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brimmed with allegations of drug running, ties to organized crime, and even murder alleging the involvement of a well-known Arkansas businessman and some of the governor's closest supporters.

In many ways Bill Clinton knew the underworld reality as well as he knew the relatively open issues of state governance he described so impressively to visitors. He was known for expounding on almost anything of import in his small, self-conscious state. Yet about the darker provinces in Arkansas, about much that made the place far more than its hillbilly caricature—from the debauchery of the powerful to the immense wealth and influence to the international intrigue and crime—the voluble politician was uncharacteristically reticent. On some subjects, it seemed, even Bill Clinton would say as little as possible.

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In his 1983 inauguration speech Clinton movingly evoked his roots in Hope, telling the old story of how Eldridge Cassidy had wept because he was too poor to buy his little girl Virginia an Easter frock. "It was very humble and watery," recalled an aide. Meanwhile Hillary Clinton moved back into the mansion with a relish and design that struck even casual observers. To the comparatively modest inaugural ball—"no Camelot now," a reporter noted—the reinvented First Lady wore a decidedly traditional gown, what the editor of the *Democrat*'s society page thought "a pleasing set of feminine contradictions" and a less reverent observer called "something you'd find at the Eastern Star dance in Pine Bluff." Their friends from out of state were "shocked," as one recalled, that the carefully coiffed and made-up Hillary now also spoke with an audible southern drawl. "I had to think twice," said a Yale Law School classmate.

In place of what Starr had deplored as the young "squirrels," there was now banker and money raiser Maurice Smith, "grizzled, gravel-voiced . . . unprepossessing . . . one of a series of father figures in Clinton's life," as Oakley saw him, a good ole boy who "knew where the skeletons were buried but . . . had no interest in disinterring them." Just below Smith was the acerbic Betsey Wright, serving again as guardian of Clinton's public image and political flanks.

His staff had shrunk to fourteen members from the seventy-eight it had been four years before, and only one member was from outside Arkansas, compared to twenty-six in the past. Clinton for now closed the Arkansas office in Washington, renouncing out-of-state travel or national forums as ardently as he had once sought them. "Gone nasures had already been decided by the governor's office. Kindergartens, mandatory attendance, smaller teacher-student ratios, a small raise in teachers' salaries, new course requirements, a longer academic year, limits on teachers without appropriate credentials, and more—the proposals were a roll call of what was starkly absent in the old system. "Only in a state like Arkansas," one writer concluded, "would such a minor package . . . be labeled 'reform.' "

Yet the most startling innovation for many—bringing a "statewide gasp," said one account—was the governor's appointment of his wife to chair the commission, thrusting her into the political process more openly than ever before, to act now as advocate and lightning rod for an issue on which they were both banking heavily. The selection was more than political calculation. Reelection hardly stanched the draining emotional wounds of the defeat and comeback. "The period preceding her appointment had been one of the most turbulent of their marriage," Nina Martin wrote of those months in 1982–83. Now, in a pattern to be repeated often, the formal, overt sharing of power, whatever the intimate balance between them, proved to be both personal appeasement and adept politics. Hillary Clinton plunged into the effort with obvious ardor. "She did it with more delight than in anything I'd ever seen her do in Arkansas," said a friend. "She was really ready."

The job seemed both to compensate for the accumulating pain and betrayal in the marriage and to vest her all the more in the fate—and myriad compromises—of her husband's persona and politics. By then some of her oldest friends thought that her lot was long since cast, others that the educational reform was still a watershed, a point from which she might yet have somehow turned back or aside. "After she got out front on the education thing," said one of them, "there was no doubt about where she'd end up, or how consciously she chose it."

Together in the promotion of a public policy, the Clintons were unlike anything the state had ever seen and in many ways more concerted and collaborative than they would be again until the 1992 presidential run. While the governor worked what aides called "the inside," restlessly lobbying legislators, school superintendents, and others, the First Lady crisply held the often tedious pro forma public hearings in each of the state's seventy-five counties, ate her discreet lunches with Starr, and courted, impressed, and ultimately won over the broad public they had targeted. The audience was ready, albeit in an Arkansas still prone to use deplorable education as an excuse for much else and always opposed to the taxes involved in paying for a reforms were secretly sabotaged beforehand. Once again, there were promises and betrayals, an elaborate outer image and hidden inner politics. In Washington, however, the opposition would be far more formidable than Arkansas' scapegoated teachers or civil rights groups. The insurance combines, the medical industry, and more would be arrayed against change with overwhelming force, and there would be a crushing defeat. Once again, too, the First Lady would leave the field just as the real politics began, unable to confront either her husband's habitually refracted politics or the deeper power of the system she professed to understand and challenge. "If you knew what truly happened in the education deal," one of their statehouse aides would say, "you didn't need a crystal ball for what was going to happen to health reform in Washington. You just knew."

At the end of 1983 in Little Rock, however, the Clintons basked in victory, and much of the state in the impression, if not the reality, of change, the all-important "feeling better about themselves" that the governor and his wife would repeatedly bring to an abject constituency. Through her skillful public rounds Hillary especially had "engag[ed] the people of Arkansas for the first time in a real conversation about education," former Clinton education aide Don Ernst said afterward. For many it was enough. That new standards, persuasively presented as reform, had passed the notorious legislature seemed proof of statesmanship, especially since the governor and his wife had "faced down a long line of special interests," by which Greenberg and others meant the teachers and the blacks. Demagoguery on the test, collusion with the interests, failure to confront consolidation—all seemed subtle and obscure by comparison. So, too, was a larger precedent: an avowedly populist governor artfully turning on people ostensibly of his own constituency, isolating or stigmatizing them on class or racial grounds to appease what he saw as broader support. It was a foreshadow of what would be called "the Bubba factor," a consummate cynicism taken into the presidential race of 1992 and later into the White House.

After only a year of his second term Bill Clinton stood at the zenith of his popularity in Arkansas. He was still unrivaled in his own party and faced no credible Republican opposition on the way to a historic third term in 1984. The first such extended tenure for a governor since Orval Faubus, reelection would bring sweeping patronage in commissions and other bodies that would make him the most powerful chief executive in state history. Then, just as that historic victory and power appeared certain, there was a fleeting intrusion of that other, darker Arkansas, stirring private turmoil behind the public facade and

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and history to the concerns of Mena. Some remembered her as what one called "a closet Contra supporter" in the early to mid-1980s. She generally muted her opinions for the sake of their relations with congressional Democrats and others who opposed the interventions in Central America and who would be important financially or politically to their eventual presidential bid. "It wouldn't have been smart for him to take a high profile on that issue at sixes and sevens with most of his own party, and certainly not for her," said one woman familiar with the often bitter foreign policy politics of the time. Nonetheless, the First Lady quietly let what was described as her "self-conscious tough-mindedness" be known in Little Rock, where her allegiance discreetly aided Contra fund-raising and where, as elsewhere in the state, there was an ardent clutch of Contra backers.

Outside the state, on national boards and in other capacities, Hillary was circumspect as well, though noted in those settings, too, for quiet lobbying against people or programs in Central America or Washington inimical to the Contras or to the Reagan-CIA policies in general. As late as 1987–88, amid some of the worst of the Iran-Contra revelations, colleagues heard her still opposing church groups and others devoted to social reform in Nicaragua and El Salvador but labeled leftist by the Republican White House. Like her husband's, of course, her more reactionary foreign policy views did not necessarily imply support for the covert and illegal CIA weapons shipments, much less for the drug trafficking or wider black market of the Southern Tier. But their furtive bias or expedient—hers typically stronger than his—obviously made it easier to accept the figment of "national security" used to dress the crimes.

There were business linkages as well that would prove questionable if later scrutinized by outsiders. At Rose, Hillary would join partner Webb Hubbell in representing a company called POM, Inc., Park On Meter, of which Hubbell's in-laws, the Wards, were owners. In the relentless incest of Little Rock, Hubbell's father-in-law, Seth Ward, was tied as well to Jim McDougal, Madison Guaranty, and the Castle Grande development, later found by federal investigators to be a "sham" in which Ward was a "straw buyer"—and for which Hillary Clinton billed some sixty-eight hours of legal work, including more than a dozen telephone conversations with Seth Ward. Hubbell's own lawyering for his wife's family was thought later to have been part of a massive billing embezzlement he perpetrated on Rose as well as on the government—a fraction of which Hubbell would plead guilty to in 1994. Yet Seth Ward was not simply a controversial client implicated in

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to make the advisers' point, there were soon stories gusting around Little Rock that the *Democrat* had what was called "a Hart-like exposé" of Clinton's womanizing ready for its front page on the Wednesday the governor announced. Though the paper had no such story then or later, "either in the works or in the can," as Oakley noted in a column, the rumor further sealed his decision.

About what happened next, accounts differed. In one version Clinton had finally raised the issue more explicitly than ever with his wife, who was obviously aware of the problem, if not its magnitude, and whose reaction was bitter. It was the "nadir of their marriage," Gail Sheehy reported. There was a "raging argument," according to an aide. "She was furious that he was so worried it would come out, that it couldn't be handled," said an adviser who saw them together at the time.

In yet another recollection, Clinton had simply told his wife that they could not run, that he was too "vulnerable," but they had not talked much more until after his withdrawal. "They had the real hashing-out after everybody went home," said a former aide.

In either case, Clinton had told friends and advisers that "I'm not ready for this," as one recalled, "and neither is Hillary." A handful in the July 15 audience knew that his teary remarks to the press were the usual political cover. He "could not face the prospect of the national media spreading rumors of his infidelities," one foreign journalist reported the governor's telling his closest supporters just before his announcement. Yet at the time both the local and the national media remained largely silent on Clinton's deeper motives, in effect crucially postponing any wider publicity on the issue of womanizing. The usually acerbic Oakley seemed relieved that he was not running for the White House and ready to take him at his word that he had done what was "best for himself and for his family," though she gently reminded readers of his personal frailty. "They were so caught up in the excitement about having a viable presidential contender from Arkansas," she wrote in words of lasting relevance, "that they forgot about the man in question."

Furious then or later, Hillary Rodham Clinton was outwardly stoic as usual when his indiscretions now cost them the chance for which she had worked so hard and sacrificed so much. She gave the media her own excuses. "As far as she was concerned," the *Gazette* noted in contradiction to most of what it had been reporting for weeks, "she had not wanted to launch another campaign at this time." There was a strange foreshadow of 1992 and the Clintons' famous *60 Minutes* ap-

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organizations, leaders throughout the Congress, and organized labor and other ostensibly progressive institutions alternately ignored, dismissed, or even belittled Jones and witnesses like her. The studied hypocrisy and insensitivity to the underlying issues of abuse of power and exploitation of women would be one more vivid example of the capital's culture of complicity.

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In the years leading to the 1992 election the Clintons would enjoy a similar tacit indifference and acceptance regarding the life and career that Hillary Clinton pursued.

There would be several sources—including a former US attorney, sometime aides, a number of lawyers, social friends, and many of the same troopers who testified about the governor's illicit acts—who described the First Lady's affair, dating to the mid-1980s, with Rose partner Vince Foster. A relationship evident in the semiprivate kisses and furtive squeezes at parties and dinners described by the security guards, it was also an intimate professional bond between two attorneys who worked together on some of their firm's most sensitive cases. Along with Webster Hubbell, they staged a veritable coup d'état to wrest control of the Rose firm in 1988. Many thought that the governor was well aware of the affair and ultimately accepted it as one more implicit bargain in their marriage. Clinton continued to treat Vince Foster as the close friend he had been since childhood in Hope, even entrusting him with some of the most crucial secrets of the 1992 campaign. "Bill knew, of course he knew," said a lawyer close to Foster who was familiar with them all. "But what the hell was *he* supposed to say to anybody about being faithful?"

To some, Hillary's relationship with Vince Foster, a tall, handsome, courtly figure who was widely respected in the Little Rock legal and business community, was an understandable and natural response to her husband's behavior. Foster was known to treat her with the dignity, respect, and abiding love she was missing in her marriage. "He adored her," said a fellow lawyer. Under other circumstances, it might have been one of those relationships that remained private and without any political relevance to the Clinton presidency. What set it apart was that, once in the White House, the Clintons would install the First Lady's confidant in one of the nation's most sensitive positions as deputy counsel to the president, where he would handle controversial matters stemming from their Arkansas past as well as highly classified presidential affairs.

"I cannot make this point to you too strongly," Foster told University of Arkansas Law School graduates in the spring of 1993 in his last public statement. "There is no victory, no advantage, no fee, no favor which is worth even a blemish on your reputation for intellect and integrity. . . . Dents to the reputation in the legal profession are irreparable." But the man whom the *Washington Post* would call the "integrity cop" in the Clinton White House was destined to die an unquiet death. According to the official inquiry, on a sultry July day Foster ate a hearty lunch from the White House mess at his desk, left the office at midday without explanation, and was found only hours later in a park overlooking the Potomac, a fatal gunshot wound through his mouth. Nothing else about the event would be without controversy: Foster's state of mind, the unaccountable debt he left at the White House credit union despite personal affluence, the Clinton papers on Whitewater and other matters that were in his office, which was entered soon after his death by Patsy Thomasson and other White House aides, and even whether he lost or actually gained weight in the weeks leading up to his death. Initially ruled a suicide, Foster's shooting would come under investigation by the Whitewater special prosecutor in 1995, an office that had not even been contemplated at the time of his death.

Whatever the circumstances of Foster's fate would eventually prove to be, he had been a man who knew many of the money secrets of both the campaign of 1992 and the Clinton presidency, just as he knew the secrets of the Rose firm and of Hillary Rodham Clinton's business and financial dealings over the previous decade, dealings that would become the subject of numerous investigations and would cast an even greater shadow over the White House than his death would.

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In the summer of 1990, in the midst of a bitter reelection campaign, the Clintons would publish a financial statement purporting to show their financial condition while in the governorship, though the figures went back only to 1980—discreetly short of Hillary's 1979 windfall in the commodity trades. Even at that, the numbers were surprising to many in Arkansas. Clinton had made only $35,000 a year as governor, and Hillary's income had risen from $46,000 to $98,000 yearly over the decade as a Rose partner. The couple's net worth at the end of 1989 was listed at more than a half million dollars, their total assets first claimed to be $418,692, then revised upward the next day to $614,094 because investment accounts had been left out of the initial statement. Their adjusted gross income had been well over $100,000 annually for most of the ten years, and in addition to their salaries, Hillary's director's fees from corporate boards, miscellaneous income, and capital gains had reached as high as $70,000 yearly by the late 1980s.

In one of the poorest states in the nation—its average annual income barely $19,000 and one in every five, or half a million people, living below the poverty line—the Clintons were relatively affluent. Dorothy Rodham need not have worried at their wedding fifteen years before that they were sacrificing "luxury and money," as she had put it, by "realizing their ideals" in running for office. As the record would show, Bill and Hillary Clinton were as committed to making money as to holding political power, and in many ways the two drives and results were so entwined as to be inseparable. It was an old and simple reciprocal in Arkansas and American politics. They had gained and held power in large measure because of their appreciation of money, and they had received much of their money because they were in power.

Their official financial statement in 1990 revealed little of the Clintons' real circumstances, the perquisites and favors that surrounded and mortgaged their political rise, and none of Hillary Clinton's steady, often tenacious acquisitiveness. By the end of the decade they were benefiting from a tax-paid household budget of over $800,000 a year, including a thousand dollars a week for food alone. By special legislative dispensation, Clinton was also receiving for purposes of retirement benefits three years' credit for every one served as governor and two for every one as attorney general, which would give him some thirty-eight years' worth of retirement benefits when he left office in 1993, as if he had been working at the top of state government in Arkansas since the age of eight.

But that was only the beginning of their wider advantages. From 1983 to 1988 Clinton obtained twelve bank loans from one bank totaling some $400,000, according to an exclusive Associated Press report—all of which were personally guaranteed by Clinton and arranged without security or collateral. By May 1995 the *Washington Post* would report that the Whitewater independent counsel was looking beyond the $400,000 into more than $800,000 in "campaign-related loans that a handful of Arkansas banks made to Clinton while he was governor." Though the Clintons would later claim that $300,000 of this borrowed money was used for elections, his official campaign contribution records would not reflect such donations or loans from the candidate and there would be no explanation for as much as $500,000 of the

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cally connected during the 1980s. "The scandal isn't what's illegal, the scandal is what's legal," observed the *New Republic*'s "TRB." But the franchise episode was only one of many ways Hillary Clinton realized a financial advantage from her position. Seemingly oblivious or indifferent to the companies' practices, she would take and keep lucrative seats on the boards of numerous corporations. She was a $30,000-a-year director of Lafarge Corporation, the nation's second-largest cement producer, whose kilns were under official and private condemnation from Michigan to California for burning hundreds of millions of gallons of toxic waste. She was the first and sole woman on the board of Arkansas's giant Wal-Mart under a reactionary, authoritarian Sam Walton, known for his low wages, antiunion venom, sexism, and a company patriarchy that forbade employees to date one another without approval. She was a trustee of Little Rock's booming TCBY Yogurt, which paid Rose hundreds of thousands of dollars in fees and whose executives gave themselves pay raises and golden parachutes while shareholders filed a class-action lawsuit citing the corporation's "disdain for the truth." In the boardrooms of each, as among the Rose partners, as in other settings, she would not only fail to challenge the abuses petty and major but, by her very presence and prestige, lend support.

