

White House Assembling Whitewater Legal Team

At Least 4 Lawyers Will Focus on Probe

By Susan Schmidt and Ann Devroy
Washington Post Staff Writers

A new legal team is being assembled in the White House counsel's office to help defend the administration's conduct in the Whitewater matter and to monitor the progress of various investigations, according to administration sources.

The team is being put together as independent counsel Kenneth W. Starr, who last week beefed up his own staff, is issuing a new wave of document subpoenas in Little Rock, Ark., and bringing a parade of witnesses before a grand jury in Washington. Senate Banking Committee Chairman Alfonse M. D'Amato (R-N.Y.) said last weekend that he hopes to begin a new set of Whitewater hearings within 90 days.

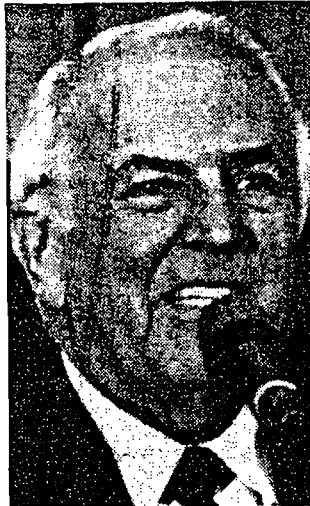
White House Counsel Abner J. Mikva has deputized an assistant, Jane Sherbourne, a former law partner of Mikva's predecessor Lloyd Cutler, to assemble the Whitewater legal team, according to a senior administration official.

The official said the team will involve a minimum of four full-time lawyers and possibly more if demands increase. The official said it was unclear whether the lawyers will be detailed to the White House from within government or hired from outside in temporary or permanent positions.

"We are not sure how extensive the Senate hearings are going to be," said one source familiar with the White House effort, or how complex the requests will be from Starr's office. The source said the White House is anticipating "a barrage of document requests" from both quarters and needs personnel to respond to those, as well as to monitor the investigations into acts by White House officials while they were in government.

A key battle for the White House is expected early next month, when the Senate takes up a resolution establishing the scope of its continuing Whitewater investigation. Republicans are expected to seek the creation of a special investigative subcommittee with unrestricted authority; Democrats will try to limit areas of inquiry and defer to requests from Starr to steer clear of matters he is still examining.

Each of the White House officials involved in the Whitewater contro-



ABNER J. MIKVA

... has deputized an assistant

versy has his or her own lawyer and is responsible for those legal bills. But White House officials say they need legal experts to answer questions about the actions of administration employees.

"We need a significant amount of new legal help in the White House," an official said. In addition to lawyers, a public spokesman on Whitewater also is being sought in the hope that those issues can be segregated from the broad White House business. Sources said that Clinton agreed to White House Press Secretary Michael McCurry's suggestion that the Whitewater team have its own spokesman.

Senate Republicans want to resume Whitewater hearings that began in the last Congress with a look at White House aides' handling of documents in deputy counsel Vincent Foster's office in the hours and days after his July 1993 suicide. They are especially interested in a file on President and Hillary Clinton's Whitewater Development Corp. investment that was removed by White House aides and taken to the Clinton's residence.

One of the aides who went through Foster's office the night of his death was Patsy Thomasson, director of the White House administrative office. Her lawyer said yesterday she has received a subpoena from Starr's Little Rock office for



SEN. ALFONSE M. D'AMATO

... wants hearings within 90 days

any records in her possession on a long list of people and companies, including Whitewater.

Also on the list were James B. McDougal and his former wife Susan, the Clintons' Whitewater business partners and also the owners of Madison Guaranty Savings and Loan, the failed Arkansas thrift. Their ties to the Clintons are at the heart of the independent counsel's investigation.

Shortly before his death, Foster prepared three years of Whitewater tax returns for the Clintons and handled the sale of their half-interest in the company.

The White House expects Starr to call officials who handled Foster's papers before a grand jury here in the coming weeks.

Starr's office is also taking testimony from officials of the Resolution Trust Corp., which investigated Madison's failure and sent criminal referrals mentioning the Clintons to the Justice Department. Starr is trying to determine whether the White House made efforts to derail the Madison investigation, either at the RTC or at the Justice Department.

Senate Republicans are interested in pursuing the same line of inquiry in hearings that D'Amato is predicting will begin in early May.

Starr also still is weighing the legality of discussions about the Madison probe between White House and Treasury officials. He is trying to determine whether those officials testified honestly about those discussions before Congress and a grand jury last year.

Last week, Starr's office announced the hiring of four new lawyers, bringing his legal staff to 16. In addition, several dozen FBI agents are assigned to the independent counsel's office here and in Little Rock.

PHOTOCOPY
PRESERVATION

AC-film and television for De
Resistant

Powell Deftly Sidesteps Questions on Presidency

By SAM HOWE VERHOVEK

Special to The New York Times

SAN ANTONIO, Jan. 31 — In 1951, McCall's magazine offered Gen. Dwight D. Eisenhower \$40,000 to answer the question: "Are you a Republican or a Democrat?" Gen. Colin L. Powell could probably command a lot more than that, but he answers for free.

"I will not dodge this question, I will answer it right back, straightforwardly: I am neither," General Powell told a woman who asked the question before a crowd of 4,000 people at Trinity University here on Monday night.

That answer will not satisfy strategists of either party, who see in the 57-year-old retired Chairman of the Joint Chiefs of Staff a dream Presidential candidate. Nor will it fully please people who have talked about setting General Powell on an independent course for the White House. He pointedly notes that his "evolving politics" philosophy "might someday be at home in either the Democratic or Republican Party."

But for now, as he considers models for a political career — something he says he is weighing — he talks not of Eisenhower, who a year after declining McCall's offer was elected President as a Republican, but of Italy's Prime Minister, Lamberto Dini, a nonpartisan banker.

"He was trying to form a government on his claim to fame that he belongs to no political party," Mr. Powell said of Mr. Dini, in response to an audience question here. "He is absolutely apolitical. He is not only independent, he has no politics and he is going to run a government of technocrats. And he's been selected to form a government on that basis."

"Interesting," Mr. Powell continued, his eyes rolling. "Interesting! Yeah!" The audience roared.

Even the General may not know if he will ever run for President, though polls suggest he would be a formidable candidate and that many people regard him as "one of America's genuine heroes," as the Trinity University president, Ronald Calgaard, said in his introduction. The chief effect of the Presidential speculation may be to drive up his value on the lecture circuit — he speaks about twice a month, reportedly with fees up to \$60,000 — and raise interest in his forthcoming memoirs.

General Powell, who held top posts in the last three Administrations, has mastered the art of avoiding definitive answers. And as for his

political views, he remains what a New York media consultant, Deroy Murdock, termed "a riddle wrapped in a mystery inside a uniform."

Sometimes, he just avoids answering. "The weather is beautiful," he told reporters who shouted The Question on Monday at the dedication of the Colin L. Powell Elementary School in the Woodlands, a Houston suburb.

In Palm Beach, Fla., earlier this month, he gently chided reporters with the observation that not 1 of the

'A riddle wrapped in a mystery inside a uniform.'

150 children he had just met from the local Boys and Girls Clubs had asked him The Question. "They have their priorities straight," he said.

When pressed here on Monday he asserted that throughout his 35-year military career "my entire code of honor said, Don't be political, never show any partisanship, either Democratic or Republican or anything that would suggest politics."

But, he continued: "I will develop a political philosophy. I'm developing one now. Time will tell whether or not I find that my personal political philosophy fits one or the other of

the two main parties, or whether I just remain independent. I think it's important for me to have something that I believe in, rather than try to make my beliefs fit a party just for the purpose of saying I belong to it."

There is much to suggest he might wind up being a Republican. Or a Democrat. Or neither.

He may be a friend of President Clinton, or a foe. "I visit with him regularly," Mr. Powell said of Mr. Clinton. "He sends me off to strange and wondrous places from time to time." Later, however, he talks of the "zigging and zagging — waffling, some might call it" of the President's foreign policy.

The General talks of his "Republican friends" who wrote the Contract With America, then expresses serious reservations about its proposal for a balanced-budget amendment. "I hate fooling with the Constitution," he told a small group of students before his speech here.

His ideas sometimes seem so inclusive as to be contradictory. When asked about abortion, gun control, or drugs, he says he believes that most social ills go back to the lack of traditional family values and "the horrible consequences for our society" of illegitimacy. But on Monday night, while discussing "the need to re-create the American family," he said, gesturing to a member of the audience who had criticized the military's policy on admitting homosexuals, "it doesn't even have to be a two-gender family."

He can sound tough, as he did in saying that President Clinton should have given North Korea this strong warning about a nuclear bomb: "If we ever think that you're going to use one, or if you do use one, you'll become a charcoal briquette."

But the General can also sound tender. "Iraqis have parents too," he said when asked why the United States did not move on to Baghdad during the Persian Gulf war. "When we had kicked the Iraqi army out of Kuwait, I had no reservations and will never have any reservations about having been part of a decision process with President Bush that said, 'Let's stop killing people.'"

Even as he sidesteps political questions, General Powell has plenty to talk about in his speeches. He can make people cry as he recalls the valor of soldiers he has known. And he can make people laugh as he recounts conversations with Russian generals, who once were his implacable cold war enemy and who now, he says, seek his advice on democracy.

"Powell!" Mr. Powell mimics in a Russian accent. "Vy didn't you tell us? Vy didn't you warn us?"

"All kinds of politicians. They give speeches, and they shout and scream and they are reactionary and liars and thieves and crooks and criminals." And I say, 'Welcome to democracy, babe! It's just like Washington. That's what it's all about. You're going to learn to live with it, and you're going to love it.'"

Corrections

Seven news articles between Jan. 13 and Jan. 26 and an Op-Ed page article on Jan. 27, all dealing with Federal charges that Qubilah Shabazz tried to hire someone to kill Louis Farrakhan, misidentified the location of the former Audubon Ballroom, where Ms. Shabazz's father, Malcolm X, was killed. It was in the Washington Heights neighborhood of Manhattan, not in Harlem, to the south.

An article in Business Day on Wednesday about the quarterly financial results of three health care companies misstated the reason for a payment by Merck & Company to E. I. du Pont de Nemours & Compa-

ny. The \$499.6 million charge, which will be paid over several years, is Merck's obligation based on the favorable performance of pharmaceutical products that Du Pont contributed to a joint venture, the Du Pont Merck Pharmaceutical Company. Merck said the payment was not caused by the withdrawal of the drug Cozaar from the venture.

An article on Monday about the awards ceremony at the Sundance Film Festival in Park City, Utah, misstated the surname of the film maker who was honored posthumously for the documentary "Black Is... Black Ain't." He was Marlon T. Riggs, not Briggs.

Governors Agree Children Must Be Protected No Matter What Shape Welfare Takes

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Jan. 31 — The National Governors' Association said today that the states ought to have far more power to design their own welfare programs, but the governors could not agree on how much power the Federal Government should retain.

In any event, they said, "Children must be protected."

At the end of a four-day meeting here, the governors hailed Federal efforts to give them more control over millions of dollars worth of welfare programs. But Republican gov-

ernors could not obtain the three-fourths majority needed to put the organization on record in support of their proposal to give states a lump sum of money, or block grant, to take care of poor people.

The main Federal-state welfare program, Aid to Families with Dependent Children, created 60 years ago, is an entitlement program. Anyone who meets the eligibility criteria set by Federal and state laws is entitled to monthly cash payments, regardless of the number of people who apply or the total cost. In hard times, when more people are unemployed, the amount of Federal aid

automatically increases.

The governors' association adopted a new policy statement saying: "Governors have not yet reached consensus on whether cash and other entitlement assistance should remain available as Federal entitlements to needy families or whether it should be converted to a state entitlement block grant. Governors do agree, however, that in either case states should have the flexibility to enact welfare reforms without having to request Federal waivers."

