Writer

LOCKHART, Tex.—Too many scandals, too little time: The television sets in this central-Texas barbecue town did not radiate last week with the likes of Bernard Nussbaum or Lloyd Cutler. Elizabeth Tullis, who works at the town library, could not get involved in what the former and current White House counsels had to say about Madison Guaranty Savings & Loan or the Resolution Trust Corp. or the untold depths of "that Whitewater thing." She has sworn off all televised spectacles.

Barker Chunn, 55, at Doc Holliday's pawn shop, figures he is not missing anything but a big, sorry slugfest between Democrats and Republicans if he does not tune in to the congressional hearings on the past financial doings of the First Couple. "It's just a race to see who can cover it up faster and who can exploit it faster," he said with a laugh, a political "rerun."

And Elizabeth Pirnat-Turner, 45, admits she has been too distracted by more pressing events to have anything left over for the Whitewater crowd.

"Financially speaking, Whitewater is way over our heads," the manicurist explained as another O.J. Simpson court hearing dominated the tube at her Elegant Touch salon. "But a good double murder—any of us can relate to that."

Perhaps no political issue—not the question of whether White House aides tried to influence federal investigators, not even apparently a lingering mystery over the death last summer of White House deputy counsel Vincent Foster—can compete for public attention in this, the Summer of O.J.

But even absent that blockbuster case, some residents here doubt the Whitewater hearings ever had the potential for historical grandeur or talk-of-the-town fascination. These are not the Iran-contra hearings starring The Face of Ollie North, many point out, or the confirmation hearings for Supreme Court Justice Clarence Thomas, wherein law professor Anita F. Hill spoke softly and determinedly about Thomas's alleged remark concerning public hair atop a Coca-Cola can. No instant

Whitewater celebrities have yet emerged.

There is probably no foolproof way to gauge the level of public interest in the Whitewater hearings, beyond the boundaries of Capitol Hill, but perhaps Lockhart (pop. 12,000) is as good a place as any to start. Located 30 miles south of Austin in an area of cotton and grain sorghums and burgeoning suburban homes, Lockhart is largely full of independents who voted to reelect adopted Texan George Bush, who worry about crime and AIDS, and who have developed a certain cynicism and weariness toward politicians, particularly the Washington breed.

According to all accounts, Whitewater has not been a topic of discussion in Lockhart, this week or any other time, although Friday's Senate Banking, Housing and Urban Affairs Committee session, in which senators played amateur coroners to review the Foster suicide investigation, lent the case its first air of emotional drama.

Pirnat-Turner has had dark thoughts about the matter from the beginning. ("I think he was knocked off, I think he was murdered," she said.) But Barker Chunn is not swayed: "I understand he was suffering from clinical depression and I don't know what the president can do about that."

Other Lockhart residents, if not well-versed in Whitewater details, still see the controversy as a symbol for something they do not like about national politics.

At First Lockhart National Bank, President and CEO Conrad Ohlendorf, 65, is convinced that if people were still struggling economically, they might be more interested and perhaps bothered by the Whitewater case. As it is, what is essentially a banking tale—whether the Clintons might have benefited from alleged illegal uses of the failed Madison's funds and whether attempts were later made to thwart an investigation into the mess—does not pack that necessary punch to personal finances. Ohlendorf is a trim, gentlemanly figure who has been president of this 105-year-old independent bank (with healthy assets of \$90 million) for the past 25 years. In his view, this is what happened in the Whitewater case: "When the venture



Texas manicurist Elizabeth Pirnat-Turner says the Whitewater controversy "is way over our heads. But a good double murder—any of us can relate to that."

got in trouble, I think maybe influence was used on regulators and so forth to not come down on people right away, to get some special privileges. Well, it's not the first time that has happened." It may be one of the first times, however, when no one seems to care very much, one way or the other. "It's hard to say, but it's reached the point where people almost expect that a lot of this stuff goes on," Ohlendorf said. "They start to think, what's the big deal?"

At Livengood Feeds, Mike Fehle's farm customers have not had a word to say about the Whitewater affair, but right now, on the O.J. issue, they have all changed their minds and decided he must be innocent. As for the Clintons, Fehle, 41, describes himself as resoundingly "indifferent."

"I was real interested in Iran-contra. I listened to that on the radio. Just the whole story fascinated me, the foreign intrigue and everything. But this one?" he shrugged and mentioned a local news-radio show. "If they start talking about Whitewater, and everybody starts coming out so opinionated they don't listen to anybody else's opinion, I get so bored I have to turn it off." About the only

thing that could retrieve his by now, he said, would be a major bombshell.

At Kreuz's Barbecue, a renowned establishment with creaky doors and worn wooden floors, ter Ella Townes is hardly indifferent. She declared she "can't stand" the current administration, and though she has never been a big voter, she would have chosen Bush Clinton anytime.

"Nosiree!" said Townes, as she assembled a lunch order for a customer, a slab of beef two slices of white bread wrapped in sheet of brown butcher paper. "don't trust that man—I may be putting my foot in my mouth."

The source of Townes's has more to do with her instincts ("I they keep looking and investigating they'll probably find a lot of other stuff against him") than hard facts at her disposal. But on one she has no doubts: The Clintons should pay their legal bills and stop begging everyone else for help.

"When we run up a bill, we have to be responsible to see that it get paid," she said. "We don't expect the public to jump in. That beats all I've ever heard."

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