It was much the same in her more visible, noncorporate public roles during the late 1980s: chairing an ad hoc group of the American Bar Association on sexism in the legal profession, sitting on the board of the Children's Defense Fund, or, somewhat more behind the scenes, devising a desegregation scheme for the Little Rock federal court or a state government ethics reform proposal. She would be outwardly impressive in each yet, on closer examination, substantively vacant in the end. In the ABA review of what amounted to massive gender discrimination, "Clinton's tangible accomplishments," as one study of the review put it, "amounted to little more than a few reports and manuals and a lot of speeches." While she claimed the Children's Defense Fund as the very symbol of her commitment, policies on child welfare and foster care under the Clinton administration in Little Rock had produced a scandalous system of neglect, leading some of the groups Hillary Rodham had once supported to bring a scathing lawsuit against Bill Clinton. So, too, her recommendations on Pulaski County desegregation—still to be achieved nearly four decades after the US Supreme Court's *Brown* decision—would prove a convoluted political expedient, and her plan for governmental ethics reform in Arkansas, passed as well through her quietly felonious partner Webb Hubbell, managed to exempt the governor's office from critical accountability. "She was far less adept at making a difference in public policy than at making money," said one man who worked closely with her in Little Rock and elsewhere. The verdict of those who looked beyond the mere résumé went back to the bargain she had made long before. "No matter how accomplished and brilliant she is, or what she wants, or what she has done, or what she stands for," wrote Nina Martin after a 1993 investigation of the record, "in the end it is her husband's agenda—and career—that always comes first."

Meanwhile she continued to expand her financial portfolio. She would join Vince Foster and Hubbell in a private investment scheme in 1983 that made them rather than their spouses the beneficiaries; bought into oil-drilling partnerships for tax deductions; invested substantially in Value Partners, a prestigious White Heights investment pool; and in 1990–91 reportedly accepted $101,630 as a consultant to a New York State–funded commission on education and the economy. At home, at least, she could be persistent, even intimidating, in her reach. When she joined the board of the Southern Development Corporation, a consortium of local charities put together with state funds to make loans to the most needy, she soon lobbied for Rose to get the group's legal work, yielding some $150,000 in fees. "She just pitched a fit to get that retainer," said another member of the board.

Together the future president and First Lady seemed no less concerned about realizing the benefits of their own charity, taking nearly $200,000 off their taxes in charitable deductions over the 1980s, usually attaching a handwritten list itemizing their noncash contributions—$30 for three shower curtains, $5 for an electric razor, $40 for an old pair of Bill's running shoes, various amounts for discarded undershorts and shirts. By many accounts the grasping at opportunity was part of her fierce sense of sacrifice—and thus of self-justification. Hillary was said to be furious when their handler, Dickie Morris, told her at one point that many in hard-up Arkansas were likely to resent her putting in a swimming pool at the governor's mansion. "Her friends in the Heights had one, so why couldn't she?" said another adviser. "Why can't we lead the lives of normal people?" Hillary Rodham Clinton had demanded in an angry argument with the consultant.

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If the Clintons did well enough in the mansion, if they felt entitled to all their income, perquisites, and more, their portion was still only a relative scrap compared to the great fortunes their governance allowed

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formal candidacy. Early that morning, as Larry Patterson related the scene, Hillary had pulled out from the mansion in her blue Oldsmobile, only to return moments later, tires squealing. The guards ran out to her thinking "something was terribly wrong," as Patterson recalled. "Where's the goddamn fucking flag? I want the goddamn fucking flag up every fucking morning at fucking sunrise," she had screamed at them. "Such displays," the *American Spectator* noted dryly in publishing the account, "made Hillary by far the most unpopular member of the First Family."

It was obviously a very different impression than the apparently bright and articulate couple was now leaving around the country. Scarcely two weeks later the Clintons were in Washington for a specially arranged session of the "power breakfast" put on by *Christian Science Monitor* journalist Godfrey Sperling to bring politicians together with prominent Washington reporters for a supposedly more intimate conversation. The mutually understood subject of the meeting was what the *Gazette* called nimbly "The Question"—old and new rumors about the governor's womanizing. There was perfunctory talk of foreign policy, taxes, abortion, liberalism and conservatism, and eventually The Question. Would he take the advice of some Democrats "to settle conclusively the issue of your personal past"? After a pregnant pause Clinton broke the tension with what was supposed to be a small joke. "This is the sort of thing they were interested in in Rome when they were in decline too." Yes, his marriage had experienced "difficulties," he said with Hillary at his side. Then the carefully crafted and rehearsed statement that would be used often in the months ahead: "What you need to know about me is that we have been together for almost twenty years and have been married almost sixteen, and we are committed to our marriage and its obligations, to our child and to each other. We love each other very much. Like anybody that's been together twenty years, our relationship has not been perfect or free of difficulties. But we feel good about where we are. . . . And we intend to be together thirty or forty years from now regardless of whether I run for president or not. And I think that ought to be enough."

Two months later, in the wake of Harris Wofford's Senate victory in Pennsylvania, where Wofford had made an issue of health-care reform, Clinton met privately in Washington with outside advisers to discuss the issue. For two hours the governor and his campaign staff listened as Yale professor Ted Marmor advocated the Canadian single-payer system and Ron Pollack, a Washington lobbyist, pushed the managed care, or "play-or-pay," scheme of employer-paid coverage favored by

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Eleanor Clift

WAR WITHOUT BLOODSHED

The Art of Politics

ELEANOR CLIFT
AND TOM BRAZAITIS

For
Melanne —
MAY the Voices
of Reason
Prevail!
Fondly,
Eleanor Clift
5-15-96

A LISA DREW BOOK

SCRIBNER

War Without Bloodshed
Eleanor Clift

Tab	Pages	Subject
1	32	HRC & POTUS
2	37,53	HRC on healthcare
3	93-95,97	HRC on the Hill
4	104-5	HRC & Bromberg
5	121-22,134	HRC on healthcare
6	147,149	HRC and Moynihan
7	333,338	HRC & Sheila Burke

ative stories was difficult. There was so much that Greenberg and the other campaign consultants did not know about Clinton, and Clinton was not forthcoming, even in the midst of a campaign crisis. James Carville, the hyperkinetic Cajun strategist, once said that Clinton was the political equivalent of a blind date.

A few intimates were designated to raise sensitive questions with the candidate; Greenberg was not one of them. In the midst of the controversy over the draft, Greenberg fired off a strategy memo that began, "I'm not a part of these [discussions], nor do I want to be." Getting the full story out of Clinton was extraordinarily difficult. "It didn't need another player, and it didn't need polling judgment," Greenberg says, parsing his words.

Other aides envied Greenberg's ability to coldly analyze the steamier side of Clinton's life. After tapes of phone conversations between Clinton and Gennifer Flowers that included sexual references became public, Greenberg drolly inquired in the midst of a conference call with Clinton and other campaign officials whether he should poll on oral sex. An aide who was on the line remembers how Greenberg raised it in the context of "a mishmash of things, including scheduling decisions and arranging a doctor's appointment for Clinton's voice." The suggestion hung in the air for a millisecond until Carville uttered one word: "Damn." Then everyone realized Greenberg was joking.

Greenberg did draw up questions that probed public attitudes about Clinton's infidelity. For example, "If you found out a candidate had an affair while married, would that tend to lessen your support?" There was always a core of people who would not vote for such a candidate under any circumstance. But the majority of voters were willing to forgive marital infidelity if it was in the past, and if the candidate was worthy in other ways.

Hillary Clinton, the most influential member of the campaign team, approached the talk about her husband's private life as a political problem. Doing so gave her emotional distance. In May 1991, Hillary sat down with Greenberg and Greer and said, "There are all these rumors about Bill's philandering. We've got to figure out how to deal with it." She wanted a strategy to preempt what she knew would be a problem. Out of that session came the idea for Clinton to do a mini-confessional with a small group of reporters before he officially announced his candidacy. They chose the Sperling Breakfast, a Washington institution of well-connected print reporters who meet with newsmakers over eggs and cereal.

Clinton's strategy of admitting past problems, pledging fidelity, and invoking a "zone of privacy" worked for a while, until a woman named Gennifer Flowers stepped forward to publicly accuse him of adultery. Clinton got through the scandal, but everyone was waiting for the next

coverage for their children that they could not get in the workplace. To give Hillary Clinton the substantive role she desired in his presidency, Clinton named her to lead the health care reform effort, a historic appointment for a first lady, but one that carried considerable risk.

Greenberg could not gauge the fallout from the appointment. The protectiveness around Mrs. Clinton prevented rational discussion about her role in the White House. Clinton had named her health care czar on January 25, 1993, without a full understanding of the public's likely reaction and the possible consequences, particularly if she failed. Greenberg was allowed to do only the most rudimentary polling on the First Lady, which rankled other aides. "If she's going to carry the flag on health care, we should be asking a lot of questions about her," an adviser said at the time of Mrs. Clinton's historic appointment, adding, "People are terrified to talk about anything that has to do with Hillary. And that hasn't changed since the campaign."

With Hillary in charge, Greenberg was not involved in the design of the plan. "There was incredible paranoia about *not* using polls to design the plan," says Samuel Popkin. The fact that the Clinton plan was, or could be, painted as big-government liberalism dashed Greenberg's hopes that bold health care reform would win over voters attracted to independent businessman Ross Perot. Greenberg and the political advisers were briefed on the details of the plan only after it was ninety-five percent complete.

Having been elected with only forty-three percent of the vote, Clinton's major task as the leader of a new governing coalition was to solidify his support among New Democrats, even if it meant loosening his ties to traditional Democratic constituencies. Greenberg wrote, "Clinton can forge a New Democratic Party if he takes on broad battles to uplift America and its people. Obviously, Democrats need to honor their historic commitments to labor and minority communities that have been discriminated against. We should live and breathe our commitment to equality. But this election was not about finishing old revolutions; it was about starting new ones." The passage presaged Greenberg's support for the North American Free Trade Agreement, bitterly opposed by organized labor, and for a scaling back of affirmative action programs based on racial preferences.

As the inauguration drew near, Greenberg was finalizing his polling contract with the DNC, but could not get through to the man whose political future the polling was designed to protect. He dispatched several unsolicited memos to Little Rock in an effort to penetrate the curtain around the First Couple.

There was a growing determination among the White House staff, led by chief of staff Leon Panetta, to break the monopoly of ideas that Greenberg had enjoyed. Greenberg further aggravated the situation by conducting a post-election survey in Macomb County for the Democratic Leadership Council (DLC), the group of moderate Democrats that Clinton had headed before his election as president. The survey, which Greenberg and DLC officials presented at a televised news conference at the National Press Club, showed how Clinton's failed quest for health care had reinforced his image as a big-government liberal.

Clinton watched the news conference on C-SPAN and "went ballistic," says an adviser. Mimicking the President's hoarse intensity, the aide quoted Clinton, saying, "'Stan Greenberg stood up there and talked about how health care was a disaster. He told me what could be in and what could be out. He told me not to talk about cost containment, and then he stands up in a press conference and blames me.'"

In Clinton's view, Greenberg, not Hillary Clinton, was the architect of health care. The President, for his own peace of mind and the future of his marriage, could not bring himself to fault his wife. In a version of the devil-made-her-do-it rationale, Greenberg was the devil. He had advocated a bold plan, and encouraged Mrs. Clinton's disdain for incrementalism. He had been the health care hawk, pushing for an expansive government role, telling the Clintons that universal coverage was a popular idea, and steering them away from talk of controlling costs.

Republican pollster William McInturff also watched the DLC press conference and could not believe what he was seeing: Greenberg undercutting the President in a public forum on behalf of a minority wing of the party. "I said to my wife, 'Can you imagine Dick Wirthlin working for the Ripon Society [an organization of moderate Republicans] in 1982 and saying that the trouble with Ronald Reagan is that he wanted to cut government too fast and go after Social Security?'"

Greenberg shrugged off the criticism and told friends that the White House—"and not just anybody," he stressed, implying the President or at the very least a top aide—had approved his doing the project. But he did feel caught between two masters. The night before his televised presentation, he stayed up very late reworking his remarks because the DLC officials who had commissioned the study felt Greenberg was offering too much of an "apologia" for the President.

In the fourteen months before the November 1994 election, Greenberg's firm collected $2.7 million from the DNC, a sum that drew fire from many quarters and, eventually, from the President himself. Clinton was "ripshit," said an aide, after watching a CBS report in January 1995

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someone explain to me the difference between an HMO and managed care?' He wasn't one of those phonies with index cards.

"On the other hand, you could tell he was very uncomfortable with the subject. Bob Teeter [Bush's pollster] and John Sununu [the chief of staff] were telling him over and over that health care reform was a terrible issue for Republicans: 'Stay away from it. It's no win. The Democrats will outbid you. You'll get into a price war that you can't win.' Those of us who thought that was stupid tried hard to get the President into it."

It is hard to imagine health care reform clearing the legislative hurdles in Washington without Bromberg's blessing. That was what House Ways and Means Committee Chairman Dan Rostenkowski tried to tell Hillary Clinton. "Spend some time with Bromberg," he told her the first time she came to see him in his office in the Capitol.

"She is sitting to my right, doing what newcomers do, polishing the apple with the chairman—they can't do it without me and that stuff," Rostenkowski recalled. "I said, 'Hillary, if you want to write a health care bill, you're going to have to sit down with your adversaries.'"

Mrs. Clinton, appointed by her husband to head the health care reform task force, listened as Rostenkowski explained how his thirty-six years as a legislator had taught him that lobbyists bring to the bargaining table valuable insights based on their research and experience. "Mike Bromberg is a person who by his nature has to be at the table," he told her. "He will have bottom lines, and he'll roll his eyes and throw his arms up in retreat, but Mike Bromberg wants to be at the table. May I suggest you talk to him?" Rostenkowski was a regular recipient of campaign contributions from Bromberg's PAC, but their professional relationship and friendship went deeper than dollars.

The Clintons' longtime friend and policy adviser Ira Magaziner accompanied Hillary on the first visit to Rosty's office. Intellectually uncompromising and personally aloof, Magaziner had already earned the moniker "The Iratollah" on Capitol Hill. Rostenkowski, a tough-talking, blue-collar ethnic pol from Chicago, had no understanding of or use for Magaziner.

"I told her she should get some people that got a little dirt under their fingernails working on this thing," he recalled. "All he was doing was irritating my members." With Magaziner sitting there, Rostenkowski told Mrs. Clinton she ought to fire him. She listened politely, but had no intention of firing Magaziner. As for the chairman's advice to pay attention to Bromberg, the First Lady wanted reform that would be painful for Bromberg's clients, the for-profit hospitals. He was the enemy and not to be trusted.

When Rostenkowski was at the peak of his powers, most supplicants could not act fast enough to carry out any suggestion he made. His support was vital to pass legislation and his advice had the infallible aura of a papal decree. Having offered his guidance, Rostenkowski phoned his pal Bromberg to tell him to expect a call from Hillary's people. The call never came. It was months before Hillary Clinton, pressured again by the Democratic chairman, agreed to invite Bromberg to meet with her at the White House.

"Hillary is a very intelligent girl and a very aggressive young lady," Rostenkowski allowed, intending to be diplomatic. "But she and Bill Clinton had no idea how to use the power of the President and the First Lady."

Despite the best efforts of Rostenkowski and other knowledgeable Washington veterans, Hillary Clinton urged her task force to come up with the best policy and not to worry about the politics. It was a noble approach, better suited to an academic exercise than real-world legislation. Even Ira Magaziner, generally thought to possess the political instincts of a blind pilot fish, had qualms. In a memo to Mrs. Clinton dated May 3, 1993, he predicted "an awful roller coaster ride on an untested course."

Magaziner tried to prepare the First Lady for the criticism ahead. "Much of it will be legitimate criticism from people who feel we are making mistakes, and in some cases they may be right," he wrote Mrs. Clinton. "The truth of the matter is that we cannot be sure about what will work best. I tell you this not to alarm you but to be honest about the minefield upon which we will travel these coming months."

Bromberg finally met with Mrs. Clinton at the White House in August 1993, an hour-and-a-half session he would later refer to as "my first shoot-out with Hillary." Mrs. Clinton had one objective: to persuade Bromberg to be present in the Rose Garden when the President announced his health care reform plan in September. He said no, explaining that he would lose his credibility. He had some problems with the draft plan that was circulating on Capitol Hill and had torn out a page that he found particularly troubling.

"Mrs. Clinton, we're both attorneys," he said, handing her the evidence. "If you represented anyone in the health care industry, could you look at this page and tell them that this bill isn't filled with price controls?" The First Lady turned to Magaziner, who insisted that Bromberg was misreading the bill and that there were no price controls.

Their dispute over price controls only hinted at the real gulf between Bromberg and the White House. Bromberg comes from what he calls the Lyndon Johnson school, where politicians and lobbyists beat up on each other in public and cut deals in private. He did not feel comfortable negotiating with the dewy-eyed idealists who had taken up residence in the White House.

Mrs. Clinton did not let up. She wanted Bromberg in the Rose Garden for the bill introduction. Bromberg held his ground. He said he would be happy to join the First Couple at the appropriate time, after the contentious points had been negotiated. His presence at the start would give the wrong signal to the health care industry—"that I didn't think this was serious enough to fight," he said.

Three days later, Bromberg returned to the White House, this time to meet with Thomas F. (Mack) McLarty III, then the President's chief of staff. Bromberg and McLarty knew each other because Bromberg's dog, a 210-pound English mastiff named Winston, had knocked McLarty off a curb one day in the northwest Washington neighborhood where they both lived when he expressed a neighborly interest in the animal. McLarty, an affable sort, did not take offense. He had once owned the same breed of dog. After the incident, he made it a point to always ask about Winston.

When Bromberg walked into McLarty's corner office in the West Wing of the White House, McLarty had a folder in front of him. He opened it and deadpanned, "I've got a two-page report of your meeting with Mrs. Clinton." Then McLarty burst into laughter. He had known Hillary Clinton long enough not to be surprised by the First Lady's negative review of Bromberg, who fit her definition of politics as usual.

President Clinton unveiled the broad outline of his health care plan before a joint session of Congress on September 22, 1993. His nationally televised sales pitch got favorable reviews. The ceremony that Hillary Clinton had wanted Bromberg to attend was held the next morning. All the interest groups that are traditional allies of the Democratic Party were there: labor, women, and senior citizens. The American Medical Association, historically a foe of health care reform, sent a representative. The gesture symbolized a huge change in attitude on the part of the doctors' lobby. Seated in the audience was a who's who of health industry lobbyists, except that Bromberg was not among them.