Gov. Howard Dean of Vermont, the Democrat who is chairman of the governors' association, said,

"This policy will allow us to participate in the Congressional debate on welfare reform, but doesn't commit us to a specific course of action."

The association's statement says that "children must be protected throughout this process" if Congress decides to convert the existing welfare program to a block grant.

The governors arrived at their new policy through difficult negotiations after it seemed that partisan disputes might shatter the organization's tradition of bipartisan cooperation. The governors appear to be less ideological and more pragmatic

than many members of Congress, and they can usually arrive at consensus without great difficulty. Mr. Dean said the governors' experience this week "foreshadows the difficult debate that Congress will have over welfare reform."

In their statement, the governors said states should not be required to put up any of their own money if Congress decided to establish a Federal block grant. Under the current program of Aid to Families with Dependent Children, states must match Federal contributions, and affluent states must put up more of their own money for each Federal dollar.

The 50 states contribute a total of more than \$10 billion a year. Under the governors' proposal, there would be no requirement for states to continue such spending, but many governors said they would do so voluntarily.

In back-to-back speeches, President Clinton and the House Speaker, Newt Gingrich, outlined their ideas on welfare and domestic policy generally. Mr. Gingrich, a Georgia Republican, told the governors: "I want to liberate every one of you to sit down with the people of your state, to ask yourself what can we do to save the children today? Not five years from now, not 10 years from now, not after 22 studies — today."

Gov. Thomas R. Carper of Delaware, a Democrat, said, "We don't agree among ourselves as to whether the block grant approach or the individual entitlement is best."

Gov. Tommy G. Thompson of Wisconsin, a Republican, said the bipartisan compromise was "not every-

thing I would like." Mr. Thompson and two other Republican Governors, John Engler of Michigan and William F. Weld of Massachusetts, have proposed consolidating 298 programs worth \$119 billion a year into eight block grants. The programs include welfare, food stamps and child nutrition programs.

Donna E. Shalala, the Secretary of Health and Human Services, has denounced the Republican proposal for block grants, saying it "gives each state a fixed pool of money and leaves the states with virtually complete autonomy to decide who gets support and when."

In a recent memorandum to President Clinton, Dr. Shalala said, "Block grants fail to protect vulnerable children, will not result in real welfare reform and will not protect the states from economic changes."

But the governors said Congress could address such concerns. "An additional amount should be set aside each year for automatic and timely distribution to states that experience higher-than-average unemployment, a major disaster or other indicators of distress," their statement said.

The governors endorsed the principle that welfare should be a transition to work and that there should be time limits on the payment of benefits. But they said states should be free to decide the details for themselves.

More national news
appears on page A22.

Faced with lawmakers who balked at his request for loan guarantees for Mexico, President Clinton announced plans to abandon the legislative effort and instead form an international aid package. He met yesterday morning with Congressional leaders and Cabinet members,

above, including, from left, Secretary of State Warren Christopher, House Speaker Newt Gingrich, Senator Bob Dole and Treasury Secretary Robert E. Rubin, then announced his plans in a speech before the National Governors Association, below.

White House via AP

THE NEW YORK TIMES, WEDNESDAY, FEBRUARY 1, 1995

PHOTOCOPY
PRESERVATION

Radio hosts eye fresh political game

By Robin DeRosa
USA TODAY

RADIO'S TOP TALKERS, 7D

Political power may have changed hands in Congress, but in the world of talk radio there is still plenty to gripe about.

"Did you ever meet a politician that did what he said he was going to do?" says Larry Kahn, director of talk programming for Westwood One. "There's a new group in there giving it a shot, so we have a new group to talk about."

Conservative hosts are still dominant in talk radio, with

Rush Limbaugh the king.

"My show won't change and it isn't dependent on having Bill Clinton in the White House," says right-wing host G. Gordon Liddy. "I'm not inclined to be lenient with any backsliding... Republican or Democrat."

The power shift has given liberal talkers new material. "My primary motivation right now is to focus a laser beam on Newt Gingrich," says Tom Ley-

kis, heard on Westwood One.

"I started attacking Newt the day after the election and I haven't stopped," adds Gloria Allred, of KABC, Los Angeles.

And the time is ripe for liberal hosts: A show starring former Sen. Gary Hart starts Sunday on KOA-AM in Denver.

"There has been a movement toward conservative hosts," says Carol Nash of the National Association of Radio

Talk Hosts. But "I don't think there is any political individual or party that's going to make everybody happy."

In the end, people listen to talk radio "to be connected to a community," says Michael Harrison, editor of *Talkers* magazine, which just named 25 top talkers, half of whom are liberals or moderates.

A lot of talk listeners may be conservatives, Kahn adds. "But when it's all said and done, the entertainment value (of the host) will shine through. It's more than politics."

Baseball back at bargaining table

By Hal Bodley
USA TODAY

WASHINGTON — With President Clinton determined to make sure owners and striking baseball players are serious about ending their dispute, negotiations resume today for the first time since Dec. 22.

Clinton, who ordered the sides back to the bargaining table last week and set a Feb. 6 deadline for meaningful progress, relayed his

concern Tuesday through deputy White House counsel Bruce Lindsay. (Story, 4C)

Meanwhile, the union's executive board voted unanimously to extend the freeze on signing major league contracts.

The board also advised all players on 40-man rosters not to report to spring training and asked non-roster minor leaguers not to play in major league exhibition games.

Union chief Don Fehr said the union would not withhold licensing money — about \$75,000

each — for managers, coaches and trainers if they work with replacement players.

► Fred Feinstein, general counsel for the National Labor Relations Board, has received the report from New York regional director Daniel Silverman relating to charges by players and owners of unfair labor practices. Feinstein is expected to make his recommendation next week and, if he issues a complaint against owners, will seek an injunction against their implementation of the salary cap.



5C: Your guide to the Arizona Cactus League

Attention shoppers: Prices are creeping higher

By Ellen Neuborne
USA TODAY

Prices are inching higher on supermarket shelves, as consumer-product companies try to recoup skyrocketing paper and packaging costs.

Supermarkets say they have no choice but to pass the extra

products priced 5% to 8% higher as of Jan. 6. Reason: wood pulp prices up as much as 80% the past year.

► **Soft drinks.** Soaring costs of aluminum for cans and resin for plastic bottles socked beverage makers. Coca-Cola Enterprises, the world's largest bottler of Coke products, says case prices are up 2.5%.

— Associated Press

the higher cost of petrochemicals, used in detergent and plastic containers. Increases took effect Jan. 13.

Manufacturers are testing consumers, says economist Donald Ratajczak of Georgia State University. They "are hoping the economy is good enough that they can push their higher materials cost through," Ratajczak says. For

consumers have de-lower and lower-mer products.

So far, no howling from shoppers. Debra Craig, a cashier at Ralph's Supermarket in Moreno Valley, Calif., and publisher of the monthly newsletter *The Supermarket Checker*, says consumers are far more upset about California-grown produce, up in price because of the floods. "Lettuce up from 89 cents a head to \$1.89 got a lot of attention," she says.

But at least one company already has been burned by the still frugal shopper. Kellogg

tried at the end of 1994 to cut back on discount coupons. Revenue for the quarter rose a disappointing 1.3%.

Brian Peace, spokesman for the Food Lion supermarket chain, worries the increases are just the beginning.

"Right now, these are very small increases — maybe a few pennies on a quart of milk. But if manufacturers continue to pass along higher costs to us, those pennies could grow into larger amounts."

Integration on the Internet

Entrepreneurs Guide Blacks on the Computer and Into the Future

By Don Oldenburg
Washington Post Staff Writer

When Stafford Battle was 13, he stood at the front door of his town house near the corner of 11th and H streets NE, his eyes smarting from the tear gas and smoke. Flames silhouetted the skyline. His father warned him to stay inside. Out the back door, his mother said something about the grocery store, that it had been looted.

"It used to be when you'd say 'black power,' people had the image of a raised clenched fist and a molotov cocktail," says Battle, whose childhood neighborhood was scorched when the assassination of the Rev. Martin Luther King Jr. ignited the 1968 riots.

Now, working in the glow of a Macintosh Quadra 605 in an equipment-cramped office in his Upper Marlboro town house, Battle says that black power is not about molotovs but about megabytes and modems. This time, what will be set on fire is minds.

"The revolution will not be televised, it will be digitized," says Battle, adding on to Gil Scott-Heron's insurgent lyrics of 25 years ago. "We're not trying to destroy the system; we're saying, finally the system is there for us."

The system of which he speaks is the Internet—the exponentially growing global web of computer networks. Until 1991, it had been primarily the domain of government agencies and universities. Now, made widely available by commercial services such as CompuServe, America Online and Prodigy, the Internet provides some 30 million users worldwide immediate and inexpensive access to unlimited communication and unfathomable troves of research, information and marketing services.

But there's a glitch. "The majority of African Americans from all walks of life simply have no idea what the Internet or computer on-line services are about," says Battle. In the '60s, "Malcolm X said if you want to keep something from the Negro, hide it between the pages of a book. The spin now is if you want to keep usable, pertinent information away from black people, hide it on the computer."

NETWORKING, From D1

Only 18 percent of African Americans have personal computers at home compared with 32 percent of whites, according to a survey conducted in April by the Times Mirror Center for People and the Press, a Washington-based public interest and policy research group. That marked the continuation of a trend reported by the 1989 U.S. Census that showed 8.4 percent of the adult black population had computers at home, compared with 18.3 percent of whites; and 18.4 percent of the black population used computers at any location, compared with 29.4 percent of the white.

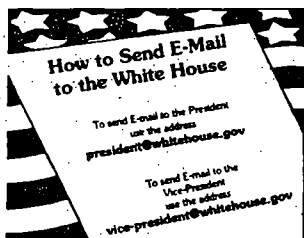
The lack of minority involvement in computers has become a national issue. "Knowledge is power," says Wade Henderson, director of the

NAACP's Washington bureau, whose national organization has been studying telecommunications policy and how it affects the black community for two years.

Last month, Battle and Rey Harris published the first how-to manual aimed for blacks about the computer and the on-line technology that they believe will determine prosperity and survival for minorities in the next century. A 90-page book designed with revolutionary desktop computer technology, "The African American Resource Guide to the Internet" mixes a rap on "New Black Power" with the ABCs of using the Internet. It details what's already on-line of interest to the black community—chat boards and information centers such as America On-line's Ebony Room and eWorld's African American Information Network. The guide's underlying message: Say it loud, but say it on-line.

"There's a lot of books out there about the Internet—130 at last count," says Harris, 45, a marketing consultant who lives in the District and collaborates on-line with Battle from his home IBM 386 when he doesn't make the drive just beyond USAir Arena to their Prince George's County office. "But not a single one of those books is dedicated to African American interest. ... With all the Internet publications, you never see a black face" in their pages.

The two entrepreneurs started brainstorming their Internet guide in April. Their paths had crossed at African Heritage Literature Society



Advice from "The African American Resource Guide to the Internet."

meetings, and later at the Black Expo here, where Harris was promoting another book, "The Success Guide: The Guide to Black Resources."

A year earlier, Battle quit his job as an editor at the Journal of Housing to publish a newsletter called ElamWorld Technology Review. Harris had seen Battle's newsletter and liked its focus: African Americans and 21st-century technology. When they bumped into each other again at a meeting of AfroSat, a group attempting to launch a communications satellite over Africa, their mutual interests made working together inevitable. "It's a small city," says Harris, "especially for blacks who are doing something."

Computers had already become a way of life for both men—and for their families: Battle's wife is a computer programmer and his 6-year-old daughter a grad of Computer-Tots, computer education classes for children in day care and grade school. Harris's two preschool sons fight over who gets to play Mickey's ABCs on the PC while he tries to dampen their mother's new enthusiasm for e-mailing him from her office. "We talk enough already," he deadpans.