That fall, the Clintons' health care reform plan, or something very close to it, seemed like a sure bet to become law. Public opinion polls showed support was up following the President's speech. Newspaper editorials praised the plan. Clinton and his wife seemed poised to make history. In October 1993, Bromberg himself sounded like a closet supporter of health care reform. Over lunch at Sam & Harry's, a steak house that is a favorite hangout for lobbyists, he confided, "The White House doesn't know what an ally they have in me." He put the odds at ninety percent that Clinton would get some bill through Congress, probably a

Bromberg did not have to offend allies, such as the National Federation of Independent Business, who fiercely opposed mandates on employers.

By excluding lobbyists from participating in the development of the policy, Hillary Clinton forced them to find creative ways to penetrate her biosphere. Enlisting the help of a prominent figure as a "door opener" was one tactic. Magaziner felt flattered at first that former Senate Majority Leader Howard Baker wanted to see him, until Baker, a lawyer-lobbyist, turned up with an insurance executive in tow. Magaziner saw some CEOs four or five times accompanied each time by a different former member of Congress turned lobbyist. Michael Berman, a lobbyist and former top aide to Vice President Walter Mondale, pressed Magaziner to pay more attention to Bromberg, who had written Magaziner a dozen memos on various aspects of the plan. At the same time, Berman was advising the White House on political strategy. Bromberg could not have found a better-connected ally, but Berman's entreaties went nowhere.

The White House purists remained impervious. When Bromberg saw a newspaper photo of Health and Human Services Secretary Donna Shalala with her golden retriever, Bucky, he sent a photo of Winston to Shalala with a note: "If you want to discuss health care, have your dog call my dog." Bucky replied on Shalala's letterhead that he had a lot of friends who are doctors and already knew all about health care reform.

Bromberg understood that Mrs. Clinton did not want the medical industrial complex dictating health care policy and did not blame the Clintons for excluding lobbyists from the policy-development phase. What was missing, he felt, was a reality check. Ira Magaziner had a history of thinking too big and ensnaring others in his grandiose schemes. Bromberg said the White House should have paid attention to no more than half of Magaziner's advice, but no one knew which half.

Magaziner said Bromberg was frustrated because the Clinton White House did not play the game by his rules. "Bromberg came in with pieces of legislation all written for us," Magaziner said. "And we basically told him, 'We're not going to do it that way. We will meet with you and we will listen to you and we will get your reactions, and so on, but we're not gong to let you write the bill.'" Magaziner said he met with Bromberg as many as eighteen times. "He's a very smart guy and he knows a lot about health care," Magaziner said. "He had some ideas that were good ideas, but there were certain interests he was trying to defend which we felt were not in the public's interest."

Michael David Bromberg did not set out to be a lobbyist. He says his mother was embarrassed by the job description. Once, she confronted

party to raise money from big donors without disclosing the source. *The Washington Post* story raised enough ethical questions that Wilhelm was forced to kill the plan. Pleased by the development, Bromberg dismissed the DNC's ability to influence the debate.

Hillary Clinton was in a defiant mood on January 21, 1994, when she strode into the Madison Hotel to confront thirty CEOs, all members of Bromberg's Healthcare Leadership Council, seated around a conference table. She said the "so-called pros" in Washington had advised her and her husband to claim victory no matter what sort of health care reform plan emerged from Congress, and that the public would not know the difference between "universal coverage" and "universal access."

Universal coverage meant guaranteed health care for everyone, whereas universal access only meant health-care coverage was available to all who could afford it, which already was true for most Americans. No matter what the terminology, the Clintons believed the public's support for health-care reform was based on a guarantee of coverage for every American.

"Bill and I didn't come to Washington to play those kinds of political games," the First Lady declared. "Our place in history is contingent upon universal coverage."

When Dr. Robert Waller, CEO of the Mayo Foundation, told Mrs. Clinton that his board would not let him accept federal price controls, she denied that price controls were in the administration's plan. At issue was the White House proposal to limit the annual rise in insurance premiums.

"If we can't even agree on the terms, how can we find a solution?" Bromberg asked, not hiding his anger.

Glaring, the First Lady challenged Bromberg. "Well, what are you *for*?"

Over lunch later at the Hay Adams Hotel, across Lafayette Park from the White House, Bromberg briefed Dave Gergen on the meeting, sneering at the First Lady's all-or-nothing position. He told Gergen that Clinton's place in history was not linked to universal coverage, but to his ability to govern as a New Democrat, as he had promised. "This is the guy who has the chance to make the Democratic Party the majority party for fifty years," Bromberg said. "He can prove to every Reagan Democrat like me and to every Perot Democrat that it's okay to come back now. The party's centrist again. And *she* thinks his place in history is out there somewhere. That's the two governments we've got."

Gergen, a Republican who had been brought in to improve the Clinton administration's dealings with Washington's power brokers, was sympathetic. Inside the White House, he, too, had advocated step-by-step reform, rather than the bold overhaul the First Lady wanted. But her resolve drove the debate, and Gergen, his loyalty in doubt, was soon frozen out of the health care deliberations. "We know how to run a populist campaign if we have to," Mrs. Clinton told friends and foes. "We are not going to sign just any bill." Bromberg took to calling Mrs. Clinton "Big Sister" behind her back, a mocking allusion to George Orwell's "Big Brother." In Washington, people shook their heads and said that Bill Clinton was pragmatic and ready to deal, but Hillary would not let him.

At the White House, Hillary's people were no fonder of Bromberg than he was of them. He was known, not affectionately, as "Mr. Strongarm" for his take-no-prisoners manner. Younger staffers scorned Bromberg's macho style. "He struts," said one, who suspected Bromberg goaded Mrs. Clinton less to make a point than to impress his colleagues. "If Bromberg were an animal, he would be a lizard," an aide to the First Lady said defiantly.

In his State of the Union Address on January 25, 1994, Clinton held up his veto pen and dared Congress to pass any health reform bill without universal coverage. Bromberg was at his home with a *Washington Post* reporter watching the speech on a forty-six-inch television screen. He had arranged for several other journalists to call him for reaction: "It was a great speech. . . . I agree with ninety-nine percent of it. But we don't vote on speeches in Washington."

Knowledgeable, accessible, and always ready with a pithy quote, Bromberg is a favorite source for reporters. He frequently talks "on background," which means he is not identified by name. "It's a weapon," he says. "We spend a lot of time trying to help even if we're not quoted."

In the opening stages of the health care fight, the Healthcare Leadership Council helped steer the debate by posing a "Question of the Week" and faxing it on blank paper to selected reporters: Who will pay for reform? Do the numbers add up? What is the impact on consumer choice of doctor and health plan? How much government control? Bromberg knew that his industry would win if the debate stayed focused on issues that made the public anxious, such as limiting a patient's choice of doctors, the threat of health care rationing, and the budget-breaking cost of covering everyone. He had a bumper sticker in his office: "If you think health care is expensive now, wait until it's free."

Bromberg still regarded himself as a friend of the reform effort and viewed his actions as part of a larger strategy to gain a compromise that his industry could accept. In fact, he was helping to kill the plan.

About that time, in January 1994, Louise Caire Clark, the actress in the Harry and Louise ads, was in Washington having dinner at the Old

tend to be pillars of the community: serving on the local hospital board, as members of the Rotary Club, or leaders of the United Way campaign. When they speak, members of Congress listen.

No amount of campaign money or expenses-paid junkets can equal the influence of a personal connection. To illustrate the point, Equale tells the story of George Frazier, an insurance agent in Hope, Arkansas, who has known Bill Clinton since he was four years old: "The first time I ran into Bill Clinton during the campaign, I said, 'Governor, George Frazier says hello.' He literally stopped and turned around. He walked over and said, 'I love that man.' And every single one of these guys in Congress has a George Frazier. My guys work in campaigns. They serve in state legislatures. They are Kiwanis Club presidents. My guys are the guys back home in real America that these guys pay attention to."

Similarly, when the Democrats controlled the Senate, the man to see was Majority Leader George Mitchell. His brother was a past president of IIAA's chapter in Maine.

The Clinton health care plan preserved the role of big insurance companies, but the mandatory purchasing alliances specified in the plan would have driven the independent agents that Equale represents out of business. When Hillary Clinton and administration officials held town hall meetings around the country, Equale made sure his members were out in force. There were thirty-five IIAA members at one public forum where Mrs. Clinton took a question from an agent, who happened to be a woman. Women still are uncommon in an organization that an observer characterized as "a bunch of pale, stale males." The female agent asked Mrs. Clinton for advice on what she should do if she lost her job.

"I'm assuming anyone as obviously brilliant as you could find something else to market," the First Lady quipped. The flattery worked in the context of the town hall meeting. When the quote showed up in *The Wall Street Journal*, however, it sent shock waves throughout the IIAA network. Soon after, CNN anchor Charles Bierbauer reported on *Newsmaker Saturday* that an unnamed White House official in a closed-door briefing for reporters had identified Equale's independent insurance agents as the biggest stumbling block to health care reform.

"Top officials on the President's health care task force seem to have focused on the independent insurance agents as the strongest opponent," Bierbauer said. "At a background briefing this week, one top administration official declared the insurance agents see health care as a 'cash cow.' The official insisted on a cloak of anonymity, but masked no feelings: 'There's no compromise with them. They're going to have to go into another line of work.'"

Equale sprang into action. He phoned around to find out who at the White House had singled out his agents. The culprit, he determined, was Hillary Clinton herself. He then called the White House to protest. Equale was told that the First Lady had confused his group with another group, which he assumed was a convenient cover story. Equale eventually received a letter of apology from the White House for maligning the motives of the insurance agents. Apology or not, agents still believed that Hillary Clinton was out to get them. They were ready to go to war. Equale did not think a high-profile offensive was smart, at least not yet. Public support for health care reform was still strong. If the agents went on the attack, they would look like the heavies.

"I don't want to go to DefCon Five until I have to," Equale explained, using a military analogy. "The perception of power is power. It's like nuclear weapons. If you have to use them, you're lost." The threat of tens of thousands of agents working their contacts in district after district acts as a deterrent for members of Congress. Besides, other groups were out front on the health care reform issue. The Health Insurance Association of America was providing "air cover" with the Harry and Louise spots on TV. The National Federation of Independent Business was doing the dirty work on the bill itself. Let them be the bad guys, Equale reasoned.

Independent agents had a lot to lose in the Clinton health plan, but Equale never had to go to DefCon Five or anything even close because others quickly attacked and defeated the Clinton plan. From Equale's perspective, it was not even a good fight. His party, the Democrats, at last had the White House, only to conduct themselves in the most amateurish way.

Clinton's people did not know how to play the game. In Washington, there are things said for public consumption and then there are things said in private, where officials quit posturing and get down to business. The White House health care operation did not work that way. "You would go to private meetings with these people, and it was the same as going to meetings with the communists," Equale complained. "You'd hear the same rhetoric privately that they were using in public. After a while you'd say, 'What the hell am I doing this for?' There was no use meeting; there was no second track."

Equale's frustration was personal as well as professional. He had friends in the White House, and they were blowing their opportunity. Equale had worked with several Clinton aides, Stephanopoulos among them, in Majority Leader Dick Gephardt's 1988 bid for the presidency. Equale had cultivated Gephardt from the time he was a freshman congressman as the embodiment of the new blow-dried reformer wave. "I an investment in the future. Few people envisioned the Republicans winning outright control of the House.

Equale was home with his family on election night with two televisions going, phones ringing, and a fax machine humming. He had known the scope of the Democratic defeat by midafternoon; now he was tracking individual races to see who had fallen and which of the challengers he had put money on had made it.

Equale's association is "an equal opportunity giver" on Capitol Hill. "We do Republicans and Democrats, challengers and incumbents," he said, "but we don't do both sides of a race. The dumbest thing to do is give a check to each side. It's like arming both sides in a war. Nobody appreciates you because they know you're helping the other guy. If you pick the loser, then help the winner retire his campaign debt and help him in his next race. Only sometimes do I get emotionally involved, like with Dick Gephardt. But I have a good relationship with Gingrich. Professionals understand you have to do what you have to do. We should never ever fall in love with any of these people. Every one of them has a defective gene somewhere. Whether they're very conservative or liberal, I judge them as people on their credibility. Do they keep their word? That's what counts."

Many PACs guessed wrong. They scrambled after the election to get in the good graces of the new Republicans. Helping successful candidates pay off their campaign debts is known in the trade as "catching the late train." Republican fund-raisers combed the financial reports of defeated Democrats for names of corporate donors who might welcome a second chance to curry favor with Republicans. Some Republican lawmakers put heat on their corporate buddies to replace lobbyists deemed too friendly to Democrats with true-blue Republicans. Like many other Washington firms, Equale's team adjusted its lineup by giving a more prominent role to Bob Rusbuldt, a Republican Equale had hired ten years earlier.

The joke circulating among lobbyists had a worried Democrat saying to superlobbyist Thomas Hale Boggs, "Jesus, Tommy, what are we going to do? The Republicans have taken over. They control everything. All committees have new Republican chairmen. There are more than seventy new freshman Republicans in the House. What's going to happen to us?"

Boggs replies, "I don't know. I've only been a Republican for two weeks."

The day after the election, Equale got twenty calls from senior Democratic staffers hunting for jobs. Democrats raged at the White House: Bill Clinton blew their reelection. It was Hillary's fault. Health care reform was a disaster.

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aide wisecracked, his sarcastic tone conveying the unspoken addendum: "at the President's expense."

The White House continued to adjust its numbers in an effort to placate Moynihan, knowing that failure to win his approval would insure defeat. The bill was finally delivered to Congress on November 20, 1993. The day before, Hillary Clinton and Shalala went to Capitol Hill to privately brief Moynihan. He issued a statement saying the new figures were "more realistic" and announced that he would sign on as a co-sponsor of the Clinton bill.

Hillary Rodham Clinton tried to connect with Moynihan through his wife. The week after the inauguration, she invited Elizabeth (Liz) Moynihan to lunch at the White House. Here was a political wife with whom she could identify. Mrs. Moynihan runs her husband's campaigns and happily acknowledges that she is the political arm of the Moynihan operation. "I am it," she says. "He hasn't made a call to raise money since 1987." Mrs. Clinton had just been named health care czar, the first "real job" ever undertaken by the spouse of a president.

"There are not too many political partnerships of the kind we enjoy with our husbands," the First Lady mused over lunch, likening her new title to the political influence that Liz Moynihan so elegantly wields.

The two women had a pleasant time together, but Mrs. Moynihan would later remark to friends, "No one ever called me a co-senator." It was her way of differentiating her reserved style from Hillary Clinton's public image as co-President. Mrs. Moynihan rarely grants interviews. She believes a political wife, even a powerful political wife, should work in the shadow of her husband.

Liz Moynihan is an architectural historian. Her heart is in sixteenth-century Central Asia. She handles the day-to-day politics for the same reason she runs the household—her husband isn't very good at it.

The First Lady was on the telephone to Liz Moynihan regularly, trying to use her as an intermediary. Treasury Secretary Lloyd Bentsen, a contemporary and a former Senate colleague, was dispatched to talk to Moynihan. "We tried everything," said an exasperated White House aide. Moynihan was unfailingly cordial with Clinton, but it was clear that he felt there was no one of sufficient stature for him to deal with in the White House—"not even the President," said the aide. Still, there was a conviction in the White House long past the time it was warranted that Clinton would get a health care bill, maybe not in the time frame that he wanted, but at least a commitment to put universal coverage in place over a number of years.

view, but challenged the White House to confront the real crisis in America: the welfare system. "Everybody on welfare is in crisis; that is how you get there," Moynihan said. "You are in crisis when you are on it, and probably some time after that." He called for a welfare reform bill by spring and suggested he might hold health care hostage if the Clintons did not respond to his demand. Moynihan said that the President, by talking about welfare reform without offering a legislative remedy, was merely using the issue as "boob bait for bubbas."

How did Moynihan come to challenge his party's president this time?

Republican strategist William Kristol, the first to venture openly that health care is not a crisis, took credit for Moynihan's outburst. The son of neoconservative thinker Irving Kristol, a Moynihan buddy, William Kristol had been one of Moynihan's teaching assistants at Harvard. He had emerged from four years in the White House as Vice President Dan Quayle's chief of staff to establish himself as one of the GOP's leading thinkers. A week earlier, Kristol had bumped into Moynihan in the lobby of the Carlyle Hotel in New York City, where the Moynihans stay when they are in Manhattan. Kristol says that Moynihan volunteered his agreement on the "no crisis" issue.

"Of course, you're right," the senator said upon seeing his former protégé.

"Why don't you say that publicly?" Kristol ventured.

The next Sunday, Moynihan told the nation that the Clinton White House was addressing a phony crisis, not the real one.

O'Donnell tells a slightly different version of the story, having debriefed Moynihan. He questions, for example, whether Moynihan was as definitive in his agreement as Kristol remembers. But O'Donnell was nervous enough about where it all might lead that he turned down a request from Kristol to meet with Moynihan to discuss health care.

Several weeks later, Moynihan and other congressional leaders met with the First Lady at the White House. Moynihan spoke gently and indirectly, yet his message was unmistakable: "I told you so."

"The worst, the most corrupting of lies are problems poorly stated," Moynihan said, quoting Georges Bernanos, a French essayist. He commended Mrs. Clinton for the "exquisite" job she had done in stating the problem of the uninsured. Then he read aloud from a press clipping quoting the First Lady on how the United States has the best health care in the world. The frozen smiles around the table indulged Moynihan in his need to once again demonstrate he was right.

When her turn came, Hillary Clinton retreated from talk of a health care crisis. As if following a script written by Moynihan himself, she

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dollars and produces massive amounts of research and extraordinary care. The crisis is that there are people who don't have it. It's a very personal crisis. It's not that the system doesn't do what it's supposed to do, it just doesn't do it for some people."