Battle and Harris know they and their families are the exception. The Washington area has so many organizations capitalizing on the Net that Fortune magazine last March called it the NetPlex. As Tony Rutkowski, executive director of the Reston-based Internet Society, puts it, "There's no place like here for information glut."

But African Americans hardly show up on-line. "The technological debate is really the cutting-edge civil rights issue of the next century," says the NAACP's Henderson. "It is important that we make ourselves not just knowledgeable but masters of it."

Henderson says opportunities on the Internet remind him of "the old gold rush days." Of Battle and Harris, he says, "these are the information wildcatters, these are the young entrepreneurs who are beginning to apply the new technology in unique ways in their communities."

But economic factors play a role. Many Internet users work at universities or businesses where the connection is free, or they can afford the hardware and connecting service fees. "We're talking about a brave new world, if you will," says Henderson. "I think it can transform the lives of ordinary citizens in ways we can just begin to imagine. ... [But] I think there is a real danger that African Americans will not participate fully."

That argument makes Battle and Harris crazy. "We've always been told as blacks that we don't have these kinds of things," says Harris. "But we can buy the cars, we can buy the clothes, and we can buy the VCRs, because that's where our interest lies."

Computer hardware capable of accessing the Internet is cheaper than a television. "There are stores that sell used computer equipment for \$175," says Battle. "You can buy a brand-new modem for \$24. And with a basic 2,400-baud modem, you can sign on to almost anything text-based on the Internet."

Mike Godwin, staff counsel of the Washington-based Electronic Frontier Foundation, a high-tech civil liberties group, also believes money isn't the biggest barrier. "It turns out to be not so much an issue of economic access to the hardware or

THE WASHINGTON POST
WEDNESDAY, FEBRUARY 1, 1995

PHOTOCOPY
PRESERVATION

1/7

60

A Nude Awakening

Prize-Winning Photo May Go Unseen

By Howard Kurtz
Washington Post Staff Writer

The naked truth is that White House photographers, the Library of Congress and President Clinton are facing a rather ticklish situation.

The dilemma involves a first-place-winning photo in the annual contest held by the White House News Photographers Association, shot by Kenneth Lambert of the Washington Times. Ordinarily, his picture would be slated to hang in a Library of Congress exhibit and at various universities, be published as part of an awards book and be presented to President Clinton in an Oval Office ceremony.

But the picture—"Everything Old Is Nude Again"—has touched a journalistic nerve. It is a full-frontal shot of a naked man in a lawn chair at the 1994 Woodstock festival receiving a dirty look from a nearby woman. The president of the association plans to ask his executive board tonight to bar the photo from any public exhibit.

"We don't want to be accused of censorship, but we've got to use common sense," Ken Blaylock, a video engineer at ABC, said yesterday. "I don't want to be embarrassed going into the Oval Office."

Lambert called the effort an example of "journalists censoring jour-

MEDIA NOTES, From D1

nalists. . . . What else would you call it but censoring ourselves if an organization of professional photojournalists . . . doesn't want anybody to see it?"

The picture, which won first place for color feature photography, was never published by the Washington Times, for obvious reasons, but a rule change several years ago allows unpublished photos to be entered in the contest. The award was made by an independent three-judge panel.

Few if any journalism associations would grant an award for an unpublished news story, and the photographers' association's rules bar awards for television footage that hasn't been aired. The usual reason cited is that if a product isn't published by anybody, it

can't be considered journalism. But Lambert argued that news pictures should be held to a different standard. Great photography often goes unpublished, he said, "for reasons of space and sometimes for reasons of taste."

Times Editor Wesley Pruden and other editors at the paper supported Lambert in a letter to Blaylock, while noting that the paper did not publish the photo for taste reasons.

Lambert said the man in the picture "is not aroused. What's intriguing about this image is the faces, not the penis."

But Blaylock said the association has "got to use good taste. I don't want to take one of my children or grandchildren to see that picture. The picture offended some of the women who have seen it. Hell, it offends me."

Margaret Thomas, a Washington Post photographer and member of the board, called the photo "a legitimate news picture that won a major contest. I think it's being excluded for purely political reasons. We've had a tenuous relationship with the Library of Congress regarding our association's show."

Most photographers posting messages on the group's computer bulletin board supported Lambert:

"If it won, it should be hung . . . no pun here."

"If we censor ourselves, we should not complain when others do the same."

"Frontal male nudity has been published in the National Geographic."

"If it's okay to show burned, charred, mutilated bodies, why are we so reluctant to show a healthy man?"

"What is it about a naked man that sends seasoned journalists scurrying for cover?"

Lambert said he would understand if the White House barred the picture or the Library of Congress refused to display it. "I never expected to be photographed with this picture and Clinton," he said.

Carter Issues Clarification

Former president Jimmy Carter yesterday backed away from his recent charge that in 1993, CNN's Judy Woodruff asked him "carefully contrived" questions to help him negotiate with Somali warlord Mohamed Farah Aideded.

In a clarification issued from Atlanta, Carter said: "I did not mean to say that CNN asked me contrived questions, but that I had carefully planned to send certain messages to General Aideded through the answers I gave in the interview." He said CNN's questions to him "have never been prearranged." Carter made the original allegation on Diane Rehm's WAMU-FM radio show.

THE WASHINGTON POST
WEDNESDAY, FEBRUARY 1, 1995

PHOTOCOPY
PRESERVATION

of any other factor," much as it is getting closer to thinking they are on-line.

experience, there is no single factor in causing people to go on-line than their own conviction that it is necessary to be on-line. You have to acculturate people to use this technology as a matter of course. I believe the way to proceed in increasing the African American presence on-line is to be evangelistic about it."

In their guide to the Internet, Battle and Harris replace techno-jargon with the gospel of new technology. "It's for Joe and Jane Sixpack," says Harris. "What we're talking about is empowering individuals to know that they don't have to stay in their low-level economic positions," adds Battle.

"They don't have to be ignorant of what's going around. They don't have to be shut out of the technology that's going to take place in the 21st century. They don't have to be the have-nots anymore. All they have to do is be willing to learn."

"And we say using the Internet, you have an unlimited opportunity to learn," Battle says. "There are scientists on the Internet, there are universities on the Internet, there are libraries on the Internet. You can learn anything you want to learn. You can position yourself for any job. You can rely on millions of other individuals—black, white, whatever—on the Internet who will be willing to help you progress out of your station."

"We're saying if you are unhappy, there is no reason to stay where you are at. Years ago, people never left their neighborhoods for anything. People on welfare were stuck. Well, now kids and adults can get on a computer and travel the entire planet. Now there is no excuse."

Battle and Harris aren't just letting the guide speak for itself. They're taking its message out into the community. They talk at black community meetings about finding jobs over the Internet. They try to convince local black merchants to take their business on-line and worldwide instead of limiting it to their small corner of the city. "Once you show someone what's possible on the Internet," says Battle, "the excitement builds. . . . You can say, 'It's wide open, folks. You're not limited anymore. So whatever you think you need without infringing on anyone else's rights, go for it.'"

"If Dr. King were alive today," Battle says, "I think he'd take his marches onto the Internet."

Then there's New Elam City. Named for a highly developed civilization of color that reigned in ancient Iran from 2900 to 600 B.C., it is a virtual urban community, a cyber-city dedicated to African Americans, that Battle and Harris are building meg-by-meg to go on-line by the end of this month.

Similar to the virtual reality drawers scene in the movie "Disco-

sure," New Elam City is being designed as a digitized city-grid, home to merchandisers and shops, art galleries, college classrooms, legal counselors, a health care center, an e-mail post office, entertainment and other cultural activities.

"As you go down the street, you can go into the convention center, or you can go to the Calvin Kofark news center, or you can go to the Thurgood Marshall Law Center," says Harris, adding that tourists and cruisers will have free access and residents will pay a monthly fee for an Elam City address and special privileges. At restaurants, he explains, "you walk in and click on the dishes on a menu to see a digital picture. Then you can make a reservation on-line or order takeout or delivery. We've already got 25 confirmed retailers, including a Baskin-Robbins."

One of them is Derrick Riley, who designs, manufactures and markets Black Scents from his home office in Forrestville. He sees New Elam City as an opportunity to move his air fresheners, which feature brief bios of famous African Americans on their packaging, into a larger marketplace. "I've already designed my storefront for it," says Riley, a veteran user of America Online. "It's the next new wave of reaching out to people with information about my business."

A virtual church, open 24 hours, will feature nondenominational pastoral counseling and sermons from notable ministers to which people can respond. "We're hoping to do great things there," says John Fowler, an ordained Baptist minister who will take charge of New Elam City's pulpit in addition to his role as assistant minister at Capital View Baptist Church in Northeast Washington. Besides "spreading the Gospel," Fowler, an Internet novice, says he'll be "trying to introduce computers and computer applications to a segment of the community that's normally shut out."

Meanwhile, Stafford Battle often takes the good news about the Internet to the H Street corridor in Northeast where he grew up. He talks to shop owners and street vendors about taking their goods on-line. He doesn't always get the response he wants.

"There are some of these brothers out there selling T-shirts," says Battle. "And I say 'You've got some great designs. You could sell your T-shirts around the world on the Internet.'"

"They say, 'We don't need that.' They say, 'That's the white man's thing. We don't need technology.'"

Battle shakes his head like he can't believe what he's hears, like he can't understand how anyone doesn't see the opportunities he sees. "I tell them this technology is for all of our use," he says. "I tell them they'll learn the hard way, I say, 'I'll give you what I have, but if you're going to slam the door, there are other people out there who will listen.'"

Moyers Joins NBC As News Analyst

By LAWRIE MIFFLIN

Bill Moyers, whose 25-year television career has swung back and forth between the public and commercial networks, will join NBC News this month to deliver commentaries three nights a week on the "NBC Nightly News."

Mr. Moyers said he would continue to produce and be the host of documentaries for the Public Broadcasting Service. "My agreement with NBC expressly stipulates that I can do for PBS what I've done before," he said. "I just won't do as much."

The announcement was made yesterday by Andrew Lack, the president of NBC News, who was a producer of Mr. Moyers's documentaries for "CBS Reports" in the late 1970's. Mr. Lack said he had tried to lure Mr. Moyers to NBC upon taking over that network's news division in April 1993.

"Right after I came to NBC, John Chancellor told me he was retiring," Mr. Lack said yesterday. Mr. Chancellor was the last person to serve as senior news analyst at NBC, and neither CBS nor ABC now has such a commentator. "I thought it was a gaping hole in our lineup," Mr. Lack said, "and there was one man I wanted to fill it."

Mr. Moyers, who was a news analyst for CBS from 1981 until he left that network in 1986, said he had declined Mr. Lack's offer in 1993 because he was facing heart surgery. After his recovery, he told Mr. Lack he would take the job, but only after finishing his series on violence in America, which was broadcast last month on PBS.

Conservative critics of public television often single out Mr. Moyers for what they call liberal bias, but Mr. Lack brushed aside suggestions that this should concern a network news division.

"That perception is inside the beltway," he said, referring to Washington, "and perhaps inside about 10 blocks of New York and 10 blocks of L.A. I don't think the American public gives a whit about it."

Mr. Lack's nightly newscast has been striving to overtake CBS in the ratings race, with the two networks running almost neck and neck behind ABC. Adding a news analyst, and one as well known as Mr. Moyers, could help. "If he brings a little controversy to NBC, that's fine," said Mr. Lack. "What I hope he brings, above all, is a level of intelligence, a level of thoughtfulness, that we've been missing."

Wireless Competition Is Settled

Government Licenses Given to 3 Companies

By EDMUND L. ANDREWS

Special to The New York Times

WASHINGTON, Jan. 31 — Moving to hasten the arrival of wireless telephones that can communicate by satellite from anywhere on earth, Federal regulators awarded licenses today to three companies planning to launch fleets of small spacecraft.