After initially endorsing Kristol's thesis, Dole backed off. Conservatives worried that he might soften and make a deal with Clinton. They blamed Burke for lessening his resolve. As it turned out, the Democrats, divided among themselves on how to finance expanded health care coverage, and fearful of a top-heavy government plan, became the principal saboteurs of significant health care reform. As Burke sat in the House chamber listening to the 1994 State of the Union address, in which Clinton vowed to veto any bill that did not guarantee universal coverage, she thought, "How stupid. Why would the President want to corner himself like that?"

Yet in the afterglow of Clinton's speech, the prospects for health care reform looked rosy. On the evening of February 22, a dozen key players, including Dole and Burke, assembled in a small dining room on the first floor of the White House for a working dinner. Clinton held forth at great length on why there could not be incremental reforms without a guarantee of universal coverage and why mandates on employers to provide coverage were essential. Mrs. Clinton said little, which Burke found surprising. As the only congressional staff member present, Burke was seated between White House aides Mack McLarty and Harold Ickes. While they had a pleasant chat, there was no substantive exchange. "The one thing I found notable was that Clinton had seconds of dessert," she says.

Burke talked briefly with Mrs. Clinton at the start of the dinner. Dole, seeing the two women together, remarked that if Hillary and Sheila could work out something, that would be fine with him. White House aides were not sure whether Dole was serious or simply wisecracking. But Mrs. Clinton, in talking with reporters after the event, said, "Senator Dole told me, 'If you and Sheila can agree, I'll vote for the plan.'"

Hillary Rodham Clinton had evolved from a Republican to a liberal Democrat. As a teenager, she had been a cheerleader for Barry Goldwater, the GOP's conservative presidential candidate in 1964. Sheila Burke had made the opposite journey, lingering near the center of the political agenda, where a potential deal might be made. The thought of these two women taking over the deal-making would tantalize people of good will in both parties, but it was never to be.

The good feelings expressed that evening disappeared almost as fast as the desserts. The First Lady and the Other Woman spoke again only occasionally and then not about anything substantive.

Mitchell exclaimed, smiling broadly and extending his hand. "If you'd only won by one seat, and I'd had to step down, I would have caught hell."

Mitchell had announced months earlier that he was leaving the Senate. The decision shocked many of his colleagues who could not believe a man in the prime of his professional life would give up such a powerful job, especially after having finally gotten a Democrat in the White House. But grinding out narrow victories for Clinton was not Mitchell's idea of fun. His Maine seat was one of eight Republican pickups that night. Mitchell was popular enough to have been reelected, but his single seat would not have made the difference.

After the election, Republican and Democratic staffers staged a musical parody of health care reform, the issue that had consumed many of their lives for the past year, as entertainment at the farewell party for Minnesota Sen. David Durenberger, one of the Republican mainstreamers. Burke was not present, but a Burke look-alike stormed onto the stage, hands on hips, to confront a staffer coiffed to look like Hillary Rodham Clinton. To the tune from the musical *Grease* "Look at Me, I'm Sandra Dee," the Hillary character launched into song.

> Look at me, I'm Hillary,
> Lousy with authority.
> Go to the Hill and they'll pass my bill,
> They must—I'm Hillary.

Unfazed, the Burke character issued a rejoinder.

> Watch it, hey, I'm Sheila Burke;
> We don't like this piece of work.
> It don't come across, 'cause the Demos have lost
> The power to Sheila Burke.

Staffers roared with delight at the body language between the two powerful women. When the staffer playing Burke referred disdainfully to Mrs. Clinton as "Ms. Number Two," those in attendance took it to mean behind Burke, not the President.

Yet Burke was out of step with much of her party. The 1994 election confirmed the rise of the radical right. Gingrich, not Dole, was the most important Republican in Washington. Dole was running for president, but his candidacy did not capture the revolutionary spirit of the newly empowered Republican Party. The intellectual center had shifted to the House Republicans, along with the energy for change.

Divider Title: **Fools for Scandal**
Gene Lyons

FOOLS FOR SCANDAL

HOW THE MEDIA INVENTED WHITEWATER

Gene Lyons

AND THE EDITORS OF
HARPER'S MAGAZINE

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6	102-9	HRC & Senate probe
7	117-19	HRC, Thomases & probe
8	124	HRC & Foster
9	127	HRC & GOP smears
10	129-42	HRC & demonization

couldn't see a thing.) Sworn law enforcement officers, the troopers also told Brock that they'd tracked down the spurned mistress of one of Clinton's Republican opponents and tried to bribe her into unmasking the father of her bastard child. All despicable acts, and possibly illegal.

In TV interviews, the *Los Angeles Times*'s William Rempel, whose sanitized version of the troopers' tales was the first to be published nationally, rolled his eyes skyward to express the unutterable tedium of spending month after month in backward Arkansas. Yet it apparently never occurred to him or his colleagues to check their sources' credentials. CNN's position seemed to be that since any sane woman would deny having a love affair with Clinton, the troopers' story was unverifiable—thus relieving them of any responsibility to try. That's what makes *The American Spectator* version of the story so useful. In effect, Rempel and his colleagues had served as censors, filtering out the improbable and absurd aspects of the troopers' braggadoccio and passing on only what they could prove, which in the end was almost nothing.

It took the Little Rock bureau of the Associated Press, by contrast, only about twenty-four hours to learn that in 1990 Patterson and Perry had wrapped a patrol car around a tree at 3:00 A.M. one morning. To keep their jobs, they swore to their superiors that they had been completely sober and doing public business—inducing a female trooper who'd been along for the ride to cover for them. In a subsequent civil lawsuit, the two troopers swore under oath that they'd downed a half-dozen whiskeys apiece at the Bobbisox Lounge before the accident. The Little Rock cop who wrote up the accident report apparently had looked the other way because they were brother officers. Next it turned out that visitors' logs that Patterson and Perry alleged Hillary Rodham Clinton ordered to be destroyed—ostensibly to hide Gennifer Flowers's visits—had never, in fact, existed.

The troopers had lied for money once. Why would any reporter think they wouldn't do it again? In the end, what "Troopergate" amounted to was that Bill Clinton had made a long-distance call from Virginia to a Little Rock woman at what most people would think an unusual hour. She told reporters he was talking her through a personal crisis. Maybe so, maybe not. Why is it your business or mine?[15]

Of course, the granddaddy of all the wildly inaccurate stories to come out of Arkansas during the Clinton presidency has been Whitewater. No sooner had the trooper farce begun to play out in December 1993 than the celebrity pundits on the TV talk-show circuit took to demonstrating their tough-mindedness by regretting its tawdriness but predicting that the Whitewater "scandal" would really bring the President woe. Led by indignant editorials in *The New York Times* and *The Washington Post,* the clamor began to build in December 1993 for President Clinton to appoint a special prosecutor to investigate himself. Republicans smelled blood. Business was soon booming again at Little Rock's Capital Bar.

Which makes it all the more troubling, to use Senator Alfonse D'Amato's favorite word, that the most noteworthy thing about Whitewater too has been the shameful performance of a credulous, scandal-mongering press. Having helped to create Whitewater through incompetent, mendacious reporting to begin with—as this book attempts to prove in some detail—*The New York Times* in particular has done just about everything in its substantial power to flog the issue.

From its dimmest origins in *Times* reporter Jeff Gerth's March 8, 1992, article about the Clintons' ill-fated land deal, the Whitewater "scandal" has worked as follows: Tipped off by an interested party, a reporter, editorial writer, columnist, or Republican politician conceives a theory of what *must* have happened in a given set of circumstances—most often circumstances altered by ignorance or suppression of inconvenient facts. The theory gets stated as a rhetorical question: Did the Clintons do X, Y, or Z? Next is an insinuation: it sure

[15] Paula Jones's sexual-harassment lawsuit grew out of *The American Spectator* article. What few people have noticed is that either she or the troopers haven't told the truth. (More likely both.) Jones initially filed her lawsuit because Brock's article said she'd announced herself dazzled by Governor Clinton's lovemaking and volunteered to be his permanent squeeze. She now says he made unwanted advances. Clinton says it never happened. The trooper who pointed out the governor's hotel room to Jones—not Perry or Patterson—says she asked him if she could meet Clinton and that he never saw her go inside. Paula Jones's family doesn't believe her story. Why should anybody else?

looks as if they must have done it. Then, a conclusion: of course they did it, the cunning rascals. Eventually, theory metamorphoses into pseudo-fact: they did it. All without anything remotely resembling proof having been offered. When evidence to the contrary comes along, it's shoved aside, minimized, or suppressed, a new theory is created, and the entire press pack goes whooping off down yet another trail. If they were rabbit hounds, you'd have them gelded as house pets.[16]

To the practiced eye, the *Times* coverage of Whitewater has followed this pattern with almost comic regularity. Such are the realities of American journalism, moreover, that when the *Times* commits itself to a scandal involving the President of the United States, the rest of the media invariably follow. Partisan political operatives and opportunistic opponents, meanwhile, get a free ride.

Sociologically speaking, as James Fallows says in *Breaking the News*, "political-journalistic Washington functions much like a big high school, with cliques of popular kids, the nerds, the rebels, the left-outs and so on. To be on TV is to become very quickly a cool kid. Friends call to say they've seen you. People recognize you in stores. Whether people agree or disagree with what you said (or whether they even remember), they treat you as 'realer' and bigger than you were before." In such a climate, conformity flourishes and rumors proliferate. Mere accuracy yields to semi- or uninformed speculations. With journalists aspiring to become TV personalities and six-figure incomes at stake, it's less a matter of how plausible and/or factual a given accusation against a politician may be, and more a matter of the status and effrontery of the accuser.

Let's examine a more recent case in point: *Times* columnist William Safire's famous "congenital liar" attack on Hillary Clinton in January 1996. To anybody with more than a passing familiarity with

[16] As a breeder of beagle hunting and field-trial dogs, this metaphor comes naturally to me. I own a hound named Leon who has an exceptionally "cold" nose, meaning he's often able to detect the scent of rabbits when other dogs can't. Alas, Leon also has poor judgment. On a bad day, he's capable of loudly baying his way—alone and ignored by the pack—down scent lines so old that the rabbits who left them may exist only in the form of coyote scat. Due to his habit of babbling about nothing, my friends call Leon "The Journalist."

Whitewater, Safire's charges were silly. "Why the White House concealment?" Safire asked. "For good reason: The [Rose Law Firm billing] records show Hillary Clinton was lying when she denied actively representing a criminal enterprise known as the Madison S. & L."

In fact, the First Lady has never denied representing Madison. At an April 22, 1994, press conference largely devoted to Whitewater, Mrs. Clinton was asked how her name ended up on the bottom of a letter addressed to Arkansas Securities Commissioner Beverly Bassett Schaffer. Her answer filled the better part of a full column in the April 23 edition of, yes, *The New York Times.*

In essence, the First Lady answered that a young associate at the Rose Law Firm by the name of Rick Massey had a friend at Madison Guaranty—struggling like virtually all S&Ls in the mid-1980s. Massey and Madison executive John Latham had an idea how the S&L could improve its capital net worth by selling preferred stock. Hillary knew Madison's CEO, Jim McDougal, whom the law firm had represented in the past. So she agreed to pitch McDougal the business. "I did that," she told reporters, "and I arranged that the firm would be paid a $2,000-a-month retainer. And that was ordinary and customary. That would be billed against, unlike retainers at some really big law firms that if you pay the retainer they keep it, no matter whether they do any work for you. This was really an advance against billing.... The young attorney, the young bank officer did all the work, and the letter was sent. But because I was what we called the billing attorney—in other words, I had to send the bill to get the payment made—my name was put on the bottom of the letter. It was not an area that I practiced in. It was not an area that I really know anything, to speak of, about." Mrs. Clinton then went on to describe in considerable detail the fate of the preferred stock idea.

So had the First Lady, as Safire alleged, lied about representing Madison? Not at all. Indeed, her long-lost billing records, when they finally emerged before the Senate Whitewater Committee later that month, confirmed her account. So did the testimony of her former associate Rick Massey—although that's not what you read in *The New York Times* or any of the newspapers and newsmagazines promoting the Whitewater "scandal."

What did Safire think had been the First Lady's motive for allegedly lying and hiding her records? "By concealing the Madison billing records two days beyond the statute of limitations," he charged, "Hillary evaded a civil suit by bamboozled bank regulators." But, in fact, the Rose Law Firm had signed an agreement waiving the statute of limitations. The only thing Mrs. Clinton appeared to have gained in the matter of the missing billing records was embarrassment.

Suffice it to say that Safire's entire "congenital liar" column is of approximately the same degree of accuracy from beginning to end. The *Arkansas Democrat-Gazette,* which normally syndicates Safire, declined to run it. But after President Clinton threatened to punch the famous columnist in the nose, the paper ran a somewhat censored version. Editor Paul Greenberg, the Pulitzer Prize–winning editor who stuck Clinton with the nickname "Slick Willie," told readers he'd found it necessary to edit Safire in order to "check some of his wilder swings, and generally clean up his invective here and there." Translation: an Arkansan who might think it futile to file a libel suit against *The New York Times* might not be so hesitant to take on the *Democrat-Gazette.*[17]

The point here is to illustrate how celebrity trumps accuracy in political journalism almost every time. Safire's column did provoke a bit of hand-wringing here and there, allowing the *Times* columnist to make self-deprecating jokes about his own chutzpah, but in all the tumult and shouting attendant upon the piece, did anybody bring the columnist up short on *factual* grounds? Certainly nobody of remotely equivalent status. It simply isn't done.

"The most sacred cow of the press," the late George Seldes used to say, "is the press itself." Reporters who pore over politicians' words with the rapt attention of an IRS auditor scrutinizing a bookie's tax return—searching out inconsistencies, gaffes, flip-flops, anything they can call "news"—recoil in horror at their own work getting anything like the same treatment. Hence Whitewater.

It will be objected that I have failed to acknowledge the distinc-

[17] Greenberg billed the 1982 election between Clinton and GOP Governor Frank White as "Slick Willie vs. Godzilla." Considering White's pop-eyed demeanor and his signing of Arkansas's infamous 1981 "Creation Science" law mandating the teaching of fundamentalist theology in biology classes, the description struck most readers as harder on him than on Clinton.

called the shots. "In 1985, at our urging," she'd written Gerth eighteen months earlier,

> the FHLBB seized state-chartered Guaranty S & L in Harrison, Arkansas. The institution sued the State, the FHLBB and FSLIC claiming that FSLIC could not take over the institution unless the state regulator first went to state court to appoint a receiver. The Eighth Circuit Court of Appeals upheld our actions, and found that federal law pre-empted state law ... in the case of any conflict. The ruling in this case influenced our later decisions not to proceed with receivership without the concurrence of the FHLBB and FSLIC.

Such subtleties, however, eluded *Times* reporters seeking a Byzantine backwoods conspiracy.

But the allegation in Gerth and Engelberg's December 15 account that has shown the most staying power involves a supposed quid pro quo involving Hillary Rodham Clinton. It centers on an April 1985 political fund-raiser Jim McDougal held, and the suspicion that he may have shoved some funny money into Bill Clinton's campaign coffers. "Just a few weeks after Mr. McDougal raised the money for him," the *Times* noted darkly, "Madison Guaranty won approval from Mrs. Schaffer, Mr. Clinton's new financial regulator, for a novel plan to sell stock."

Now, what made Madison Guaranty's plan "novel" is hard to say. It was not unusual for state-regulated S&Ls in 1985 to issue stock. Even so, the adjective, with its implication of wrongdoing, has recurred mantra-like in virtually every Whitewater roundup article since. On the day before the planned Clinton fund-raiser, the *Times* pointed out, senior officials from Madison met with FHLBB regulators in Dallas and discussed a plan to issue preferred stock. You might wonder why, if federal auditors had supposedly pronounced Madison Guaranty insolvent in 1984, they were discussing a stock issue in April 1985, but mere logic fades when the press has a political quarry like the First Lady caught in the crosshairs. "The search for new capital," Gerth and Engelberg continued,

> took Madison to the offices of Mrs. Schaffer, who had the ultimate authority to approve any such stock sale. One of the lawyers employed by Madison

> to argue its case before the state regulators was Mrs. Clinton.
>
> Within weeks, Mrs. Schaffer wrote a letter to Mrs. Clinton giving preliminary approval to Madison's stock plan.
>
> The sale never went forward. But this fall, the [RTC] asked the Justice Department to examine a number of Madison's transactions, and Federal officials say the state's approval of the stock plan was among the matters raised by investigators.

Again, not quite accurate. Regardless of Hillary Rodham Clinton's motives, for her to have ventured anywhere near Madison in any capacity would have been a damn fool thing to do. But the fact is that the First Lady didn't "argue" anything "before the state regulators." Nor did anyone. There were no hearings held and no formal application filed. Rather, her name appeared at the bottom of a letter written by a junior member of the Rose Law Firm expressing the opinion that it would be permissible under state law for Madison Guaranty to make a preferred stock offering.

After studying the applicable statutes and consulting with her staff, Bassett Schaffer agreed. "Arkansas law," she wrote in a two-paragraph letter dated May 14, 1985, "expressly gives state chartered institutions all the powers given regular business corporations . . . including the power to authorize and issue preferred capital stock."

Arkansas statutes also contain a so-called wild-card clause, which explicitly grants state-regulated thrifts all the rights and powers allowed other S&Ls by federal regulators. The securities commissioner had issued the narrowest sort of ruling. She hadn't approved the scheme at all; she'd merely said that it was *legal*. Had she ruled otherwise, Madison Guaranty would have had no difficulty finding a judge to reverse her.

In subsequent actions, Bassett Schaffer confronted the S&L with a Catch-22 of sorts. Before the state would allow the actual registration and sale of preferred stock, she informed Rose Law Firm attorneys, the S&L would have to meet more stringent federal and state net-worth requirements. Since the whole *point* was to improve Madison's net worth to begin with, the S&L never filed an application. Far from rolling over for the First Lady, Bassett Schaffer stifled the Madison proposal in its infancy while permitting stronger thrifts to improve their capital positions by offering stock options.