The Federal Communications Commission approved licenses for Iridium, a company founded by Motorola; Globalstar, a partnership between Loral and Qualcomm, and TRW.

Beginning in 1997 or 1998, each company hopes to launch from 12 to 66 "low earth orbit" satellites that could be reached directly by a new generation of telephones, paging devices and fax machines.

Today's action came four years after Motorola first proposed such a system, and marked the formal end of a contentious debate between rival satellite companies over the best way to divide up a small parcel of available radio frequencies.

"This is probably the most significant regulatory milestone for our program, and it enables us to move forward with rapid construction," said John Windolph, a spokesman for Iridium.

Iridium plans to launch a \$3.3 billion system with 66 satellites that would begin offering service in 1998 and would cost customers about \$3 a minute. The company has thus far lined up \$1.6 billion in capital from a wide range of partners, including Sprint, Bell Canada and Vebacom, a German telecommunications company. Motorola has retained about 27 percent of Iridium's stock and remains its largest stockholder.

The Globalstar system would entail 48 satellites and cost about \$1.8 billion. The price tag is lower than Iridium because the satellites are simpler and would relay calls through established telephone companies on the ground. Loral and Qualcomm say they have raised \$492 million in firm financial commitments, from companies that include AirTouch Communications, France Telecom and Daimler-Benz. Globalstar hopes to raise about \$300 million in a proposed public stock offering.

TRW has proposed a \$2 billion system called Odyssey that would use 12 satellites.

The F.C.C. denied licenses today for two smaller companies that had filed proposals, saying the companies had not yet demonstrated their financial ability to build the systems they described. The two companies, Constellation Communications and Ellipit, were given one year to line up enough financing to demonstrate their seriousness.

Reed E. Hundt, chairman of the commission, said the Government had to make sure each company was qualified, because none of the companies were being forced to bid for their licenses in an auction.

Wider Use Of Cow Drug Is Reported

Monsanto Sees Gains For Synthetic Hormone

By BARNABY J. FEDER

Special to The New York Times

CHICAGO, Jan. 31 — The Monsanto Company said today that about 11 percent of the nation's dairy farmers were using the company's synthetic version of a naturally occurring growth hormone to increase milk production in their cows. The announcement came almost a year after the Federal Government gave Monsanto permission to sell the drug, rejecting bitter objections by people opposed to genetic engineering in agriculture.

Monsanto said that 13,000 farmers were using the hormone, an increase of 30 percent from six months ago, and that those farmers owned about 30 percent of the nation's dairy herd. Monsanto said it sold 7.7 million doses of the drug in the last six months, up from 6.8 million in the previous six months, adding that customers were using it for between 5 percent and 70 percent of their herds.

Separately, a trade group representing the majority of dairy farmers said a slight rise in milk sales last year and larger increases in sales of other dairy products indicated that few consumers had responded to assertions by critics that the synthetic hormones were unhealthy for both cows and consumers of dairy products. "The battle is over," said Jim Barr, chief executive of the National Milk Producers Federation in Washington.

Critics immediately challenged that assessment, contending that the number of farmers using the product was far lower than 13,000 and was declining. They also said Monsanto's own figures suggested that farmers were reducing the percentage of their herds receiving the drug.

Critics of Monsanto say farmers are cutting back in response to a price increase for the drug in October, poor results and a variety of health problems in their herds. They also maintain that more farmers' cooperatives are responding to requests from consumers that milk be certified as coming from herds that do not receive the treatment.

"Their bell curve peaked in early June," said Jeremy Rifkin of the Pure Food Campaign in Washington and a leading critic of biotechnology in agriculture. Mr. Rifkin said he believed that no more than 5 percent of cows were being treated with the hormone.

Monsanto, based in St. Louis, sells the hormone, bovine somatotropin, under the brand name Posilac. The substance, known as BST, is injected into cows to counter the natural tendency of milk production to decline about 10 weeks after the animals give birth. Cows receiving the hormone can produce about 10 percent more milk during the cycle between births — typically about 13 months — provided farmers increase the quality and amount of feed to compensate for the higher demands on the animals' bodies.

THE NEW YORK TIMES, WEDNESDAY, FEBRUARY 1, 1995

PHOTOCOPY PRESERVATION

18

THE BUZZARDS MAY BE CIRCLING . . .

Even if he doesn't know when to stop talking, a President with the cadences of a preacher still knows how to work a congregation. For all its sprawling scope and never-endingness, President Clinton's State of the Union address on Jan. 24 suggested that it's way too soon to assume that he's a goner.

Even Republican operatives don't count Clinton out to win a second term. Frank J. Donatelli, who served as White House political director for President Reagan, lays odds of 4 in 10 that Clinton will be reelected. So does Larry McCarthy, a Republican political consultant who's known for his kick-in-the-gut campaign ads. "I've always held to the contrarian view that Clinton is not dead meat," he said. Paul Maslin, a Democratic political consultant in California who worked for Ross Perot for a spell in 1992, gives Clinton an even shot at four more years. If Clinton is "acting like a grown-up, [showing] conviction and consistency," he said, "the Republicans are going to be hard-pressed" to beat him.

It's helped Clinton that he's been behaving like a President. In public, at least, he's accepted the electoral jolt he suffered last November with grace and good humor—all the more impressive in light of reports that he was privately distraught. "I know how some of you must have felt in 1992," he wryly said at the start of his State of the Union message to the Republicans who'd lost the White House that year but captured Congress last fall. Even voters who are skeptical of his proposals to raise the minimum wage or cut taxes instead of further paring the federal budget deficit may feel at least that he meant to acknowledge the pain they'd carried into the voting booths.

Clinton has long shown concern for the anxieties of the middle class over the tectonic shifts in the economy—worries that fueled the revolt at the polls in November. ("We've got to move away from the old Democratic theory that says we can just tax and spend our way out of any problem we face," he said soon after he'd started his presidential campaign in late 1991.) Robert B. Reich, the Labor Secretary, has been talking far and wide about "the anxious class" and the Administration's steps—with apprenticeship programs and such—to soothe what ails it. In touting the measure to protect workers' pensions that his Administration had proposed and he'd signed into law without

any fanfare last month, Clinton described it at a White House event on Jan. 19 as "part of a new economic policy, designed to help the American people stay ahead in a world economy that is changing so rapidly that while it offers vast new benefits to people, it also is very frightening to a lot of people and causes too much insecurity."

"Great crises which are cleanly averted rarely make great news copy, nor do heroic feats of bipartisanship," Reich, who was at Clinton's side in the Roosevelt Room that day, added. The Administration can lay claim to governing in a serious, well-meaning—and only occasionally incompetent—manner. Some of the unsung things Clinton has achieved may start getting more attention now that a Republican-run Congress is hot to undo

them. Only because House Speaker Newt Gingrich, R-Ga., wants to kill it did ABC News do a piece on Jan. 23 about AmeriCorps, Clinton's program of national service that has remained obscure even though it is bigger than the Peace Corps was at its peak. Other things Clinton has done are soon to be felt: an estimated 15 million workers who'll file federal tax returns this spring, for instance, will find themselves newly eligible for the earned-income tax credit.

To be sure, Clinton can recover only so much. Given the questions about his character that have dogged him and the "significant personal antipathy" that many voters feel toward him, his public esteem has "a built-in low ceiling," Alan Secrest, a Democratic political consultant, said. If most of the Deep South



... BUT CLINTON ISN'T DEAD MEAT

remains beyond his reach, he'll face an electoral map that's skewed even more than usual toward the GOP. (Without California, which has a Republican governor who could be given a spot on the national ticket, Clinton is probably sunk.) Joan N. Baggett, who quit last month as the White House's political director, said that Clinton will win in 1996 but in "a squeaker."

Yet Clinton has a lot going for him, too. For one thing, "his campaign skills are excellent," Donatelli said. "On TV, [in] the two or three debates in October of '96, he'll do real well." (It's while campaigning that Clinton's discipline and ability to focus, aides say, are at their max.) In the meantime, he commands the best pulpit in the land, and he showed again in addressing Congress and the

nation the other evening that he knows how to use it. Gingrich and the other Republicans in charge of Congress have largely controlled the political agenda since the midterm elections in part because Clinton has let them. Reviving the "New Democrat" themes that shaped his presidential campaign may work once again. "A majority of voters are sort of conservative Democrats," McCarthy said.

Clinton stands to benefit from the contrast with his Republican protagonists on Capitol Hill. Gingrich has been getting advice from his friends not to feel obliged to comment every time he's asked. Whether he'll follow it is far from clear. "Will he wear well? No," Edward M. Rogers Jr., a GOP insider, said. "Newt will always be pushing the edge." As Republicans struggle with their own dis-

parate elements, they can be expected now and again to overstep. If and when the Republicans show a hubris in trying to squelch things that many voters may like, Clinton can cast himself as a moderating presence, as a check on an ideologically blustery Congress that's having its own troubles with discipline. Americans would rather have opposing parties control the White House and Congress so that neither goes too far—by 55-33 per cent as recently as Jan. 14-17, in a survey for NBC News and *The Wall Street Journal*.

Clinton's best hope may lie in the nature of his opposition in 1996. Perot, should he run again as an independent, could prove a godsend, draining more votes from the Republican nominee than from Clinton. The GOP field is flawed. It's led by an acerbic Senate Majority Leader who's a political relic and features a Texan with a mean streak, a former Vice President with a reputation as a lightweight and an unknown or two. When Clinton is paired in a starker choice with a particular opponent, he'll fare better than he has on his own.

Even the economy may work in Clinton's favor. The consensus among economists is that the slowdown the Federal Reserve Board has sought will bring a soft landing, with detectable growth and precious little pressure on inflation. Nine of the 22 economists recently polled by the Bureau of National Affairs Inc. foresaw a recession next year; the rest of them—a majority—didn't. Clinton's political advisers can hope that the voters will come to recognize the fact of an economic recovery before it's history.

But the prayerfulness that such a hope requires only goes to show how little control Clinton can exert over his political fate. An economy that sags would be menacing for him. A geopolitical disaster could be worse! The danger to a Democratic President who's on the wrong side of things as, say, democracy in Russia disintegrates boggles the mind.

Clinton seems to be doing what he can to lay the groundwork in case the events he can't control fall in his favor. But he may have more control than he thinks. Twice before in his presidency, he's delivered a rousing speech on Capitol Hill that succeeded in building the political support he needed. Then, both times, he let his advantage slip away. So far, he hasn't been a President who's learned much from his mistakes. ■



PHOTOCOPY
PRESERVATION

Gingrich feeling the heat

House Democrats press all-out attack

By Richard Wolf
USA TODAY

House Speaker Newt Gingrich angrily defended himself and his wife Tuesday, as Democrats stepped up their attacks on his ethics and Republicans rose to his defense.

On a day when he sought to bask in legislative successes — recent House passage of a line-item veto, balanced budget amendment and unfunded mandates bill — Gingrich was forced to justify his wife Marianne's job and his appearance Tuesday night at a dinner for a conservative cable TV network. The guests paid \$50,000 to attend.

"I think my record of being investigated, scrutinized, smeared and attacked sort of rivals anybody in recent public life," said the Georgia Republican, accusing liberal Democrats of a smear campaign.

"They hate the idea that we're winning," he said. "And rather than engage us on the issues, they think it makes more sense to have this sort of steady drumbeat."