Nor was the matter kept secret from federal regulators. "I saw no favors done," insists Walter Faulk, the official charged with the FHLBB's oversight of Madison. "I saw a regulatory opinion issued that I would have issued too. We were urging all the institutions that needed capital to raise it any way they could. Madison's board was talking about going public. Knowing that they would have to meet SEC regulations—disclosure, due diligence, and so forth—it's highly unlikely that they could get any of it sold to informed investors. But 'Is it permissible?' is a very different question from 'Can we get it done.'" Once again, *The New York Times* had alleged scandalous deeds without interviewing any of the federal regulators. Bassett Schaffer had told Jeff Gerth the whole story in writing more than eighteen months earlier. Once again, the reporter had treated her version and that of her former colleagues in the Arkansas Securities Department as if they did not exist.

Soon after the December 15 piece appeared, an NBC-TV crew led by Citizens United operative David Bossie attempted an ambush interview of Bassett Schaffer outside her Fayetteville office after she'd refused to speak with them. Her husband snapped Bossie's photograph and sent it to the weekly *Arkansas Times*, which ran a sympathetic interview. In the article, Bassett Schaffer complained about her treatment by *The New York Times*. "The tone is very aggressive and suspicious," she said. "The attitude has been 'Prove the negative, defend yourself . . .' Why is Jim McDougal's word better than mine?"

A remarkably touchy Gerth phoned the *Arkansas Times* editor to complain about the paper printing such things. Didn't he know that these people were criminals?

By all accounts, it was apparently sometime in 1985 that McDougal's manic-depressive illness began to manifest itself. Frantic to save both Madison and the real estate empire he'd built around it, he appears to have succumbed to grandiose

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run things in a loosey-goosey way that may look unethical or even illegal to outsiders." Nor had the *Times* editorial writers been the only ones to scold the Clintons for succumbing to the lax moral climate of the President's native state. The *Baltimore Sun* opined that the First Lady's adventures in the cow trade "certainly [don't] smell right, especially considering that [Jim Blair] represented a giant, influential agri-business firm in Arkansas that later received what seemed to be favors from Gov. Clinton." *Newsweek*'s Joe Klein spoke of the President's "multiple personality disorder," involving a moderate Clinton, a liberal Clinton, and "the likely suspect in the Whitewater inquiry, a pragmatic power politician who did whatever necessary to get and keep office in Arkansas . . . granting low-interest loans to not very needy business interests, who in turn contributed generously to his political campaigns. This Clinton snuggled up close to the Arkansas oligarchs, the bond daddies and chicken pluckers—and never quite escaped the orbit of the shadowy Stephens brothers, Witt and Jackson."

Now, Witt Stephens has been dead for years; Jack Stephens is a Reagan Republican who has bankrolled nearly every Clinton opponent (except Sheffield Nelson) from day one. Otherwise there's just one problem: the $9 million loan never existed. Especially attentive readers of *The New York Times* may have noticed an odd little item in the daily "Corrections" column on April 20, 1994:

> An article on March 18 about Hillary Rodham Clinton's commodity trades misstated benefits that the Tyson Foods company received from the state of Arkansas. Tyson did not receive $9 million in loans from the state; the company did benefit from at least $7 million in state tax credits, according to a Tyson spokesman.

Gerth blames a chart misread on deadline. But was the *Times* embarrassed? Hardly. In the journalistic equivalent of double jeopardy, *Times* editors, having convicted Hillary Clinton on a spurious charge, decided she was still guilty, but of a *new* charge: helping Tyson Foods to $7 million in tax credits. No sooner had Hillary Clinton held her April 22, 1994, press conference on

Whitewater-related issues than the *Times* scolded that the First Lady's performance had been smooth but cleverly evasive. Particularly suspicious, an April 24 editorial found, were her dealings with Jim Blair, "a lawyer for Tyson Foods, a large company that was heavily regulated by and received *substantial tax credits* from the Arkansas government." [My emphasis] And people call the President slick!

The truth is far less lurid. The $7 million in investment tax credits Tyson Foods claimed against its Arkansas state tax bill after 1985—that is, between seven and fourteen years *after* Hillary's commodity trades—were never Bill Clinton's to bestow or withhold. Rather like the child-care expense credit on IRS Form 1040, they are written into the state's revenue code. *All* qualifying corporations claim them, friend or foe. To earn them, Tyson invested some $300 million in plants and equipment, creating, the company claims, roughly 4,000 jobs. But Clinton couldn't have prevented the company from claiming the credits had the investments brought no jobs at all.

True, the Clinton administration did sponsor the 1985 law that created the tax credits. It did so under strong pressure from International Paper, which threatened to take its processing plants elsewhere unless Arkansas matched tax breaks available from other states—a potentially severe economic blow to the already poor southern half of the state. Far from being unique to Arkansas, state investment tax credits are now the rule from sea to shining sea. During the same week the *Times* made its lame correction, Tyson announced the opening of a new plant in Portland, Indiana. According to a press release by Indiana Governor Evan Bayh, the state provided some $9 million in economic incentives—more than Tyson got from Arkansas during Bill Clinton's six terms.

More than mildly shocking, however, given the stakes, was the *Times*'s failure to check with either Tyson or whatever Arkansas state agency supposedly made the loans. Admittedly, that would have been hard, since Arkansas has no laws permitting or prohibiting the lending of such sums to a thriving Fortune 500 corporation. But when Arkansas reporter Ernest Dumas called around, all parties promptly and vigorously denied the allegation. Nor had they spoken to anybody from *The New York Times.*

Elsewhere, nearly every detail cited as evidence of shady connections between the Clintons and Tyson Foods in the *Times*'s March 18, 1994, front-page story got the familiar Gerth treatment. Besides the imaginary $9 million in loans, Gerth cited several other suspicious transactions, among them a bitter court battle, in which Clinton "failed to take any significant action," over polluted groundwater in the town of Green Forest and a pair of seemingly tainted appointments—including naming a Tyson veterinarian to the state Livestock and Poultry Commission, and Jim Blair himself to the University of Arkansas board.

Once again, the national press has tended to take *The New York Times*'s word for it and to pore over Mrs. Clinton's cattle trades with a high-powered magnifying glass. But what if it's all nonsense? What if despite the Clintons' and Blairs' close and enduring friendship—which the *Times* acknowledged—almost everything else in the story relative to the governor and Tyson Foods was as inside out and upside down as Gerth's version of the Madison Guaranty story?

And so it was: Reappointing a Tyson veterinarian to the Livestock and Poultry Commission? Clinton's guilty as charged. Except that the fellow happens to be the state's ranking expert on chicken diseases, the prevention and treatment of which is the commission's principal task. An objective account of the court battle would have revealed that the city of Green Forest was a defendant in the same lawsuit. Bill Clinton was not. Officials of the Arkansas Department of Pollution Control and Ecology testified for the plaintiffs against Tyson Foods. As for naming Jim Blair to the University of Arkansas board? Well, it's quite an honor, and Blair can undeniably score great Razorback tickets. Otherwise, where's the scandal? At any rate, Blair wasn't a Tyson employee back when he and Hillary did their cattle trades. He was in private practice as one of Fayetteville's most prominent corporate attorneys, representing banks, trucking companies, insurance firms, and poultry interests.

To anybody who knows Arkansas politics, Bill Clinton's running feud with the chicken and trucking lobbies was one of the two or three most persistent stories of the 1980s (another being his ongoing battle with Stephens family interests). Far from selling out to trucking and poultry when he first became governor in 1979, Clinton instantly made them bitter enemies—an enmity that persisted at varying degrees of intensity until he left Little Rock for Washington.

Back in 1978 when Hillary did her commodity trading, poultry needed Clinton a lot more than Clinton needed poultry. With Governor David Pryor and U.S. Representatives Jim Guy Tucker and Ray Thornton fighting it out for the vacant seat of Senator John L. McClellan—who had died in 1977—the Democratic gubernatorial nomination, tantamount to election in Arkansas, was all but Clinton's for the asking. Clinton met with representatives of the poultry industry in the summer of 1978 and assured them he understood the prospects for growth. But they wanted help with their single major need—lifting the 73,280-pound weight limit on Arkansas highways to conform to the 80,000-pound loads allowed by most states. Tyson Foods and other poultry and agricultural interests argued that the light loads put them at a competitive disadvantage. But the state's Highway Commission, a constitutionally independent agency beholden to no governor, opposed lifting the weight limit. Clinton promised the poultry producers that he would remain neutral, and that if the legislature passed the 80,000-pound limit he would sign it. That was good enough for Tyson and the rest to support Clinton against weak opposition.

Shortly after Clinton's inauguration, however, the poultry folks got a surprise. There was their buddy Bill up on the dais at a press conference with Highway Director Henry Gray flatly denouncing the 80,000-pound limit. Yielding to the special interests, Clinton allowed, would just tear up Arkansas highways. Twice the Arkansas Poultry Federation set up meetings with the young governor to patch things up. Clinton stiffed the chicken moguls both times—sending an aide to a Fort Smith meeting in his place and later letting Don Tyson and the rest cool their heels in his conference room for an hour and twenty minutes while he chatted with a state senator. Led by Tyson himself, the poultry officials stalked out—

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Prove Your Innocence

Something is out there, and we haven't got it yet.

—*Senator Frank Murkowski (R., Alaska)*
Special Committee to Investigate Whitewater Development Corporation and Related Matters
February 27, 1996

✦

"When the dust and feathers finally settle after the great Whitewater pecking party," I wrote in an *Arkansas Democrat-Gazette* column in August 1994, "chances are the press will blame Hillary." As predictions go, this one's held up pretty well. Witness the huge stir accorded the belated discovery of the First Lady's lost Rose Law Firm billing records, climaxing in her melodramatic summons to appear before Whitewater independent counsel Kenneth Starr's Washington grand jury. Finding no smoking gun to justify the carnival of speculation, innuendo, fuzzy logic, political opportunism, and just plain bad reporting that had characterized Whitewater from the start, editorial-page inquisitors were apt to conclude that had the First Lady allowed her husband to release all the documents back in 1993 when *The New York Times* and *The Washington Post* began to clamor for them, none of the rest needed to have happened.

Just about every Arkansas reporter I know agreed. Had the White House dumped two pickup loads of Whitewater documents on the doorsteps of the *Post*'s and the *Times*'s Washington bureaus that winter, the "scandal" would have ended before spring. Probably, indeed, within a couple of weeks. In the long run, reporters tell themselves, the news media tend to be self-correcting. Competition makes it so. Hence also in the long run, a kind of rough justice is eventually achieved. It's a delusion, of course, but a comforting one to which most journalists subscribe.

As to the President and First Lady, however, just about the last thing that strikes the national press is the first thing that strikes most Arkansas reporters—friend, foe, or skeptical observer: that is, how very unlikely it seems that Bill and Hillary Clinton would go in the tank for such trivial amounts of money. Whatever their character flaws, nothing known about the couple indicates that they would break the law for profit. That Clinton served five terms as Arkansas governor untouched by financial chicanery amid a newspaper war that brought down several lesser politicians strikes many here as significant.[1]

Does it come under the heading of special pleading or hometown favoritism, moreover, to observe that the Clintons are arguably the least wealthy couple to occupy the White House during this century? Probably even Harry and Bess Truman were well-off by comparison. The First Family had a healthy income at the time Bill Clinton took the oath as President of the United States, but they owned no real estate, not even a home; their only automobile was a 1986 Olds Cutlass. Apart from the perpetual-motion machine of his political ambition, whatever else makes Bill Clinton go around it's clearly not cash.

Demonstrably more interested in money than her husband, Hillary Rodham Clinton also impressed most who dealt with her over the years as entirely too fond of her own sense of propriety to stick a FOR SALE sign on it. Work aggressively to sell a client's story? Of course: Hillary Clinton was a corporate litigator. But if you had it in mind to commit a felony that had the potential to compro-

[1] During Little Rock's newspaper war, many scalps were taken. Even minor financial corruption brings great public wrath. Attorney General Steve Clark, a Clinton ally, was caught by the *Arkansas Gazette* padding his expense account for costly dinner dates. As a result of the newspaper's efforts, Clark was tried, convicted, and eventually sued for repayment. There's no reason to imagine that reporters would have covered for Bill Clinton.

mise her and her husband's political ambitions? Hillary Clinton would be just about the *last* person in Arkansas you'd want to let in on the secret. She'd cut you off at the knees. Even when Jim McDougal was on the edge of losing his reason, his actions indicate, he always understood that much.

But let's ignore Hillary's status as cartoon archetype—Superwoman vs. Ultrabitch, and all that. Merely for the sake of argument, let's assume that the First Lady is a normal human being prone to normal human emotions. Then let's examine how those emotions may have factored in to her presumptively bad decision not to release all those boxes of Whitewater documents to the press back in December 1993.[2]

Almost any way you look at it, 1993 was a dreadful year for the woman. Did she and her husband achieve a lifelong ambition by moving into the White House? They did. But there's simply no way Hillary could have been prepared for the jolt of becoming a national symbol as universally known as Elvis or Michael Jordan, her privacy gone forever. As First Lady of Arkansas, it was possible for her to have an independent career, to drive herself and Chelsea to the video-rental store, to dine out with friends without being mobbed, to walk down the street in San Francisco, New York, or Washington as freely as anybody else. Never again.

Then in April, Hillary lost her father, Hugh Rodham, who lingered in a Little Rock hospital for a couple of weeks before dying of a stroke. By all accounts, father and daughter had always been

[2] No doubt the *funniest* example of deep thinking on the Hillary's-a-bitch theme had to be a "psychological portrait" by Camille Paglia in the March 4, 1996, issue of *The New Republic*. Entitled "Ice Queen, Drag Queen," it portrayed Hillary as "man-woman . . . bitch goddess" and "the drag queen of modern politics."

I can't decide which is my favorite among Paglia's brilliant insights. Is it that Hillary was attracted to her husband in the Yale Law School lounge because his "exotic, rural, sensually sweet and ripe watermelons were a symbol of freedom, fruitfulness and abundance"? Bill Clinton, see, "was Female Man, whose boyish androgyny seemed to promise . . . an escape from the sexist past." Or is it Paglia's retrospective analysis of a Wellesley College commencement address Hillary had given in 1969? Had she really berated GOP Senator Edward Brooke over Vietnam, her ostensible topic? Not likely. Paglia deduced more profound forces at work, to wit: "a visceral response to the invasion of her all-women's school by a glamorous, lordly male." And how do we know this? Because in 1972 Senator Brooke "sauntered elegantly down the Capitol steps" and displayed to Paglia *herself* "a distinctly roving eye."

close. Three months later, her close friend Vince Foster killed himself in a Washington, D.C., park. Rumors and conspiracy theories began to circulate almost immediately. Despite no credible evidence, those insinuations quickly slithered their way into the respectable press by the now familiar route—crackpot newsletter to the London *Sunday Telegraph* to *The Wall Street Journal* editorial page to the world.

Then, at Christmas, after she learned that her husband's mother was stricken with the breast cancer that would kill her within a month, came the Arkansas state trooper smear. Putting aside the personal betrayal and the press's unprecedented assault on her marriage, let us recall that of the many raunchy tales troopers Larry Patterson and Roger Perry cooked up for *The American Spectator* and the *L.A. Times,* some of the most humiliating concerned her. Hardly had this sordid episode played itself out, moreover, than the high panjandrums on the nation's editorial pages and TV talk shows began to insist that, *to prove their innocence,* the Clintons turn over every scrap of paper in their possession—tax returns, Whitewater documents, canceled checks, bonus pizza coupons, Hillary's Girl Scout cookie receipts, the lot.

"It may be that there is nothing damaging or even embarrassing in them," conceded an editorial in *The New York Times* on December 23, 1993. "Indeed, in an angry interview . . . in which she defended her husband against recent allegations about his private life, Mrs. Clinton said she was 'bewildered' about the continuing interest in the Clintons' relationship with Mr. McDougal and Whitewater." The editorial went on to cite the suspicions of "Federal investigators" that McDougal had gotten favorable treatment from Arkansas regulators at Governor Clinton's behest. "But surely another reason," the *Times* thundered, "lies in the White House's ongoing evasions over the past two years. That alone has left the impression that there's something untoward in these files. There is only one way to tell: Hand them over."

And to whom? Why, to the press, of course, those high-minded guardians of public morality. Specifically, to the very *New York Times* reporters whose inept, accusatory articles had created the Whitewater "scandal" in the first place. Better than anybody else at the White House, Hillary Rodham Clinton was in a position to understand how misleading (at best) the *Times* articles had been. As billing attorney for the Madison Guaranty account, she knew perfectly well that Arkansas regulators had cut Jim McDougal no slack. Far from doing her or the Rose Law Firm any favors, Securities Commissioner Beverly Bassett Schaffer had stuck it to their client.

Exactly what else the First Lady knew about *The New York Times*'s shabby treatment of Bassett Schaffer isn't the point. The two were never friends; they hadn't spoken for years.[3] Hillary certainly knew that regulators had removed the McDougals from Madison Guaranty in July 1986; also that Jim McDougal had within a month of that event been hospitalized. She knew that the McDougals had divorced, and that Jim was living alone and broke. Thanks to the newspapers, she also knew that McDougal had made a number of rash allegations that were not merely false but silly. That the Clintons *hadn't* lost money on their Whitewater investment, for example. "I could sink [that] quicker than they could lie about it if I could get in a position so I wouldn't have my head beaten off," McDougal claimed in a widely quoted excerpt from a tape-recorded talk between himself and Sheffield Nelson. "And Bill knows that."

McDougal's claim was absolute nonsense, of course, as subsequent investigation proved. The fact is, the Clintons had lost more than $42,000. Indeed, McDougal had sent them and their accountant a letter summarizing Whitewater's losses as long ago as 1986 (although that letter would itself eventually prove inaccurate, if not purposefully deceptive).

[3] When I first interviewed Bassett Schaffer and her husband early in 1994, they were angry and bewildered over the White House's failure to defend her against *The New York Times*. They believed that a sharp rebuttal would have compelled the press to examine the abundant factual record. At roughly the same time, evidence presented to the Senate Whitewater committee showed, President Clinton was scribbling notes to aides wondering if Bassett Schaffer would defend *him*. Aides considered sending an emissary to Arkansas to talk things over with her. But they feared that somebody would make an issue of it, and chickened out.

In late 1993, Bassett Schaffer's husband had encountered White House aide Bruce Lindsey at a Razorback basketball game that the President attended and vented his anger. Sure enough, during Whitewater committee hearings in December 1995, Senator Alfonse D'Amato did his best to put a conspiratorial spin on the meeting—conducted in front of 20,000 spectators and a statewide TV audience.

Another widely reported episode was McDougal's foolish tale about how Bill Clinton had jogged into his office one sweltering summer day in 1984, complaining of poverty and asking to have Hillary put on a $2,000-a-month retainer, "whimpering" that he needed that amount to supplement his paltry $35,000-a-year salary. Like many of McDougal's stories, its real purpose was to emphasize his own vast power and influence. The press, however, interpreted it as *prima facie* evidence of corruption. Viewed with an ounce of skepticism, McDougal's story made little sense. It wasn't until April 1985, after all, almost a year after the alleged meeting between the governor and the banker, that Hillary came to negotiate the retainer agreement with Madison Guaranty. She was by then a star litigator at the Rose Law Firm—one of the state's most prestigious. Her income that year from her law practice alone was $55,000. Together, the Clintons reported income of $102,500. Considering that they enjoyed free room and board at the Governor's Mansion, and few debts apart from Whitewater, they weren't doing half bad. Not by Arkansas standards, anyway.

Moreover, most people understand—even if poor McDougal had forgotten—that law firms share among the partners any profits after expenses. Given the Rose Firm's size and its monthly billings (about $800,000 in 1985), if Hillary pocketed $20 a month out of Madison Guaranty's $2,000 retainer, it would have been a lot. RTC investigators ultimately dismissed McDougal's allegation for that very reason. As necessary, however, the press feigns the credulousness of a child. This particular shuttlecock was still being batted about as late as February 1996. An editorial in the left-leaning weekly *The Nation* essentially proposed indicting the First Lady for perjury because her version of how she came to represent Madison Guaranty differed from what McDougal had told reporters.

Also consider the press's handling of *The Washington Times*'s December 1993 "revelation" that Whitewater-related legal files had been removed from Vince Foster's office a few days after his death and handed over to the Clintons' personal lawyer. At the time of Foster's suicide, let us recall, there *was* no Whitewater investigation, or even the rumor of one. So where in the world did reporters *think* the Clintons' papers were going to go?

Just because your lawyer dies, regardless of how, it doesn't mean that every piece of paper in his office is delivered to the police. And certainly not to newspaper reporters. Who would entrust anything ticklish to an attorney if it did? This is called lawyer-client privilege, and it's fundamental to our system of justice. The fact that Foster was a government employee made things a bit trickier, but ultimately made little difference. One of his first jobs as the President's lawyer had been to set up a blind trust for the Clintons' assets. The simple fact is that investigators who entered Foster's office in search of a suicide note on July 22, 1993, not only had no reason to examine the Clintons' personal files but had no legal right. Every lawyer and investigator who testified at subsequent Senate hearings on the matter agreed: to search the files would have required a subpoena, which could have been issued only after a federal judge found "probable cause" that evidence bearing directly upon Foster's death would be found inside.

"Probable cause," moreover, isn't mere suspicion of the kind whooped up by Rush Limbaugh and the editors of *The Wall Street Journal*.[4] It's got to be based on compelling evidence. Again, the Senate testimony would be unanimous: none of the investigators who looked into Foster's death so much as considered seeking such a subpoena. There was never a particle of evidence to indicate why they should. Hence it follows that there was also no logical reason, amid the shock and sorrow of Foster's death, for an experienced lawyer like Mrs. Clinton to worry about the contents of those files—almost no matter *what* was in them. Any other conclusion can proceed from only the sheerest kind of speculation.

White House counsel Bernard Nussbaum made the point succinctly in a speech to the New York Bar Association. "After a lawyer's death," he said, "a client's files in a lawyer's office belong

[4] "Until the Foster death is seriously studied," *Journal* editors wrote after being disappointed by the results of the first of four investigations, "a Banquo's ghost will stalk the Clinton administration." Apparently finding reason for suspicion in the First Lady's decision to visit her mother, *Journal* editors scrutinized her exact movements. "Mrs. Clinton's plane landed on July 20 at 7:30 P.M. Central Time, or shortly after Mr. Foster's body was discovered at Fort Marcy. The visit was something of a surprise." (Actually, it wasn't. She was in Little Rock to attend an Arkansas Children's Hospital function.) The connection between these events was left to the reader's imagination.

to the client. . . . The personal files in Foster's office belonged to the President and First Lady. And so they were sent to the First Family, which promptly transferred them to its personal counsel. When the Whitewater matter did erupt in the press five months later," he added, "every request of the Department of Justice or the Independent Counsel for documents was honored. . . . The documents were preserved, as was the right to claim privilege. That right, as I said, was never exercised."

But none of that prevented *The New York Times* from importing the literary conventions of the spy thriller into the paper's coverage. Quoting unidentified "federal law enforcement officials" on December 22, 1993, David Johnston wrote that "although they had *no way of knowing the precise nature of the files,* the documents contained in them *could prove relevant* to two inquiries under way at the Justice Department. [My emphasis] One involves the circumstances of Mr. Foster's suicide, which the President has described as a result of profound depression whose nature had escaped the recognition of Mr. Foster's colleagues and might never be fully understood. The other concerns the collapse of an Arkansas savings and loan association that was owned by James McDougal."[5] In a December 26 editorial, the *Times* described as terribly suspicious President and Mrs. Clinton's possession of *their own legal files,* "presumptuously spirited from the office of the deputy White House counsel, Vincent Foster, following Mr. Foster's suicide."

Newsweek's Michael Isikoff summed up the press pack's mentali-

[5] When not hyperventilating over Vince Foster, *Times* reporters are capable of fine reporting about suicide. Witness sportswriter Ira Berkow's 1995 piece on the seemingly inexplicable death of a high school honor student and star football player in Maine. Berkow quoted Dr. Thomas Jensen, a psychiatrist who had interviewed the young man's friends.

"'They told me that it seemed no one really knew what Scott's feelings were, that he seemed to hide them behind his striving for perfection,' said Jensen. 'He always seemed too good to be true to them—that he was so driven, so focused on his goals. And when you are depressed, you could have a million things going right for you but if one thing is wrong, the depressed person completely loses perspective. And he focuses on that one negative thing, and he convinces himself that suicide is the only option. In psychiatric terms, it is called cognitive distortion. And we treat it effectively with medication and psychotherapy.'"

To anybody who has read independent counsel Robert Fiske's June 30, 1994, report, or spoken to any of Vince Foster's family and friends, Berkow's article couldn't be more on target.

ry in a PBS interview with Charlie Rose in July 1995. "Whitewater started to take off as an issue in December 1993 [with the news] that Whitewater documents were *spirited out of Foster's office in the hours after his death by top White House aides.* [My emphasis] ... No single allegation seemed more troubling or suspicious than to somehow link Foster's death to Whitewater. You know, is there any possibility that he was so worried about Whitewater that he killed himself because he was so fearful about some damaging disclosure? Or is it even worse than that? Some people believe that Foster was murdered, even though there's really no evidence of that."

Of course, some people also believe in leprechauns, sex perverts from outer space, and Pat Robertson's ability to alter the path of hurricanes through prayer. Indeed, Robertson continues to flog the conspiracy theory of Foster's death on *The 700 Club.* It only underscore's Isikoff's irresponsibility to point out that his remarks were made in July 1995, *more than a year after* independent counsel Robert Fiske's report ruling that there was no evidence linking Foster's death to Whitewater.

In short, the high-dollar press handled the question of Foster's files almost exactly as most in the media had initially dealt with the Arkansas state trooper smear, which was then in progress: censoring the more absurd conspiracy theories being cooked up by every nutty right-wing organ but tiptoeing up to throw fuel on the bonfire all the same. These reverend authorities were the very ones demanding the right to pore through the Clintons' private business records in order to assess their moral worthiness. "Hand them over," *The New York Times* had commanded in the tone of a vice cop addressing a pimp. So Hillary Rodham Clinton apparently got her back up and said, in effect, "Not if they bind me hand and foot and pitch me into the Potomac in a blizzard."

And so, in effect, they did. In early January 1994, the White House arranged to have the Clintons' Whitewater records subpoenaed by the Justice Department in a manner openly calculated to make them available to investigators but shield them from the press. The media went wild. "These clumsy efforts at suppression are feckless and self-defeating," chided the *Times.* "The White House's attempts to maintain political control of the investigation into

President and Mrs. Clinton's real estate dealings in Arkansas are swiftly draining away public trust in their integrity."

The Washington Post joined the chorus a few days later. "Someone said the other day that Washington may now have reached the state-of-the-art point of having a cover-up without a crime." By failing to come clean, the *Post* continued, the White House had managed only "to make it appear as if the Clintons have something to hide."

It was left to *Time* magazine to reduce the matter to its essence. Where did Whitewater fit, columnist Michael Kramer wondered, among the "jumble of disturbing impressions" of President Clinton? He summarized the media's suspicions in what may be the quintessential Whitewater paragraph. Let's count the "maybes," shall we? Whitewater, Kramer opined, is "different—*or could be*—because the wrongdoing (*if there was any*) *may have involved* abuses of power while Clinton was serving as Governor of Arkansas. On the other hand, Whitewater too is from the past. So *even if* the worst *were proved*—and *no one yet knows* what that is—the offense *might not warrant* impeachment." Then came the clincher: "How is it possible," Kramer wanted to know, "that two respected lawyers like Bill and Hillary Clinton don't possess a paper trail capable of *proving their innocence*?" [My emphasis]

Had *Time*'s resident inquisitor plagiarized Kafka's *The Trial* or Orwell's *1984*? No. Here is an American political journalist, ostensibly at the top of his game, demanding with absolute solemnity that the President of the United States and his wife prove themselves innocent of charges he could not himself define. And what the rest of the media had decided was this: By failing to roll over and expose their throats and underbellies, the Clintons were "acting guilty." They had committed the unpardonable sin of allowing their disdain for the press to show in the most public possible way. And for that, they would pay and pay.

But was it possible that Hillary Rodham Clinton also knew, or suspected, things about the Whitewater deal that she didn't want the press to know? It was almost certain. In the late 1980s, Hillary had been forced to take over the day-to-day operations from the then-hospitalized Jim McDougal in order to straighten out the

Whitewater Development Company's affairs and file its tax returns. She had sought (though never got) power of attorney, and what she found in Jim McDougal's books must have caused her real concern. The company's records were absolutely chaotic. Property taxes, in some instances, hadn't been paid for years. The owner of a lot Mrs. Clinton had financed personally had gone into bankruptcy. She had never been notified, and the Whitewater Development Company had made no payments on the note. The corporation's state franchise fees hadn't been paid for several years. "Some time within the next three weeks," Hillary's accountant had written her in December 1989, "we will call the realtor on White Water Estates to try to establish what assets, liabilities, income and deductions the corporation has, and whether or not a tax return has been filed or is required. We decided that the corporation does not need to be liquidated since it still holds land and note receivables [*sic*] on the land sold."

Even worse, it was clear that, for reasons of his own, Jim McDougal had concealed from the Clintons the true status of Whitewater from mid-1984 onward. Why? Several reasons present themselves, all conjectural. But it certainly seems to be no accident that McDougal's silence on Whitewater coincided almost exactly with the 1984 FHLBB examination report detailing Madison Guaranty's financial plight—the very one Jeff Gerth dealt with so creatively in his Whitewater reporting. Judging by his actions, it's clear that McDougal didn't want *anybody* to realize just how shaky Madison Guaranty and its real estate subsidiary, Madison Financial, had gotten to be. Not even the S&L's employees, some of whom were left holding the bag for considerable sums when Madison Guaranty crashed, or its board of directors—and certainly not Bill and Hillary Clinton.

Today, the facts are all there to see in the Pillsbury Report, a $3.6 million study done for the Resolution Trust Corporation by the eminently Republican San Francisco law firm of Pillsbury, Madison & Sutro. "Through May 1984," they found, "the project had lost money, and the venturers had been forced to advance money to cover these losses. The amounts advanced, however, had been modest and the venturers' respective advances had been relatively even. After May 1984, this changed."

The report treats only as a footnote another elementary aspect of the Whitewater story that has been bungled by the media: "The press often refers to the McDougals and the Clintons as 'partners' in Whitewater. Whitewater was a corporation, not a partnership. Hence, they were 'shareholders.'" The distinction is crucial to understanding the Clintons' seeming passivity about their investment. If they had been partners, the Clintons would have had to file a Whitewater tax return each year; as shareholders, they didn't. That was Jim McDougal's job. They trusted him to do it. Their own profits or losses could be determined whenever the corporation closed its books. No doubt it would have been wiser for the Clintons to have kept a closer eye on Whitewater. But wouldn't it also have been wiser for newspapers like the *Times* and the *Post* to have their business reporters explain to editors the differences between a partnership and a corporation? If *Business Week* got it right, why didn't the *Times*?

But back to 1984. It was also during that year that McDougal's frantic financial juggling act began. "More and more," the Pillsbury Report says, "the McDougals lacked the money to pay their personal debts, so increasingly they transferred money between entities they owned or controlled to cover their obligations to third persons." One of those entities was Whitewater. Back in 1993, however, when the press began to freak out over Whitewater, the Clintons had no access to much of the information now available in the Pillsbury Report. Hillary, her lawyers, and accountants had seen the Whitewater books, but they hadn't seen the books of the ten or more other McDougal-owned corporate entities that had accounts at Madison Guaranty, nor those of Madison Financial. Unlike the investigators, the Clintons had no subpoena power. Hence what fiscal shenanigans McDougal might have gotten himself into as things began to fall apart in 1984–86 and his mental health began to deteriorate, the Clintons couldn't have known with much more exactitude than the editors of *The New York Times.*

Even so, any halfway fair appraisal of what the Clintons *did* know about Whitewater in early 1994 stands conventional wisdom on its head. To put it bluntly, *it wasn't the McDougals who got shafted in the deal, it was the Clintons.* As managing partner of the project, McDougal ruined it—just as he ruined almost everything else he touched during the period. The evidence is incontrovertible, though it does have to be dug out of the Pillsbury Report by careful reading. Alas, that requirement seems to have excluded almost everybody in Washington.

Here's what happened: Facing a cash-flow problem in May 1985, McDougal chose not to involve the Clintons. How could he? He'd been commingling funds and juggling the books from upward of ten other companies he controlled for more than a year. The basic goal appears to have been to pay off as much collateralized debt as he could—thus preserving his assets—and replace them with "non-recourse" loans, many from his own S&L. Those loans he may have expected to repay at his leisure, after the crisis had passed.

McDougal basically gave away the store. He sold all of Whitewater's remaining lots (twenty-four of the original forty-four) to one Chris Wade, the realtor charged with marketing and selling the development. The asking price for twenty-three of those twenty-four lots, according to a "Whitewater Estates" inventory list dated November 1984, had been $191,550. In return for the land, Wade agreed to assume $35,000 of the $96,000 still owed by the Clintons and McDougals on the original 1978 loan that had financed the project. (Wade was so slow to pay that the bank was still charging the Whitewater Development Company interest on the money until 1992.) In fact, one of the reasons Whitewater had a cash-flow problem was that it had paid the same Chris Wade a total of $28,000 in 1985 for what is still something of a mystery. In 1985, the realtor had succeeded in selling exactly one Whitewater lot and had sold a total of four since 1982.

McDougal also accepted from Wade a 1979 Piper Seminole airplane, supposedly worth $35,000.[6] McDougal promptly pressed the Piper Seminole into service as Madison Guaranty's official corporate aircraft. It's not recorded that the S&L paid leasing fees

[6] According to a February 7, 1994, article in *The New York Times.*

to Whitewater; it simply used the plane for free. Eventually, the Pillsbury Report says, McDougal sold the Piper to himself. The price is not listed or where the money came from. Nor, for that matter, where it went. Along with the McDougals' luxury cars, it was merely another grandiose perk.

"The need for the bank debt payments is fairly obvious," notes the Pillsbury Report, "but the rationale for the payments to Wade and [his company] Ozarks Realty is less clear." The ethics of a realtor buying at fire-sale prices properties he had failed to sell retail are questionable at best. Wade basically walked away with half the company for the price of that airplane.

"May 1985 marked more than the end of another fiscal year," the report notes. "It also marked the end of Whitewater as a project. By the end of May, the land was gone; all that remained was debt and notes receivable that did not generate enough cash to service the debt. The Company would continue to exist but there was never again any prospect that it might turn a profit."

Maybe Whitewater would have failed anyway. But what's absolutely clear is that McDougal deliberately kept the Clintons in the dark. It was in April 1985, let us recall, that McDougal put the Rose Law Firm on retainer and hosted a political fund-raiser for Bill Clinton at Madison Guaranty headquarters in downtown Little Rock. Perhaps he had a guilty conscience.[7] It wasn't until Hillary Clinton took over management of the Whitewater Development Company that she would learn Whitewater had been all but formally defunct for four years. Due to the work she had done putting the doomed company's affairs in order, however, she certainly knew that more than $134,000 had been deposited into the Whitewater account between 1984 and 1986 from other McDougal-owned companies. Similar amounts had been paid out, much of it to individuals and companies having nothing to do with their investment in the Ozarks. The legitimacy of those transactions couldn't be guessed by the evidence at her dis-

[7] According to Bill and Hillary Clinton's sworn, written interrogatories, which neither the Pillsbury Report nor the RTC has challenged, McDougal never told them anything about any of these transactions.

posal. Some of them, however, must have looked very odd indeed.