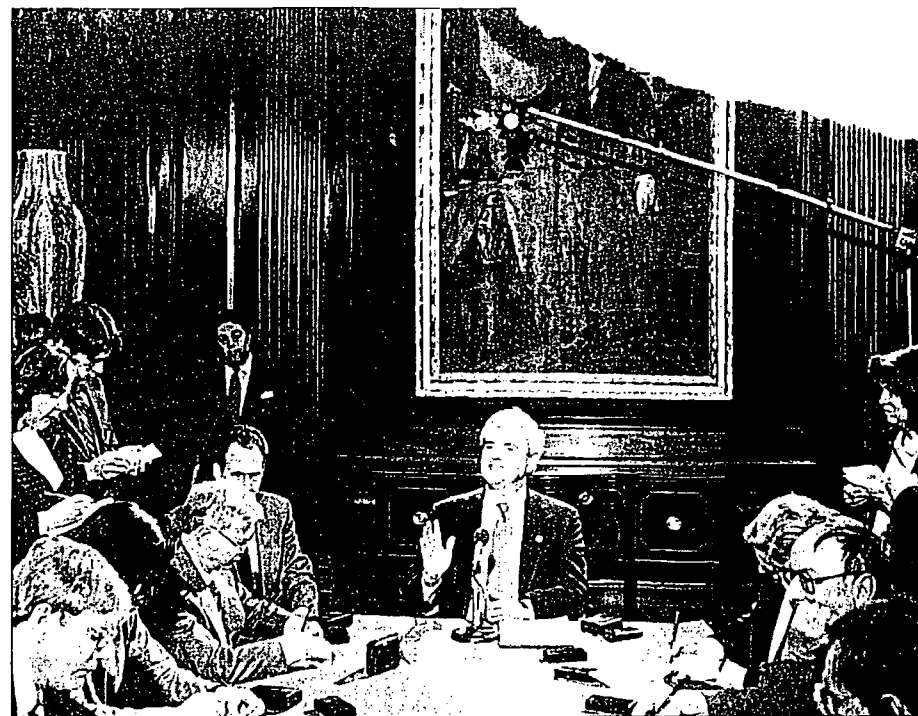
Fueling the ethical fires:

► Recent news reports that Marianne Gingrich is being paid \$2,500 a month by a firm seeking U.S. businesses for a free-trade zone in Israel. Newt Gingrich promoted the free-trade idea in meetings with Israeli officials.

"The question is why she got the job, and whether she would have gotten the job if her name was Marianne Jones," said Rep. Patricia Schroeder, D-Colo.

Gingrich said his wife's background in planning and economic development qualifies her for the job. "She's not on the taxpayers' payroll," he said. "Why are wives being drawn into this?"

► His appearance at the dinner to benefit National Empowerment Television, which broadcasts his college



By Joe Marquette, AP

IN SPOTLIGHT: House Speaker Newt Gingrich says he's under fire because Democrats 'hate the idea that we're winning.'

course, "Renewing American Civilization." The select guest list: 10 individuals and 3 couples.

Democrats said the dinner was taxpayer-subsidized, since ticket-buyers get a \$19,800 tax break, while Gingrich opposes public funds for the Public Broadcasting System. And they attacked him for opposing an increase for minimum-wage workers, who they noted would have to work nearly six years to afford a dinner ticket.

"There's something rotten in Washington, D.C., and it ain't the Cookie Monster," Rep. Cynthia McKinney, D-Ga., said Tuesday.

Gingrich called the TV network "a good idea. It raises all of its money out of the private sector. It doesn't take it from the taxpayer."

The latest flaps follow disputes over Gingrich's \$4.5 million book advance, which he later relinquished, the refusal of his GOPAC political action commit-

tee to disclose donors, and other issues.

Many of the accusations now rest before the House ethics committee, and Democrats seek an outside counsel.

"It is time for an outside counsel to untangle this web," said House Minority Whip David Bonior, D-Mich., on the House floor Tuesday.

Ethics panel chairwoman Nancy Johnson, R-Conn., said the group would convene soon for the first time this year and begin unravelling accusations filed against the speaker.

Gingrich acknowledged only "an appearance problem."

"I am confident that somebody will find an appearance problem in everything that my wife or I do the rest of our lives," he said. "You'll find every other day somebody on the left launches a new attack."

But Gingrich's problem could come from the right: Some in the GOP are worried.

"There's just a little undertow," said Rep. John Myers, R-Ind., a former ethics committee member. "They're not ready to throw the towel in on Newt yet. They just wish he'd calm down a little bit."

"When I go back to my district, the first three questions I get from constituents are about the speaker," said freshman Rep. Ray LaHood, R-Ill.

Most Republicans, however, remain firmly behind Gingrich as their political and legislative savior.

"I don't hear a lot of complaining," said Rep. John Linder, R-Ga., a close ally. Democratic critics are "on a mission to destroy him," Linder said, but "He's being as careful as he can."

"More and more, it's uniting us," said Rep. Robert Walker, R-Pa., Gingrich's closest friend in the House. "Most of the conference has decided that Newt cannot allow the Democrats to drive him off the stage."

USA TODAY • WEDNESDAY, FEBRUARY 8, 1995

PHOTOCOPY
PRESERVATION

JUDY MANN

The Economy: It's Women's Business Too

Women talk about the economy differently than men. This may not be as heart-stopping a discovery as the finding that we communicate differently in relationships, but it is a fact that has enormous implications in politics.

Speak to me, and I may not be yours, but the chances are I'll at least listen. This is a key idea behind the "Women's Voices for the Economy Campaign," launched by the Center for Policy Alternatives with the backing of 30 leaders of women's organizations and commissions. It is the freshest set of economic ideas to emerge from the progressive camp in a long time, and if it gets the attention it deserves, it could help set the agenda about the economic direction for the country for years to come.

Economics drives elections, but what happened in 1994 is that neither party talked to female voters in terms that resonated with their lives. And female voters stayed home by the millions.

A series of polls has shown that men tend to talk about economic problems in terms of taxes and the deficit, whereas women put taxes near the bottom of their worries and balancing work and family right at the top.

A post-election survey by Democratic pollster Celinda Lake found other differences: Women are more likely than men to believe they are financially worse off compared with a year ago, they are less convinced that the economy is in recovery, and they are more worried than men that unemployment and cost of living are going up.

Typically, Lake says, women make up about 54 percent of voters, but that dropped to 51 percent last November, with white women giving Republicans two percentage points more of their vote than they gave the Democrats, whom they traditionally favor. "If women had had the same enthusiasm for Democrats that men did for Republicans, [the Democrats] would still be in control of Congress," Lake says.

The stakes for talking to women and bringing their voices into the discussion about economic growth couldn't be much greater. "Unless the political debate gets framed in a way that interests women, they don't tune into it," CPA President Linda Tarr-Whelan says. "I focused on kitchen table issues, family economic well-being." She also focused on the fact that women are fueling the

economic growth while still having to overcome barriers to succeed in business.

And that doesn't make sense.

Women are joining the work force at a faster rate than men, and most will work for money at some point in their lives. More women are graduating from college than men. They start small businesses at twice the rate men do. Yet 52 percent of those women have to use high-interest credit cards because they have trouble getting loans. In 1990, women's median annual earning was \$12,250, while men's was \$21,522. Women are almost two-thirds of the minimum-wage earners.

The CPA campaign is starting at the state and local levels and in women's networks to try to develop model legislation to implement effective programs. Organizers then plan to move their ideas into the presidential debates in 1996, much the same way that welfare reform has bubbled up from the states. "The concept is to be very pragmatic," Tarr-Whelan says. "Most initiatives will always involve some kind of partnership between nonprofits and the public and private sectors, and not just government solutions."

Initially, the campaign will focus on making capital more available to female entrepreneurs and for the expansion of child care, both at centers and home-based, which is "a big producer of jobs and income for women," Tarr-Whelan says. "The two things we'll lead off with are those that cut across race, age and class." For example, a Colorado program in which 80 banks participate provides 57 percent of its loans to women- and minority-owned small businesses.

Other parts of the economic agenda involve increasing access to training and skill development for women and to emerging business and telecommunication networks. Currently, men earning computer science degrees outnumber women 8 to 1. Another initiative would help employers develop flexible work schedules and workplaces, which a third of women say would be critical to helping them balance work and family.

None of these ideas pits women's economic well-being against men's. Quite the opposite: The campaign is looking at ways to strengthen women's contributions to the economy and to their families.

That's a message women will listen to, and so should men.

ON CAPITOL HILL

Gingrich Defends His Wife's New Job

House Speaker Newt Gingrich (R-Ga.) defended his wife yesterday against ethical questions about her new job recruiting businesses for a free trade zone in Israel.

Marianne Gingrich, who worked as a local government planner in the 1970s, joined the Israel Export Development Co. in September as a vice president in charge of its Washington office. She is paid \$2,500 a month, plus a commission for each business recruited, according to Tony Blankley, the speaker's press secretary.

News reports have raised questions about Rep. Gingrich's role in securing his wife's employment, which was first reported Saturday in the Baltimore Sun. The questions include whether Marianne Gingrich was hired to appease a powerful government figure or because the speaker, then the House Republican whip, two years ago urged Israeli officials to establish a free trade zone.

At his daily news conference, Gingrich rejected any suggestion of impropriety and turned his ire on Democrats and the news media. Blankley said that a private lawyer had reviewed Marianne Gingrich's employment and found no ethical problems.

"I am confident that somebody will find an appearance problem in everything that my wife or I do the rest of our lives," Gingrich said. "You'll find every other day somebody on the Left launches a new attack."

He responded angrily when a reporter asked how his wife, who has no experience in international trade promotion, was qualified for the job. The speaker cited her past work as a county planner in Ohio.

"I've had nothing to do with the company she works for," he said. "She does no lobbying with the U.S. government and no lobbying with the Congress."

— Kenneth J. Cooper

Speaker's Consultant

■ A watchdog group headed by Ralph Nader wants the House ethics panel to probe whether Rep. Gingrich is violating House



MARIANNE GINGRICH

... international trade promoter

rules and federal laws by using a consultant paid by a political organization with close ties to the speaker to do official work on the Hill.

House members and senators are prohibited from using funds received from a political committee to defray the costs of their congressional activities.

In submitting its complaint to committee Chairman Nancy L. Johnson (R-Conn.), the Congressional Accountability Project cited reports that the consultant, Joseph Gaylord, one of Gingrich's most trusted advisers, is frequently seen in Gingrich's office and has attended high-level meetings of House GOP leaders. Any member of the House can ask that the complaint be forwarded to the ethics panel, a step that must occur before the committee can take it up.

Spokesman Tony Blankley said that Gaylord has no congressional role but is "an outside consultant, who provides political advice, which the rules of the House permit. He comes here from time to time to give consultative advice."

— Serge F. Kovaleski

Crime Bill Is Revisited

■ The House yesterday began a Republican rewrite of the 1994

crime bill on a noncontroversial note, mandating that criminal offenders pay restitution to their victims in federal cases. The vote was 431 to 0.

The unanimity disappeared later in the day when the House debated legislation to uphold evidence that police collect in warrantless searches if they have acted in "good faith."

GOP leaders plan action this week and the next on a total of six anti-crime bills that would reorder the spending priorities of the \$30 billion legislation passed last fall, and address several legal issues it did not cover.

Lawmakers voiced no dissent about making criminals repay victims and others harmed by their actions.

Currently, federal judges can order victim restitution and do so in one of six cases, according to court administrators. The 1994 anti-crime law required federal judges to order restitution in domestic violence cases.

Although most violent crimes are prosecuted in state courts, Rep. Bill McCollum (R-Fla.) said that restitution was needed for such federal offenses as bank robbery, kidnapping, terrorism and mail fraud.

The Justice Department collected about \$150 million in victim restitution last year, but officials could not estimate the rate of collections from offenders, who often forfeit their assets or are indigent.

"It's hard to collect," one department official acknowledged.

— Kenneth J. Cooper

Huffington Concedes

■ Former representative Michael Huffington (R-Calif.), who broke all records for spending in his bid for the Senate last year, finally conceded yesterday that Sen. Dianne Feinstein (D-Calif.) was the winner.

Huffington had contested the outcome, alleging widespread voter irregularities. Congratulating his opponent, he vowed to work to reform the state's voter registration system.

PHOTOCOPY
PRESERVATION

Program With 60's Spirit Butts Against 95's

By PETER APPLEBOME
Special to The New York Times

PHOENIX, Feb. 1 — On New Year's Eve, Kerri Goncher packed up her 1987 Toyota Supra in Chicago and drove here in 34 hours straight to begin teaching the severely emotionally disturbed and sometimes violent children who end up at the Little Canyon Center run by the Arizona Baptist Children's Services. She will earn \$4.50 an hour plus an annual \$4,725 educational grant.

Ms. Goncher's bouncy enthusiasm for a low-wage public service job may be just what President Clinton had in mind for the Americorps public service program.

In its first five months of operation, the program has placed 20,000 Americans like Ms. Goncher, a recent University of

Continued From Page A1

Wisconsin graduate who hopes to become a teacher, in a wide variety of public service jobs tutoring children, serving as police cadets, repairing housing projects and monitoring contamination of rivers in 350 programs around the country.

Mr. Clinton has hailed the program as perhaps his proudest achievement and one that is already "changing the way that Government works." In his proposed budget for the fiscal year 1996, he is asking \$812.5 million out of a \$1.6 trillion budget to finance 47,000 Americorps members.

Congressional Republicans are threatening to kill Americorps, calling it a costly throwback to an era of big Government. Some say that it will make it harder to recruit volunteers without incentives and that it is unnecessary because many participants will just get Government assistance to do what they would have done anyway.

And instead of Mr. Clinton's hope that Americorps would evoke the spirit of the Kennedy years, when the Peace Corps drew instinctive support, Americorps

has come to reflect the opposite: the anti-Government ethic and budget roadblocks now facing almost any new Federal program. With its self-consciously businesslike moniker as the Corporation for National Service, its bottom-up structure controlled by state commissions appointed by mostly Republican Governors, and its scaled-down stipend, the program was designed as a public service program for an anti-Government era.

"I like to think of our role as an investment banker investing in local communities, rewarding the programs doing well with growth possibilities and making sure those not working are not refunded," said Eli Segal, who heads the program and has the title of chief executive. "This is like a start-up business, designed with the support of moderate Republicans, which believes that delivery systems as close as possible to the customer will bear fruit in terms of quality."

But, businesslike oratory aside, Congressional Republicans say Americorps is just another Government program at a time the nation needs fewer of them.

"If you're going to get to a balanced budget and your choice is having a nice little Government bureaucracy that runs people around the country doing nice things or taking care of people with severe disabilities," Speaker Newt Gingrich, Republican of Georgia, said in a recent interview, "where is each one on the priority list?"

"It just strikes me that on any reasonable list that gets to a balanced budget, this is a long way below the line of what doesn't survive."

In his Presidential campaign, Mr. Clinton advertised his proposal for a national service program as a way to help students pay for their education while serving their country and being imbued with the spirit of service to others. Interviews with Americorps members and organizations that employ them indicate that the program is already creating extraordinary interest among young people and tapping into a nascent spirit of public service on college campuses.

But they also indicate that it could be difficult for the program to meet the most exacting standards for selfless activism that some will hold it to and that the timing of the program could not be worse, given the budget realities in Washington.

"I really think that as long as the Government is going to play some role, this is the best way they can do it, and that you can use a program like this to jump start a lot of positive activity for very little money," said H. Daniels Duncan, president of

the United Way in nearby Mesa, where six Americorps workers are putting together what organizers hope will be a network of 3,000 community volunteer workers. "The issue is, is a little money too much money right now?"

The Beginning

A Network Of Activists

Americorps formally began last September with a \$376 million budget for 20,000 participants. The budget for the fiscal year 1995 is \$580 million for 33,000 members.

Participants receive a small living allowance, approximately the minimum wage, limited health care coverage and child care, plus a \$4,725 tuition grant for each year of service — about 1,700 hours of work. People can serve for two years and get a maximum tuition grant of \$9,450, which can be used for current or future college costs or to repay existing loans.

Americorps incorporates some existing programs like Vista. It is separate from the Job Corps, which provides job training every year for about 65,000 disadvantaged young people.

Americorps is producing an enormous variety of public service work, much of it historical social service activity, some of it reflecting current conservative trends.

In New Orleans, the Youth Action Corps founded by Americorps works on projects from wetlands preservation to tutoring in low-income areas. The South Carolina Victim Assistance Network works with crime victims and advocates for victims rights in law-enforcement centers, shelters and crisis centers around the state.

At what is called the SalmonCore program, students from the Yakima Indian Nation in Washington State are cleaning out polluted settling ponds at a former Department of Energy site to grow fish to help replenish the dwindling salmon run in the Columbia River.

In the New York area, activities include tutoring and mentoring disadvantaged young people through the I Have A Dream Foundation and working as cadets in the Police Cadet Program of the New York City Police Department.

In Iowa, Sarah and Rebekah Swan, 19-year-old twins, are members, Sarah working at a Family Violence Center in Des Moines, Rebekah at the Alzheimers Association of America in Cedar Rapids.

Donald Davis, 45, a carpenter and painter, decided after 14 years in the Army that he wanted to work with young people. He is now working at two elementary schools in Florence, S.C., organizing social service projects for youngsters.

Michael Davis, a student at Eastern Michigan University, and Michelle Cooper, a student at the University of Alabama at Birmingham, tutor as part of the program. In Boulder, Colo., Pakou Cha, a University of Colorado student who speaks Hmong, Spanish and English, tutors children, many of whom speak little or no English, at the San Juan del Centro Family Learning Center.

The program's goal has been to provide opportunities for as diverse a group as possible, from the Ivy

The New Volunteers

A special report.

Continued on Page B7, Column 1

THE NEW YORK TIMES, WEDNESDAY, FEBRUARY 8, 1995

PHOTOCOPY
PRESERVATION

112

uates who once might the Peace Corps to high pouts working on their quivalency degree and try- ay out of trouble. d thought of being an archi- but it was like a fading dream," Timothy Moore, an 18-year-old gh school dropout and former gang member in New Orleans. "Ameri- corps really changed my life. It gave me good things to think about."

The Mechanics

Conservatism And Public Service

The program in Arizona reflects Americorps' structure and scope —

from working on environmental issues with Navajo elders to passing out condoms and pamphlets about sexually transmitted diseases in Tucson's red-light district.

Programs are selected by a 25-member board appointed by Gov. Fife Symington, a conservative Republican, and headed by Lieut. Col. Gary Smith, who works in the anti-drug program of the National Guard.

Most participants, like Ms. Goncher, augment existing operations. The most ambitious new project spawned by Americorps is the Border Volunteer Corps, a \$2.6 million program with 103 Americorps members working in 25 projects along the border.

Richard H. Carter, the program's director, said, "There is a new park now, immunized children, trained migrant farm workers, people working in environmental programs, community gardens, new homes in the Indian nations, restored homes."

But Republican critics in Washington say that its incentives will

draw people from other volunteer activity, that it is more expensive than the Government is saying and that in the end it is not true volunteerism but a Government job.

"All those volunteer programs that have been working so beautifully cannot compete with this type of program," said Representative Bill Goodling, the Pennsylvania Republican who is the new head of the House Economic and Educational Opportunities Committee. "You really kill volunteerism with a program like this."

Social service organizations here and elsewhere scoff at the idea that Americorps will have a negative impact on volunteerism.

"We've had a lot of volunteers, but most don't last more than a day or two," said Maggi Castagna, education coordinator at Little Canyon Center, which has about 36 emotionally disturbed students ranging in age from 6 to 17, and where Ms. Goncher augments the three teachers and three technicians. "They just find that these kids are not of their league."

On the other hand, it is less clear how much Americorps is creating new public service workers and how much it is just creating a more attractive environment for people who would be doing similar work.

In Arizona, Jennifer Larkin, 25, was holding down three part-time positions with the Y.M.C.A., working with children before and after school and in the 118-degree heat at summer camp. "I really felt I was being used," she said.

2/2

Now she gets her health care covered and the educational grant helping to organize volunteer programs for Parents Anonymous, which works to prevent child abuse and neglect.

Dorothy Cuppernell, 20, whose husband is with the United States Army in South Korea, originally got into the Americorps program in North Carolina because it was one of the few options available to a young mother that provided day care.

She said her first position was at a school where she barely felt needed. Now, in Phoenix, she is at Tumbleweed, a small social service agency that runs shelters and group homes for teen-age runaways. And the program pays \$75 of the \$99-a-week child care cost for her 3-year-old daughter.

Barbara Tenes, 27, who works at another Tumbleweed shelter, was previously a youth-care worker for another social service agency and joined Americorps partly because of the opportunity for child care for her four children. Americorps has a maximum amount it will pay for child care and she is still waiting to find out how much the state will pick up to see if she can afford to stay in the program.

"I'm doing basically what I was doing before," she said.

The majority of Americorps members are young people without children or with minimal interest in health insurance.

"There's not enough money in this to do it unless you really want to serve," Ms. Goncher said.

But, in the current budget-cutting environment, critics say, it is likely that unless the program can document that it is increasing the volunteer pool, it could run into problems in Congress.

The Future

Productivity Vs. Priorities

Americorps' future may depend at least as much on how people in power view Government as how they view the program.

Mr. Gingrich says he has no great criticisms with the way the program has been run, but he still thinks it is not needed.

"I'm glad that Americorps vaguely resembles the Peace Corps," he said. "I'm willing to bet money 20 years from now it won't. If you looked at HUD, at the Model Cities Program, the Appalachian Commission, you'll find they will gradually be politicized, they will have a few scandals, they will then adopt more rules and regulations, and presently they will be a mess."

So far almost all the criticism of the program has come from Washington. In the states and among those in academia who study volunteerism, there is general agreement that the Federal Government can play a positive role in fostering public service and volunteerism and that the current moment is a propitious one for doing it.

Arthur Levine, the president of Teachers College of Columbia University, who has studied volunteerism on campus, said the nation was seeing a resurgence of public service on campuses and that a recent study showed that 64 percent of college students took part in some form of public service.

What is needed, Dr. Levine said, are structures and incentives that allow that service to be sustained. In its ability to foster a broad-based ethic of community service, he said, Americorps is admirable and right for the times.

"The last Administration talked about a thousand points of light," Dr. Levine said, "but that hasn't produced the kinds of programs that America needs. This is real, it's tangible, it's worth doing well."

"This isn't recruitment for national activity. It's making things better at the local level, which seems consistent with everything that's happening in the country."

Whether it is consistent with current budget realities is another issue.

"Show me the priority list that keeps this alive and show me what what you kill in order to keep this alive," Mr. Gingrich said. "The President's answer is, 'Don't have a balanced budget, and your grandchildren will be glad that you borrowed the money from them to do this in your lifetime.'"

"I think, frankly, that's wrong."

DETAILS

Americorps Up Close

■ CURRENT FIRST-YEAR FINANCING

\$376 million for 20,000 Americorps members

■ AUTHORIZED SECOND-YEAR FINANCING

\$580 million for 33,000 participants.

■ COMPENSATION

Living allowance of approximately \$7,600 a year and education award of \$4,725 for up to two years.

■ REQUIREMENTS

Participants in most programs must generally be at least 17 years old, must be U.S. citizens or permanent residents, and have high school diploma or G.E.D. or agree to obtain one before using education award

The charges and the facts in Foster case **By Angie Cannon Knight-Ridder Newspapers**

WASHINGTON Allegations have been surfacing almost daily regarding Dr. Henry Foster, President Clinton's choice for surgeon general.