A single example should suffice: In October 1986, three months *after* Jim McDougal had been forced out of Madison Guaranty by state and federal regulators, the Whitewater Development Company bought 810 acres of land outside Little Rock (roughly 175 miles south of Whitewater itself) from International Paper. The deal had been negotiated in March. "At the time," according to the Pillsbury Report, "the McDougals told International Paper that they were the sole owners of Whitewater, with Jim being the president and Susan the secretary."

International Paper financed the deal. As earnest money for the $550,950 purchase, McDougal wrote a $25,000 personal check. The money came directly from the proceeds of a $300,000 loan from David Hale to Susan McDougal. (This is the same loan that Hale later told reporters Governor Bill Clinton had pressured him to make.) The remaining $275,000 went to pay off other McDougal debts having nothing to do with Whitewater. Yet no sooner had the property been acquired, according to the Pillsbury Report, than "Jim McDougal, acting on behalf of Whitewater as its president, conveyed the 810 acre International Paper parcel from Whitewater to [another McDougal company] Great Southern Land; the deed was recorded on December 15, 1986. These documents did not relieve Whitewater of the mortgage; they did, however, remove the asset."

In the meantime, McDougal had written the Clintons two letters, in November and December 1986—their first communications regarding Whitewater in almost two years. He led off with the good news that all the remaining lots had been sold in 1985. But he made no mention of the fire-sale prices or that the buyer had been the realtor who was supposed to be acting as their agent. He added that the corporation's losses came to approximately $90,000, but added that he wanted "to be able to take advantage of the $90,000 loss for tax purposes since Susan and I have in large measure contributed to the company the funds necessary to cover the losses."

McDougal enclosed a stock transfer proposing that the Clintons hand over their share of Whitewater—ostensibly to spare them the public embarrassment of being involved in a losing venture. In effect, he was offering to buy their share of the corporation for half the amount of the losses—that is, for $45,000. Since the Clintons had contributed at least $36,000 to Whitewater, that may not have looked like too bad a deal. But there was a hitch: Whitewater still owed almost $100,000 to Citizens Bank in Flippin, which wouldn't agree to release the Clintons. (This is not surprising, since McDougal's ouster from Madison Guaranty had been covered in the Little Rock press.)

"Nowhere in the letter," the Pillsbury Report notes tartly, "was there any reference to the International Paper deal, which had closed the previous month." McDougal subdivided the tract and dubbed it Lorance Heights; much of it was located in piney woods south of Little Rock. By 1988, forty-eight disgruntled buyers filed suit against Great Southern Land, alleging a failure to pay property taxes, blacktop the roads, and provide natural gas service as promised. International Paper sued for nonpayment of the mortgage. In March 1989, the company won a $478,000 judgment against Whitewater; it remains unsatisfied.

The Clintons knew nothing about the International Paper deal. "Their signatures," notes the Pillsbury Report, "do not appear on the relevant documents. McDougal's letters to them do not mention the transaction. The transaction did not benefit Whitewater or the Clintons; in fact, it left Whitewater with a large mortgage but no corresponding asset, and eventually it led to litigation and the entry of a judgement against Whitewater." (Incidentally, there is no evidence in the Pillsbury Report to suggest that either Clinton knew David Hale had lent Susan McDougal anything. Considering how the $300,000 was used, it is all but certain Jim McDougal kept that a secret too.)

So it's not too fanciful to imagine that had knowledge of McDougal's little International Paper–Lorance Heights deal fallen into the wrong hands at the wrong time, it could have done Bill Clinton's political career great damage. Anybody but a politician would have sued both McDougals and realtor Chris Wade—although both were bankrupt by the time the truth began to emerge in 1989.

What further nasty surprises might lie amid the tangled thicket of McDougal's finances? Hillary Clinton couldn't possibly have known, but probably she didn't want to find out about them in the newspapers. Yielding to political necessity, the White House asked Attorney General Janet Reno to appoint an independent counsel in January 1994, and handed the Whitewater files over to the Justice Department. If there had to be a Whitewater investigation, the Clintons had evidently concluded, let it be a proper one, conducted by professionals who knew the law, not by a baying pack of media hounds whose zeal for scandal was exceeded only by their moral arrogance and intellectual dishonesty. But was stonewalling the media back in January 1994 bad politics? Put it this way: that the policy didn't work out too smoothly doesn't make it the wrong decision. Things could very easily, all things considered, have been far worse.

Meanwhile, the real Whitewater craziness was taking place in Kansas City. By early 1994, the regional office of the Resolution Trust Corporation had begun to resemble bureaucratic warfare at its deadliest. The agency's normal operations appear to have ground to a halt as colleagues investigated and spied on one another. Charges and countercharges zipped back and forth by fax and e-mail. Accusations of political bias, purge, and cover-up filled the air.

The proximate cause of all the trouble was a previously insignificant RTC investigator of decidedly conservative views named L. Jean Lewis, who had taken it upon herself to topple the President of the United States. An FBI agent who dealt with her during this period would later testify that she'd made dramatic pronouncements to him about altering the course of history. Lewis's bureaucratic enemies alleged that a book was in the works, but Lewis later denied this under oath. Alas, one big problem with this grand scenario was that Lewis was, on evidence, barely competent to do her job. She was neither a lawyer nor a CPA, and she'd had no meaningful law enforcement experience. What she did have was a zealot's rashness and inability to comprehend facts at odds with her preconceived ideas, and an amazingly selective

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as a "one-sided political show trial." In his opening statement, Representative Henry Gonzalez of Texas, much criticized for his own handling of inconclusive Whitewater hearings in 1994, put it in terms of simple fairness. "What is even defensible," he asked, "about a hearing that allows only accusers to speak? How do we explain to the people of this country a process so bitterly partisan?" Leach gravely thanked Gonzalez for his remarks, but made no attempt to answer.

Editors of *The New York Times* and *The Washington Post*, meanwhile, so dedicated to the pursuit of civil liberties in far-off lands, apparently didn't find the McCarthyite overtones of the Whitewater hearings worthy of comment. In its news columns, the *Times* hewed closely to the gospel according to Gerth. Indeed, the master himself made what appears to have been his final contribution to the Whitewater saga on August 8, 1995. Gerth's front-page account of the opening day of the House hearings alluded to Democrats' objections to what Representative Bruce Vento of Minnesota called "the timing, the agenda and the witnesses." But it gave no particulars. Readers had to guess what Vento was talking about. Gerth's article rehashed the familiar list of Whitewater suspicions and allegations, including a 1981 letter from Hillary Rodham Clinton to Jim McDougal to the effect that "If Reaganomics works at all, Whitewater could become the Western Hemisphere's Mecca."[1]

Over the weekend, meanwhile, a dent had appeared in Jean Lewis's armor. Knowing that Democrats were planning to question her motives and competence, GOP staffers made a tactical leak of several documents late Friday afternoon, August 5. Among them were an October 16, 1992, letter from Republican U.S. Attorney Charles Banks turning down Lewis's first criminal referral on the grounds of weak evidence and partisan intent; internal FBI cables that also found Lewis's work wanting; and a February 1993 appraisal by Justice Department attorney Mark

[1] The likelihood that Mrs. Clinton, a liberal Democrat writing to another liberal Democrat, was being ironic with reference to their end-of-the-road little project in the Ozarks has escaped the notice of every journalist who's quoted it.

In the U.S. Senate, Alfonse D'Amato's own Whitewater probe had gotten similarly bogged down. After beginning with a theatrical flourish on July 18, as Republican Senator Frank Murkowski of Alaska waved Vincent Foster's empty briefcase before C-SPAN cameras, the hearings settled into a routine that soon became familiar to skeptical onlookers. Amid the glare of TV lights and the clicking of camera shutters, one Republican senator or another would make sweeping charges of corruption, malfeasance, and cover-up reaching all the way to the White House. The media would gravely report each accusation. Subsequent evidence or testimony would then reveal it to be either purely speculative or altogether groundless. Accusers would then either harangue witnesses for lying or quietly drop the charge and proceed to another witness. Sometimes the press would report the collapse; most often it wouldn't. But it never failed to jump on the newest charge, as people say in Arkansas, like a chicken on a June bug.

The New York Times's man at the Senate hearings was Stephen Labaton, who served immediate notice that he was up to the challenge. Among the D'Amato committee's "revelations" on the first day of hearings, according to Labaton's July 19 account, were three noteworthy items:

1. "Handwritten notes by Mr. [Vince] Foster contradict an important conclusion of the report prepared by the former independent counsel in the case, Robert B. Fiske, about the circumstances surrounding Mr. Foster's death. Mr. Fiske concluded in his report that there was no evidence that Mr. Foster or the White House had any concerns about Whitewater during the first half of 1993. But Mr. Foster's notes, which were found in his files, show that he was deeply concerned about how the Clintons would account for their investment on their 1992 tax returns." (In reality, Foster had advised the Clintons *not* to deduct Whitewater losses because Jim McDougal's records were so chaotic. They hadn't.)

2. "Contradicting an account provided by Mr. Hubbell and the Clinton campaign three years ago, Mr. Hubbell today acknowledged that Mrs. Clinton had helped bring Madison as a client to the Rose Law Firm in 1985." (In reality, Hillary Rodham Clinton had herself made this "revelation" in her Whitewater press conference fifteen months earlier. The entire text of that press confer-

ence had been printed in *The New York Times* on April 24, 1994. "I did that," she told reporters of her negotiations with Madison CEO Jim McDougal, "and I arranged that the firm would be paid a $2,000 a month retainer. . . . [It] was really an advance against billing." By the way, keep your eye on this one, because, with the help of Stephen Labaton and columnist William Safire, it would come back with a vengeance some months later.)

3. "Mr. Hubbell also testified that after the 1992 campaign, he took custody of many of the campaign records, including Whitewater and Madison records. He said he kept them in his house and turned them over to the Clintons' lawyers . . . in November 1993." (True, but so what? Where should they have been kept? "The opportunities for destruction or alteration of records," huffed a July 23 *Times* editorial, "have been more extensive than expected.")

Was there no possibility, then, that poor Vincent Foster would be allowed to rest in peace? Absolutely none. Conspiracy nuts refuse to accept what every competent professional who has looked into Foster's death has concluded: that he was clinically depressed and took his own life for irrational reasons having nothing to do with Whitewater or Bill and Hillary Clinton. Yet to appease the nut faction, Republican senators were willing to devote weeks of hearings to the supposition that Clinton aides wrongfully removed incriminating documents from Vince Foster's office. What those documents might reveal—given the fact that duplicates existed in banks, title companies, law offices, accounting firms, county courthouses, and several state and federal agencies—nobody could say. Even the simple fact that there *was* no Whitewater probe at the time of Foster's death in July 1993 outside the mind of L. Jean Lewis deterred the senators not a bit.

But Vince Foster had not only been Hillary's close friend and colleague; he had been a boyhood friend of the President's. He and Bill Clinton had attended kindergarten together in Hope, Arkansas. Another classmate had been David Watkins, the White House official who impulsively asked his assistant, Patsy Thomason, to return to the White House to look for a suicide note in Foster's office on the night of his death. There Thomason encountered Mrs. Clinton's chief of staff, Maggie Williams. Having failed to find a note, the two women later testified, they were sitting together in the office weeping when Foster's boss, White House Counsel Bernard Nussbaum, arrived. Nussbaum, too, was in a state of great distress. To credit the premises of last summer's Senate hearings, it is necessary to believe that the three—none of whom knew the others very well—immediately entered into a conspiracy to strip Foster's office of Whitewater files and later lie about it under oath.

The emotional climate in which subsequent decisions were made over the next two days was described in Senate testimony by former White House Associate Counsel Clifford Sloan. "It was a mood of complete devastation," Sloan said, "of just feeling overwhelmed. Terrible shock, sadness, grief—people just completely dumbstruck. It really seemed like kind of unimaginable pain, the sorrow was so great. And I can remember . . . when the President and [presidentail adviser] Mack McLarty and Bernie Nussbaum addressed the White House staff gathered at around noon of July 21, everybody in that room was . . . just hushed and overwhelmed with grief. In their remarks," Sloan continued, "all three of them really were very choked up. . . . It just stands out in my mind as a time [that was] so stunning, and so sad. To this day when I think back on those days, those are the events and impressions that continue to sear me, and that I continue to remember most vividly."

It was on this very day, if we are to believe the scenario concocted by GOP senators and passed on by eager reporters, that the Whitewater cover-up conspiracy began—orchestrated by the First Lady by telephone from her mother's home in Little Rock and carried out by Maggie Williams, Hillary's friend Susan Thomases, and Bernard Nussbaum.

Furthermore, we know all this, according to a July 23, 1995, front-page article in *The Washington Post,* because White House attorney Steve Neuwirth had tattled on Hillary. LAWYER SAYS HILLARY CLINTON URGED SEARCH LIMIT, read the *Post*'s headline. A next-day column by *The New York Times*'s William Safire alleged that Neuwirth "told congressional investigators that Susan Thomases, Hillary's confidant, told Nussbaum that the Clintons wanted the search [of Vince Foster's office] strictly limited."

Neuwirth opened his Senate testimony August 3 with a prepared statement. He explained that both articles were categorically false. Nussbaum, he said, had never told him anything about what either Susan Thomases or Hillary wanted. He read aloud a Q&A from his deposition, in which he had explicitly rejected the premise of a question implying such knowledge. "I don't know what Mrs. Thomases said," he'd stated.

Neuwirth testified that Nussbaum never told him he'd spoken to Hillary about the search. He had simply assumed that "the First Lady may have been concerned about anyone having unfettered access to Mr. Foster's office" basically because *every lawyer in the White House* was concerned about how to balance the legitimate interests of law enforcement, lawyer-client privilege, and the institution of the presidency itself. They realized that anything they did was apt to set an historical precedent. Indeed, Nussbaum's entire staff as well as Clinton aide Bruce Lindsey—also an attorney—had held a formal meeting about how to deal with the situation on the morning of July 22. All five lawyers who attended testified that the First Lady's opinion had been neither sought nor discussed.

Neuwirth didn't blame the reporters for getting the story backward, he added, because their sources—presumably GOP staffers—had misled them. But was it their sources, one wonders, who prevented Safire and *The Washington Post* from correcting their error? The author of the erroneous article in the *Post* was Jean Lewis's confidant, Susan Schmidt. Do you begin to sense a trend here?

In their own testimony, both Susan Thomases and Maggie Williams denied speaking with Hillary about searching Foster's office. So did Bernard Nussbaum. "I talked to a number of people about this issue as to how the search for a suicide note should be conducted," Nussbaum said. "But I did not speak to the President or the First Lady about this matter. Nor did Susan Thomases or anyone else convey a message to me from either one of them.... But I should say that I assumed from the outset of this tragedy that the First Lady—who's a very good lawyer—like any other good lawyer, in or out of the White House, would believe that permitting unfettered access to a lawyer's office is not proper."

Anyhow, why lie about it? Both as client and as president, Bill Clinton had every legitimate reason to concern himself with how the search of Foster's office was handled. So did Hillary.

During his testimony on August 9, Nussbaum made so bold as to challenge the very premises of the Senate hearings. The exact method of searching Foster's office on July 22, 1993, Nussbaum insisted, had never been the issue. "What prompted these hearings," Nussbaum said, "is something different. It is the unfair linkage of two separate, disparate events. The first event involved my transfer, in July 1993, of personal files—including a Whitewater file—to the Clintons' personal attorneys following Vince's death, a transfer which was totally proper and, indeed, known to Justice Department officials. The second separate, disparate event involves the emergence in the fall of 1993 of the Whitewater investigations and the resulting media frenzy. Linking these two events is illogical, unwarranted and unfair. They are totally unrelated."

Nussbaum may as well have stuck his finger in the eye of Howell Raines, *The New York Times* editorial-page editor. It had been Raines's strident editorials that raised the press pack's hackles about the Clintons' files, "presumptuously spirited from the office of the deputy White House counsel, Vincent Foster," to begin with. It was also Raines whose persistent attacks on Nussbaum helped create the climate in which the White House counsel was eventually forced to resign in early March 1994.

Not surprisingly, Nussbaum's remarks went unreported. He was too long-winded. More to the press's liking was Senator Richard Shelby of Alabama, who could always be relied upon to jump in with an accusation of precisely the ten- to fifteen-second duration appropriate for the evening news. He compared the White House counsel's actions to "the fox guarding the henhouse." "You did it your way," Shelby charged, "and the American people will never really know what was in there. . . . You didn't want the people to know, including the Justice Department of the United States of America."

Nussbaum responded by asking whether Shelby would object to police turning his own attorney's office inside out. The senator serenely countered that he had nothing to hide.

Another politician adept at generating sound bites was Senator Lauch Faircloth of North Carolina. In one memorable exchange, he scoffed that Maggie Williams couldn't possibly have forgotten the details of a two-year-old phone conversation with—as Faircloth drawled with wide-eyed incredulity—"the First Lady of the United States of America." As Hillary's chief of staff, of course, Williams talked to her every day.

The accusation Republicans tried to make the most of was that Williams herself had purged Foster's files. After five interviews with the FBI and the independent counsel, a uniformed Secret Service guard named Henry O'Neill thought he recalled seeing Williams carrying something—a stack of files, a hatbox—out of the White House counsel's suite on the night of Foster's death. Williams, crying at times, said that O'Neill was mistaken. She offered the results of two lie detector tests that supported her testimony. Besides differing with everybody else who testified about such basic matters as who was present in the White House that night, O'Neill hadn't recalled seeing Williams carrying anything down the hall to her office until *after* reading a speculative article in *The Washington Times*. The simplest explanation seemed to be that he'd confused the night of July 20 with July 22—when Williams *had* removed a box of Foster's personal effects to be taken to his family.