Here's a rundown of the accusations and the facts:

WHAT'S CHARGED: On Monday, the Pittsburgh-based International Foundation for Genetic Research/Michael Fund and the National Right to Life Committee distributed a 1978 transcript of an ethics advisory board meeting of the U.S. Department of Health, Education and Welfare.

In the transcript, Foster is quoted as saying: "I have done a lot of amniocentesis and therapeutic abortions," probably near 700."

WHAT'S KNOWN: After digging through the thick transcript of that meeting, White House officials privately acknowledge it shows Foster making that statement.

That could be trouble for Foster, because shortly after his nomination Foster issued a statement saying he performed "fewer than a dozen pregnancy terminations" during his 30 years as a Tennessee obstetrician-gynecologist. He said he did those to save the lives of women, or in the cases of rape or incest.

It is conceivable that there could have been an error in the transcription—a possibility the White House has raised. Or it could be that there is no conflict between the 1978 transcript and Foster's statement last week since it is not clear from the transcript which of the two procedures might account for most of the "700."

In any event, administration officials say Foster "flatly denies" making the statement quoted in the 1978 transcript and that Foster told them he didn't perform a total of 700 amniocentesis procedures or abortions.

Publicly, the White House now is refusing to talk about how many abortions Foster may have performed, hoping perhaps too late—not to get into a numbers game with Foster's anti-abortion opposition. Officials say Foster is compiling an exhaustive accounting of his medical record to answer the flood of questions from Capitol Hill.

Amniocentesis is a procedure in which a needle is injected into a pregnant woman and amniotic fluid is drawn out to detect whether a fetus is developing normally. A "therapeutic abortion" is a term doctors use for an induced abortion for medical reasons.

Doctors say only a small number of amniocentesis procedures lead to abortions. The president of the American College of Obstetricians and Gynecologists also says a typical ob-gyn with a 30-year practice would have performed more than a dozen abortions, more like 50 to 100.

WHAT'S CHARGED: While he was head of the obstetrics and gynecology department at Meharry Medical College in Nashville, Tenn., Foster headed a research team that tested an experimental drug during the early 1980s on at least 59 women to induce abortions.

WHAT'S KNOWN: No one disputes that, and the White House says it was aware of the drug testing before Foster was nominated. Officials explain that his public statement last week also mentioned "a wide variety of medical procedures and research was performed" when he was at two major teaching institutions.

A 1985 article in *Obstetrics and Gynecology*, co-written by Foster, describes the research, which was funded by Upjohn Pharmaceutical Co. The vaginal prostaglandin suppository was tested on 60 women who were up to eight weeks pregnant to induce abortions.

The drug was successful on 55 women and four others

required hospitalization and follow-up dilation and curettage. One woman delivered a premature infant. Upjohn did not mass-produce the drug.

A Feb. 5, 1981 article from the *Nashville Banner*, also distributed by the anti-abortion group, quotes Foster as describing the drug as "revolutionary."

WHAT'S CHARGED: Senate Republican Whip Trent Lott of Mississippi—the Senate's No. 2 man—described Foster as "on the fringe."

WHAT'S KNOWN: The acting director of Meharry, 61-year-old Foster is well-regarded in the field of obstetrics and gynecology. Ironically, he is regarded as politically conservative.

His nomination has been supported by mainstream medical organizations, such as the American Medical Association and the American College of Obstetricians and Gynecologists.

Foster is perhaps best known for founding the "I Have A Future" program, an 8-year-old effort that urges teen-agers in housing projects to delay pregnancy by building self-esteem and teaching job skills.

Some critics have objected to the program because it included condom distribution. Abortion opponents have also cited Foster's service on the board of Planned Parenthood, which offers abortion services.

Foster's work in the program was recognized by former President Bush, who named him one of his "1,000 Points of Light."

Britain and Cuba cultivate their trade links **By Canute James Journal of Commerce**

KINGSTON, Jamaica Britain and Cuba moved toward increased trade this week with the visit to the island of a delegation that found "an improved business climate," according to officials.

The visit of the 40-member group followed the signing last week by Britain and Cuba of a treaty to promote and protect investments in the two countries.

The increasing trade ties between the two countries are not likely to be well-received in the United States.

The U.S. government is maintaining a 34-year-old economic boycott against the Caribbean island, demanding that the administration of President Fidel Castro implement political and economic reforms.

But the leader of this week's British trade delegation to Cuba concluded that Cuba has made changes that are significant enough to encourage investment and greater foreign trade.

"I believe that the Cubans have undertaken a number of major changes in the economy and I believe this process is continuing," said Baroness Young, a senior member of Britain's ruling Conservative Party.

Cuba is a "very important" market in the Caribbean for Britain, she said.

The visit of the British delegation and the earlier signing of the investment treaties are expected to lift the value of British exports to the island.

Cuba bought about \$40 million in British products last year, about twice the previous year's purchases. The imports are mainly manufactured goods.

British companies in Cuba are involved in oil exploration and soap products, and others were recently reported to have been contracted by the Cuban government to improve the island's sugar industry.

The Cuban government has liberalized some aspects of the state-controlled economy in recent months, encouraging private individual and cooperative ventures in some sectors.

Cubans are also allowed to hold and use foreign

**PHOTOCOPY
PRESERVATION**

Panel Votes to Repeal Tax Break Deemed Crucial to Viacom Sale

By JACKIE CALMES
And MARK ROBICHAUX

MEMBERS OF THE WALL STREET JOURNAL
WASHINGTON — The Republican-led Ways and Means Committee voted yesterday that it could be a \$640 million fall to Viacom Inc. in the planned sale of its cable system.

The panel's easy voice-vote approval of the repeal measure last night belied the partisan six-hour debate that preceded it. Black lawmakers and other Democrats made sometimes-impassioned complaints that the proposal marks the start of a larger GOP "war" against affirmative-action policies.

Viacom said yesterday that if it doesn't get the tax break it won't complete the \$2.3 billion sale of its systems to Frank Washington, a black media executive, and Intermedia Partners. And a cancellation, or even a restructuring, of the proposed sale would delay indefinitely a sweeping agreement now pending between Viacom and Tele-Communications Inc., the largest cable operator in the U.S. and a part owner of Intermedia Partners, along with other investors.

'Lot Riding on This'

"There's a lot riding on this," said a TCI executive. He added hopefully: "I still think there are Republican congressmen that don't think this [bill] is a good idea."

The repeal of the longstanding tax law would save the government an estimated \$1.4 billion over the next five years by yanking the lucrative benefit from Viacom and other companies that might claim it. The lawmakers want those savings to help offset the cost of a separate tax benefit in the legislation that would allow self-employed people, including farmers, to deduct their health-insurance costs. The political popularity of the deduction for the self-employed, together with the controversy over Viacom's proposed deal, raises the odds for passing the repeal proposal.

The legislation is expected to go to the full House soon because lawmakers are eager for Congress to pass the deduction for the self-employed before income-tax returns are due April 15. The deduction, for 25% of a self-employed person's health-insurance costs, expired at the end of 1993. The legislation approved yesterday would make the deduction permanent, and would apply retroactively to 1994.

But at the Ways and Means session, it was "the Viacom provision," as lawmakers called it, that dominated debate. The panel's vote to repeal the minority-tax preference was the first such action in a GOP Congress that is expected to target such policies generally. Also yesterday, GOP Sen. Phil Gramm of Texas said that, if he were elected president, he would rescind all executive orders providing race-based preferences.

The House repeal proposal, introduced by Ways and Means chairman Bill Archer of Texas, had the advance approval of Speaker Newt Gingrich, though it originated independently from the staff of the nonpartisan Joint Committee on Taxation.

Aim Was to Aid Minorities

Viacom has been counting on benefiting from a 17-year-old Federal Communications Commission program aimed at encouraging minority ownership of broadcasting facilities by allowing those who sell to minorities to defer taxes on the gain. Congressional analysts say Viacom could defer \$440 million to \$640 million.

Mr. Washington yesterday staunchly defended the program and said that a repeal of the tax code wouldn't necessarily bring in new tax revenue. He said Viacom could decide against selling the systems, or it could devise a tax-free purchase plan using stock. "I am absolutely bewildered by the committee's rush to judgment on this," he said. "I have played by the rules. I have met, and in some cases, exceeded the FCC rules. Why all of a sudden are the rules being changed, and on top of that, on a retroactive basis?"

As Rep. Archer had warned last month, the repeal would be effective Jan. 17 so it would apply to the Viacom accord, which was agreed to days later. His Democratic

co-sponsor, Rep. Robert Matsui of California, noted that Viacom's gain could cost \$2.50 for every American.

But even Mr. Matsui joined his fellow Democrats in a futile effort to restrict the tax break rather than repeal it, while loath to be seen as defending Viacom, they argued for preserving some tax preference for minority-owned companies. For the Clinton administration, Leslie Samuels, the assistant Treasury secretary for tax policy, opposed repeal as "a sledgehammer approach" and called on Republicans to negotiate reforms instead.

New York Rep. Charles Rangel, a senior black Democrat, said Republicans shouldn't end a program just because "one African-American studied enough books to find out he, too, could make a deal." He added: "While you shatter that [deal], you shatter dreams of other people." In an interview, he contended that the move was part of a larger GOP assault on affirmative action, black officials, welfare recipients and immigrants.

Another black member, Rep. Harold Ford (D., Tenn.), said the GOP was targeting affirmative action as a payoff to "the white males of America" because most voted for Republicans last November. And the panel's third black member, Rep. John Lewis of Georgia, took aim at Mr. Archer, a longtime advocate of the Texas oil industry. "In a tax code that annually gives billions of dollars to gas and oil companies," he said in a statement, "you have picked on a provision to encourage minorities in business."

Calling the repeal measure the GOP's "opening war" on minority preferences, Rep. Jim McDermott of Washington proposed a Democratic alternative that would have limited tax breaks under the FCC's program to \$50 million, set strict standards

Please Turn to Page A6, Column 1

Continued From Page A3

for minorities' financial and management stakes and shifted supervision to the Internal Revenue Service from the FCC. But Mr. Archer and his GOP majority opposed the preference on principle, and blocked all Democratic attempts to preserve it. "It is unwise to have anything in the [tax] code dealing with race, color or creed," Mr. Archer said.

Even so, just as Democrats took pains not to be seen as defending Viacom, some Republicans privately acknowledged discomfort in targeting a single business deal with legislation.

Viacom, which in 1993 retained an unusually large battery of law firms to raise antitrust concerns about TCI's efforts to expand its cable empire, has mounted a similar lobbying force to support the current pact. In recent days, committee members and staffers say they have been approached by lobbyists from at least six different firms working on behalf of Viacom, Mr. Washington or InterMedia. They include former Rep. Ed Jenkins; a former top Democratic aide for the committee, Robert Leonard; Antoinette Cook Bush, a lawyer at Skadden Arps Slate Meagher & Flom who was considered by the Clinton administration for the FCC chairmanship; Nicholas Calio, a former Bush administration official; Michelle Laxalt, daughter of former Sen. Paul Laxalt, and the law firm of Dewey Ballentine.

After months of negotiations, Viacom and TCI had finally hammered out a settlement last month to a bitter antitrust suit Viacom filed against TCI. Under the proposed settlement, TCI would agree to carry Viacom's Showtime premium service under terms beneficial to Viacom, and Viacom would drop the suit. The lawsuit stems from Viacom's successful but tedious takeover battle with QVC Inc. for Paramount Communications Inc. last year. At the time, TCI backed Barry Diller, QVC's chairman.

Whatever happens now in Congress, Wall Street still believes Viacom will sell the cable systems to someone. Yesterday, in trading on the American Stock Exchange, Viacom Class A shares closed at \$48.125, up 37.5 cents. "The long-term play for Viacom is to be in content — not distribution," said John Reidy, an analyst with Smith Barney. "This cable deal will proceed in some fashion or another."

Mr. Reidy added that already Viacom receives the biggest share of cash flow from other parts of the company besides cable. He estimates Viacom's cash flow will be about \$2.5 billion this year, and that the cable systems' contribution would be about \$170 million.

—Edward Felsenthal in New York contributed to this article.

THE WALL STREET JOURNAL THURSDAY, FEBRUARY 9, 1995

PHOTOCOPY
PRESERVATION

Independent Counsel Is Casting a Wide Net

Espy Probe Spreads to Poultry Firm, Clinton

THE WASHINGTON POST

THURSDAY, FEBRUARY 9, 1995

By Serge F. Kovaleski
Washington Post Staff Writer

A

In the five months that he has headed a criminal investigation of former agriculture secretary Mike Espy, Donald C. Smaltz has become one of the most controversial independent counsels since the first one was appointed 16 years ago.

He has expanded his inquiry far beyond the question of whether Espy received illegal gifts from Tyson Foods Inc. and other firms regulated by the Agriculture Department. To the dismay of attorneys for Tyson and some witnesses in the case, he is delving deep into the poultry firm's sprawling operations and its ties to President Clinton, who is already facing an independent counsel investigation into Whitewater.

Former Tyson employees say they've been questioned about whether Chairman Don Tyson sent cash payments to Clinton while he was Arkansas governor, the choking death of Tyson's brother in 1986, whether Tyson's son or any company executives ever used or trafficked in drugs, and whether firm representatives bribed Mexican officials. Several witnesses said they were asked few, if any, questions about Espy when called before a grand jury.

The scope of the inquiry has led to growing complaints that Smaltz is exceeding his legal authority. In a sealed motion yesterday, lawyers for

See SMALTZ, A10, Col. 1

SMALTZ, From A1

Tyson and a former company pilot asked a federal court judge to quash a subpoena to the pilot on the grounds that Smaltz is seeking information unrelated to the Espy matter.

Equally disturbing to Smaltz's critics have been his public comments about the case. His remark that there was "a ring of truth" to a fired Tyson pilot's claim that in the 1980s he delivered cash intended for Clinton earned Smaltz a harsh letter from White House counsel Abner J. Mikva, a former federal appeals court judge.

"This type of conduct goes directly against what I understand to be the proper behavior of a federal prosecutor," Mikva wrote in the Dec. 16 letter. "I had thought that federal prosecutors presented their evidence to grand juries . . . not through comments to the press."

Smaltz's defenders counter that he is under attack mainly because he is doing his job—aggressively pursuing allegations, no matter where they lead, using the deliberately broad powers given him by the three-judge panel that appointed him in September. Smaltz is tough and thorough, his supporters say, and he is not cowed by the fact that powerful people might decry the questions he is asking.

"Don is one of the most tenacious litigators I have ever seen. He is inclined to use very aggressive tactics; that is not to say inappropriate tactics," said Michael L. Klowden, managing partner of the Los Angeles office of Morgan, Lewis & Bockius where Smaltz worked from 1987 to 1992. "His normal inclination is to track something down to the end until he is either convinced that he has gotten what he is looking for or there is nothing to get."

Still, perhaps out of concern that he has become too much of an issue, Smaltz has backed away from the press. The prosecutor who called a news conference last fall to introduce his staff no longer accepts reporters' calls; such inquiries are referred to a deputy independent counsel, who routinely declines to comment.

The Espy inquiry is Smaltz's highest-profile case. The 58-year-old Los Angeles attorney has spent 28 years defending white collar criminal defendants and corporate clients. He previously served for four years as a federal prosecutor in California.

When he began his investigation, Justice Department officials suggested privately it would amount to little because the gifts that Espy accepted—lodging, plane rides and sports tickets—were so small. Smaltz, though, made it clear early on that he considered the allegations potentially quite serious.

He has hired about 35 people who work out of an Alexandria office; he also has set up a smaller office in Springdale, Ark., near Tyson's headquarters. The staff includes six full-time lawyers and eight law enforcement agents—from agencies like the FBI and the U.S. Customs Service. Among the attorneys are an ethics officer and Theodore S. Greenberg, an aggressive prosecutor who formerly headed the Justice Department's money-laundering section.

As Smaltz has noted, the court order naming him as an independent prosecutor appears to give him a broad scope. It authorizes him to probe not just gratuities to Espy, but "other allegations or evidence of violation of any federal criminal law . . . by any organization or individual developed during the . . . investigation referred to above and connected with or arising out of that."

But how much breadth he has is unclear. Independent counsels are generally given a lot of discretion, because not enough is known at the outset of an investigation for the court to set reasonable parameters, legal specialists said. "There is obviously room for abuse," said Irvin Nathan, former chair of the American Bar Association committee on the independent counsel statute. "But there are remedies."

Defense attorneys can petition the court to quash their subpoenas or ask the attorney general to remove them after a finding of special circumstances. For their part, the prosecutors can ask the court to broaden their scope.

Lawrence E. Walsh, whose costly, seven-year inquiry into the Iran contra affair was roundly condemned by Republicans as uncontrolled, said that because some of the initial orders are ambiguous, they invite challenges by defense attorneys. "The independent counsel must take the broadest, reasonable review of the language, as long as it is not arbitrary," he said. "Otherwise it becomes too difficult to get a foothold in the investigation."

Smaltz's critics point to the language in the judges' order that stipulates allegations he investigates must be "connected with" the Espy case. They also cite a 1988 Supreme Court opinion that said matters an independent counsel probes must be "demonstrably related" to circumstances that led to the prosecutor's appointment.

"My overall sense is that Smaltz is absolutely detached from his moorings and is just roaming around in search of some case that will, in his view, promote his ambitions," said Thomas C. Green, Tyson's Washington attorney.

Rep. Jav Dickey (R-Ark.), whose district includes about 3,500 Tyson workers, said he plans to petition either Attorney General Janet Reno or the court to examine whether Smaltz has exceeded his bounds.

Grand jury subpoenas issued in recent weeks show that Smaltz has not left the issue of gifts to Espy behind. One subpoena asks Tyson for all company documents related to Espy, the Agriculture Department, a department official who oversees poultry inspection and Espy's girlfriend, who received a \$2,000 scholarship from Tyson. The girlfriend, Patricia Dempsey, also received a subpoena for a wide range of documents, as did Jack L. Williams, Tyson's Washington lobbyist.

Meanwhile, investigators for Smaltz traveled to San Juan last month to interview Gov. Pedro Rossello and others about whether Espy, at Tyson's request, pressed the governor to allow several million pounds of chicken into Puerto Rico.

But Smaltz clearly is interested in much more than Espy. He told Time Magazine in December that he "nearly fell off" his chair and "took over the questioning" when a fired Tyson pilot, Joseph Henrickson, alleged in an interview that he delivered envelopes of cash he believed were intended for then-governor Clinton, a longtime friend of Don Tyson. Henrickson said he flew the money from Tyson's headquarters to a Little Rock airstrip.

In recent grand jury sessions,

PHOTOCOPY
PRESERVATION

1/2

A Harder Look at Refund Claim

IRS to Check Social Security Numbers in Crackdown on Fraud

By Albert B. Crenshaw
Washington Post Staff Writer

A1

2/2

Smaltz and his staff have questioned a number of former Tyson pilots and employees of a Little Rock aviation company that services the planes about Henrickson's claim. Subpoenas asked the pilots to produce flight logs, passenger lists, personal notes, credit card receipts or any other documents relating to their employment at Tyson.

Two pilots who testified said in interviews that none of the questions had to do specifically with Espy. They said they were asked to name political figures who have flown on Tyson's planes and if Clinton was one of them. The pilots said Smaltz wanted to know if they had ever carried large amounts of cash out of the country or whether Tyson representatives ever

bribed customs or airport officials in Cabo San Lucas, a Mexican resort where Donald Tyson owns a house.

"I thought this was going to be about the Espy stuff, but his name was never mentioned. He [Smaltz] did not even ask me if Espy had been on a plane," said one pilot, who declined to be named. Another witness said investigators asked him whether any Tyson officials ever used or sold drugs.

Smaltz's team appears in part to be working off a list of 2,200 Tyson workers who have filed injury claims with the Arkansas Workers' Compensation Commission since 1990. Dorothy Carter, 58, a chicken packer who received workers' compensation for an elbow injury, said in an interview

that two FBI agents came to her home to ask whether Don Tyson had ever given free chickens to USDA inspectors, had their cars cleaned or thrown a luncheon for them.

Carter said that when she told the agents she had not heard of such things, they asked whether she had socialized with Don Tyson and if she knew his wife, his children or how his brother died.

"It seemed like they were just hunting for something, anything," Carter said. "As they started to leave, one of them said it would be wasting taxpayer money if there was nothing there and that they would get off Don Tyson's back and leave him alone if they didn't find anything soon."

The Internal Revenue Service, which has been losing as much as \$5 billion a year to refund fraud, this year is checking every Social Security number on every return that seeks a refund, and will hold up payment if the names and numbers don't match.

The procedure will cause delays in refunds for about 7 million taxpayers out of the 86 million who will file for refunds this spring, IRS officials said yesterday.

"Some of those [refunds] will never go out, some of those will eventually go out over a period of time, some of those will go out after there's been an examination to

determine whether the claim is in fact correct or not correct," said Phil Brand, IRS chief compliance officer.

The new program is made possible in part by improved computer capacity and in part by the agency's decision to shift more people to the refund program, officials said.

The IRS staff will type into a computer the Social Security number from a newly filed return, and look for discrepancies with the Social Security Administration database to see if the number exists and if it goes with the name on the return—a privilege allowed by privacy laws. In the past, this process has been such a major time consumer that the agency made only spot checks, officials said.

See IRS, A14, Col 1

IRS, From A1

Those returns that are legitimate will be processed as quickly as possible, officials said. Those that are not may lead to criminal investigations.

Officials said checking Social Security numbers will catch taxpayers who claim nonexistent dependents as well as more sophisticated scams, such as creating a fictitious taxpayer and claiming a refund on his or her behalf.

Typically, the IRS processes paper tax returns and mails out refunds in about six weeks, faster in the early part of the year when the load is less, officials said. Returns filed electronically are usually done in three weeks or so. Most returns from legitimate taxpayers with correct Social Security numbers should not be affected, officials said.

A return that the IRS deems questionable but is in fact legitimate could be delayed as much as eight weeks, officials said. An example of this could be a woman who marries and starts using her husband's name, they said.

"There will be some individuals who are held up who are fully entitled to the refund," Brand said. "It's the unfortunate part about a process like this," but "what you say is, 'I've got to weigh the balance' against fraud losses."

IRS officials said about 1,300 agency employees at service centers throughout the country have been assigned to check questionable refunds.

The IRS has been under heavy pressure from Capitol Hill to deal with incorrect or fraudulent refunds. Programs such as the earned-income tax credit, which provide "refundable" credits—meaning that the taxpayer can get back cash beyond mere withholding—have been especially hard hit in recent years.

Many scams have involved electronic returns. A man who had signed up with the IRS to prepare electronic returns told a House hearing that he filed thou-

sands of false W-2 forms indicating that wages had been withheld for a worker, and then claimed refunds for them.

Brand said the new system especially will watch for systematic efforts to bilk the system. He said that in addition to checking Social Security numbers, the IRS will be paying visits to suspicious return preparers. "As we identify schemes we will be moving to make arrests or anything else that is appropriate," he said.

The IRS already has announced other steps to combat fraud, including elimination of the "direct deposit indicator," an acknowledgment to someone filing electronically that a refund could be expected. The indicator was heavily relied on by banks and others that make refund anticipation loans, and they are unhappy with the change.

However, Brand said those lenders should "make a business decision" on whether to make a refund anticipation loan and not rely on the IRS for reassurance.

THE WASHINGTON POST

THURSDAY, FEBRUARY 9, 1995

PHOTOCOPY
PRESERVATION