Senator Faircloth, however, was not to be denied. He was particularly scathing toward Hillary's friend Susan Thomases. In her testimony, Thomases denied that she'd relayed instructions from the First Lady to Nussbaum regarding the search of Foster's office. She and Hillary, she said, hadn't talked about it. Instead, they'd expressed their sorrow and tried to console each other. But Faircloth was having none of it. He read aloud in a mocking tone from a media account stressing Thomases's status as a White House insider: "James Carville says, 'Thomases has the juice.' Another, 'It's not that she has the juice. She *is* the juice. She is the juicer.'" Faircloth paused to allow laughter to subside, then continued. "Finally, the article says, 'She's Hillary's blunt instrument of enforcement. . . .' And then we go back to the calls to Bernie Nussbaum. I mean call, call, call, call, call, call. And you were discussing the weather, his general feelings, politeness, niceness, and all of a sudden you spill the juice, according to you. You no longer had it. Is that right?"

"That's right," Thomases answered after a few more questions in the same vein. "I didn't know the First Lady's opinion."

Amid such badgering, it took no great insight to realize that Thomases and Williams had clearly taken good advice from their lawyers. They testified firmly about what they *hadn't* discussed on the telephone in the two days after Foster's suicide. But they refused to be baited into detailed recountings of imperfectly recalled conversations that could open them to cross-examination of the Shelby-Faircloth variety.

Many in the press pack decided that they were lying. For months afterward, there was loose speculation in media accounts that Thomases and Williams would be charged with perjury. How anybody purported to prove that the women remembered what they said they didn't remember was left to readers' imaginations.

Newsweek columnist Joe Klein had a bit more sense than that. Almost alone in the media, he understood that the Clintons had every right to their own legal files. He also doubted, in the final analysis, that they'd committed any serious crimes. Even so, he put the blame for Maggie Williams's ordeal, not to mention the $140,000 she'd spent on legal fees, squarely on the President and First Lady. "They are the Tom and Daisy Buchanan of the Baby Boom Political Elite," wrote Klein. "The Buchanans, you may recall, were F. Scott Fitzgerald's crystallization of flapper fecklessness in *The Great Gatsby*. They were 'careless' people. They smashed up lives and didn't know it. . . . From the start, aides pleaded with the Clintons to come clean—to release all relevant documents, answer all questions. They didn't."

But the public wasn't buying. The harder the pack flogged Whitewater during the summer of 1995, the more uninterested people seemed. A Louis Harris poll released on August 13 showed that only one in four adults who were aware of the congressional hearings thought less of President and Mrs. Clinton because of what they'd heard. Only 8 percent of Democrats felt that way, and 35 percent of Republicans. The majority appeared to think

Whitewater amounted to little more than partisan political posturing. But one thing was clear: if those in the press who had staked their career hopes on Whitewater expected to prevail, stronger measures would have to be taken.

No sooner had the Senate hearings closed than independent counsel Kenneth Starr made another timely move. A federal grand jury in Little Rock, his office announced on August 17, had handed down a twenty-one-count fraud and conspiracy indictment involving James B. and Susan McDougal and Arkansas Governor Jim Guy Tucker. A former state prosecutor and U.S. congressman, Tucker had lost two statewide elections to Bill Clinton. The independent counsel's office issued a statement stressing that the indictment "does not charge criminal wrongdoing by President William Jefferson Clinton or First Lady Hillary Rodham Clinton." The new indictments centered around accusations by convicted felon David Hale, the former municipal judge who had accused President Clinton of "pressuring" him to make an improper loan to Susan McDougal in April 1986. In a sworn RTC interrogatory, Clinton had said it never happened. The same allegedly "false and fraudulent" $300,000 loan constituted part of the indictment against both McDougals.

The circumstantial evidence clearly supports the President. The McDougals had used the $300,000, let us recall, partly to pay off personal debts and partly to purchase an 810-acre tract from International Paper. The IP transaction, in turn, had left the Whitewater Development Company stuck with a large debt but no corresponding asset. According to the Pillsbury Report, Jim McDougal had concealed it from the Clintons—just as he had obscured the manner in which the remaining Whitewater lots had been sold. Hence the idea that Clinton had "pressured" Hale to make a loan contrary to his own interests appeared very unlikely. It looked as if Hale, caught in a tight spot and ignorant of the facts, based his story partly on newspaper accounts.

Unlike the Clintons, Jim Guy Tucker had borrowed substantial sums from Madison Guaranty S&L. With the exception of a corporate loan at the heart of the indictment, however, he had also paid it back. Unlike Hillary's law firm, Tucker's had been Madison's principal counsel. When the Madison board of direc-

the guy who worked for the Nicaraguan Contras when he was supposed to be working for the state of Arkansas. The guy who filed a bogus lawsuit with a bimbo list, then took it all back and apologized. The same guy who narrated "The Clinton Chronicles" tape, which accuses President Clinton of being a drug addict and a murderer.

Now, you may ask yourself why you are reading about this instructive little episode for the first time. Because the London *Sunday Telegraph*, the *Pittsburgh Tribune-Review*, and the *New York Post* weren't about to withdraw the allegation, and the official press never reported it in the first place. So what if Senator D'Amato had called in another false alarm? That was hardly news.

Although the second round of Whitewater hearings, which began in November 1995, had very little more substance than "Troopergate 2," they were endorsed by the establishment press. First, armed with detailed telephone records, Republican senators had yet another go at Maggie Williams and Susan Thomases. Republican staffers produced, and *The New York Times* dutifully reproduced, a list of telephone calls between and among these alleged conspirators that established beyond a reasonable doubt that they had, indeed, spoken with each other several times during the day and a half between the discovery of Foster's body and the search of his office. The sequence of calls—Thomases had paged Nussbaum soon after talking with Hillary Clinton—was alleged to be suspicious.

"It's difficult to believe," said D'Amato, "[that] all of these calls were the result of touching, feeling, holding." Senator Lauch Faircloth denounced Williams's and Thomases's testimony as "an insult to this committee." He demanded that Hillary Clinton be called in and grilled under oath. D'Amato cautiously declined.

The *Times*'s Stephen Labaton, meanwhile, left no doubt which side he was on. "The memory lapses and inconsistencies by Miss Williams and Ms. Thomases," he wrote, "left both women open to repeated attacks from . . . Republicans on the Committee." What Democrats had to say readers would have to guess. Labaton's November 3 story offered no hint. For days, indeed weeks, at a time, no Democrat on the committee asked a question or made an observation worthy of notice in *The New York Times*.

How crazy things had gotten may be inferred from Labaton's account: "Ms. Thomases could not explain with precision a series of telephone calls to the White House and to Mrs. Clinton. The explanations she offered occasionally collided with her earlier testimony. For instance, she testified last summer that she had not decided that she would not attend Mr. Foster's funeral until late on July 22. But today she said she had told Mrs. Clinton she would not be attending the funeral in a call she had received from Mrs. Clinton in Little Rock very early on the 22nd."

Not to be picky about it, but the *Times* account itself collided directly with the hearing transcript. In August, Susan Thomases had explained that the President had offered her a ride to Little Rock on *Air Force One*. But her multiple sclerosis made that a bad idea. Hot weather made her woozy, and she feared the brutal Arkansas sun. After thinking it over, Thomases had phoned Maggie Williams shortly after 5:00 P.M. to decline. "As much as I wanted to be at Vince's funeral . . . ," she'd testified, "I felt it would just be signing up for sickness. It would be just not a sensible, prudent thing for me to do."

During Thomases's November 2 testimony, Senator Robert Bennett of Utah pressed her about a phone conversation she'd had with Hillary Clinton early on the morning of July 22. The GOP hypothesis was that it was then that they'd hatched a plot to thwart the search of Foster's office. But did Thomases testify, as the *Times* reported, that she'd told Hillary that morning that she wouldn't be attending the funeral? She did not. "I don't remember the details of the conversation," she said, "but . . . it was at that point that I believe I first raised with her the *possibility* that I didn't feel well enough to go to Little Rock [my emphasis], and I told her that I would get back to someone before the end of the day and confirm that decision."

Contrary to the *Times*, then, Thomases's November 2 testimony was perfectly consistent with what she'd said in August. In Labaton's defense, it would have been perfectly understandable if he had fallen asleep. Nevertheless, it was now official: Thomases had testified falsely. It would henceforth be incumbent upon reporters to snicker knowingly at the mention of her name.

Within a week, D'Amato's melodrama had descended to its nadir. By the time former Treasury Secretary Lloyd Bentsen appeared on November 7, the committee had embarked upon an investigation of an investigation of an investigation.

Here's the deal: back in 1993, there had been a flurry of contacts between and among White House and Treasury Department officials regarding the RTC's probe of Madison Guaranty. Independent counsel Robert Fiske concluded that no laws had been broken. Even so, Secretary Bentsen ordered an inquiry by the inspectors general of the RTC and Treasury to determine whether any ethical improprieties had taken place. For example: Had information been given to any suspects that would enable them to clean house? Had the White House done anything to discourage the RTC probe? Data gathered was then analyzed by the independent Office of Government Ethics. It, too, concluded that nothing improper had been done. Senate Banking Committee hearings in the summer of 1994 had already aired the matter exhaustively—much to the embarrassment of former Treasury Secretary Roger Altman and two aides who had been forced to resign as a consequence.

Now came the D'Amato committee's charge that the OGE probe of the RTC probe had been flawed because White House counsel Lloyd Cutler had been allowed to use staffers' sworn depositions in the course of his *own* internal probe in July 1994. The idea was that Cutler had conspired with witnesses to tailor their testimony to Congress. D'Amato, of course, professed to find it all "deeply troubling." Both formal investigations were over and done with, however, before Cutler's began. All witnesses had long ago made sworn statements to both the inspector general and independent counsel Fiske. How much tailoring, after all, could be done with two depositions already on the record? The Whitewater committee staff, it emerged during Secretary Bentsen's testimony, had taken thirty *more* depositions without a single allegation that any of the previous investigations had been compromised.

Cutler pointed out that his inquiry was preceded by a joint

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into question why—if she had a new tape recorder—would the Breslaw conversation be taped by an old tape recorder?" A less lawyerly mind than Ben-Veniste's might have concluded that Lewis had fabricated the entire tale. *The New York Times* and *The Washington Post,* however, didn't think you needed to know.

By December, Senate Republicans had backed themselves into a tight spot. For all the help the Whitewater committee was getting from the Washington press, their vaunted probe was getting nowhere, and very slowly. The hearing room was almost devoid of spectators; demand for hearing transcripts was so small that the Federal News Service quit providing continuous coverage.

In the sport of beagling, there exists a phenomenon known as "ghost trailing." Sometimes a hound who gets into faster company than he can handle will ignore the pack and find a rabbit of his own to pursue at a more stately pace. Every once in a while, that rabbit will prove to be imaginary. Other dogs will honor the claim a time or two but, finding no fresh scent line, will henceforth ignore the faker no matter how loudly he bays. In the sport of Whitewater, it didn't appear to matter how much "ghost trailing" Senator D'Amato's committee did, and they had done a great deal of it. During November, there was the so-called mystery call to an unlisted number made by Hillary Rodham Clinton on the night of Vince Foster's death. After weeks of public speculation by GOP sleuths—D'Amato hinted darkly about the CIA—the call turned out to have been made to a White House trunk line no longer in existence. The First Lady had called the office of Mack McLarty, the presidential assistant who'd also attended elementary school with Foster.

When former Clinton lawyer Robert Barnett testified on December 11 about Whitewater files once stored in Webb Hubbell's basement, Republicans called it a "smoking gun" that confirmed a cover-up. But Hubbell had testified about the same files the previous July. *The New York Times* had written an editorial about it. The committee itself had taken possession of the files soon after it came into existence.

Later in December, D'Amato began snuffling and howling over

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Unable to pin anything on the President and make it stick, Republican inquisitors went after his wife. Within a matter of weeks, and with the assiduous help of the press, Kenneth Starr hauled the First Lady before the Whitewater grand jury. Stand-up comics began adding her talent for prevarication to Bill Clinton's legendary appetite for bimbos and Big Macs, and her poll ratings sank to record lows. To hype its excerpt from James B. Stewart's book on Whitewater, *Blood Sport*, *Time* magazine ran a cover photo of Hillary that looked like a poster for INTERVIEW WITH THE VAMPIRE: THE WASHINGTON YEARS.

How it happened is another of those stories within a story that recapitulates the entire Whitewater saga in miniature. Senate Republicans, understand, knew that the RTC was about to release a second, more conclusive volume of the Pillsbury Report in mid-December. It would deal with the Whitewater Development Company and the Clintons' liability for Madison Guaranty losses. The remaining parts of the $3.6 million study, moreover, would quickly follow. With the RTC due to go permanently out of business at the end of 1995, Pillsbury, Madison & Sutro was under a contractual obligation to deliver the report before then.

With the aid of the Clintons' sworn interrogatories, interviews with forty-five other witnesses, and some 200,000 documents, Pillsbury, Madison & Sutro's December 13 report concluded that the President and First Lady had told the truth about Whitewater all along: the Clintons were passive investors who lost money and were kept in the dark about the real status of the project by Jim McDougal. The report failed to challenge their account on a single substantive point, and every last one of Jean Lewis's reckless guesses had been proven false.

"The evidence suggests," the Supplementary Report concluded, "that the McDougals and not the Clintons managed Whitewater. The evidence does not suggest that the Clintons had managerial control over the enterprise, or received annual reports or regular financial summaries. Instead, and as the Clintons suggest, their main contact with Whitewater seems to have consisted of signing loan extensions or renewals."

It wasn't clear that Whitewater had cost the taxpayers a dime.

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Specifically, neither the McDougals nor David Hale had been interviewed. The disclaimer Labaton quoted occurs on page 3; it refers to transactions that the report concludes the Clintons had no knowledge of and in which they played no part. The *Times* version had approximately the intellectual honesty of a *Pravda* article on the Hitler-Stalin pact.

The demonization of Hillary Rodham Clinton, meanwhile, had already begun. It had started in a front-page story in *The New York Times* on December 19, 1995. Written by Labaton, it centered on time sheets detailing the First Lady's legal work for Madison Guaranty. Mentioned in notes taken by Susan Thomases during the 1992 Clinton campaign, the time sheets had been mislaid. Since the *Times* had already done its bit to turn Thomases into a suspect character, focusing on her role was natural.

In the real world, Hillary's time sheets were of dubious importance. The great majority of the data they contained was readily available through other sources. Indeed, their contents, when they finally materialized, only served to buttress Pillsbury, Madison & Sutro's ultimate conclusion that her legal representation of Madison S&L had involved no improprieties. The RTC investigators issued one final report on February 25, 1996, making that unequivocally clear. But the pattern of Whitewater accusations had grown as predictable as the tides. Like medieval cartographers populating unknown oceans with sea serpents and dragons, GOP inquisitors invariably predicted, and the press rarely doubted, that just over the horizon lay the damning evidence that would bring the Clintons down. A little creativity with mere facts, therefore, only served a higher cause.

But what clearly had persuaded *Times* editors to put the latest accusations on the front page wasn't that they involved the First Lady. It was their gravity. In no uncertain terms, Labaton's story laid out a case for two felonies: perjury and obstruction of justice. Not only had somebody gotten rid of the time sheets but Hillary had lied under oath to Whitewater investigators.

Labaton recounted once again Jim McDougal's foolish tale that Bill Clinton had jogged by Madison's office to solicit legal business for Hillary because the couple needed the cash. Other

Madison officials, the story claimed, had affirmed it. (Purely by double hearsay about what McDougal said Clinton had said a year after the fact, the paper neglected to add.) But the real force of the accusation against Hillary concerned her former colleague Rick Massey. "Mrs. Clinton said in a sworn statement this year," Labaton wrote, "that Mr. Massey, then a first year associate at the Rose firm, had been contacted by a friend at Madison, John Latham, with a request for legal help. . . . Mr. Massey, who is now a partner at the Rose firm, told Federal investigators he 'does not know how or why Madison selected the Rose Law Firm,' according to a summary of his October 1994 interview with the Federal Deposit Insurance Corporation."

As always, the *Times* story set the parameters. But a really astounding bit of journalistic malpractice occurred on *Nightline* that same night. In introducing Whitewater as a topic, host Ted Koppel dutifully cited "the reluctance of the Clinton White House to be as forthcoming with documents as it promised to be" and the "appalling memory lapses" of Susan Thomases. Then he turned to reporter Jeff Greenfield, who posed a rhetorical question and answered it. "Hillary Clinton did some legal work for Madison Guaranty at the Rose Law Firm, at a time when her husband was governor of Arkansas," he said. "How much work? Not much at all, she has said."

On the screen came file footage of the First Lady from her April 22, 1994, Whitewater press conference. "The young attorney, the young bank officer, did all the work," she said. "It was not an area that I practiced in. It was not an area that I know anything, to speak of, about." The camera cut to a close-up of Thomases's handwritten notes, blown up onscreen. "She did all the billing," they read. Greenfield treated it as a damning revelation. No wonder, he concluded, that "the White House was so worried about what was in Vince Foster's office when he killed himself."

What viewers didn't know, however, was that the *Nightline* story had been greatly enhanced by the magic of computerized editing. Greenfield had seamlessly removed exactly thirty-nine words from what the First Lady had actually said. The transcript of her April 1994 press conference reads as follows: "The young attorney

[and] the young bank officer did all the work, *and the letter was sent. But because I was what we called the billing attorney—in other words, I had to send the bill to get the payment sent—my name was put on the bottom of the letter.* It was not an area that I practiced in." [My emphasis]

The simple fact is that Hillary Clinton hadn't been asked how much work she'd done for Madison. Her answer referred to a specific incident—the S&L's unsuccessful May 1995 proposal to issue preferred stock. She'd answered in copious detail, but Greenfield had yanked a video clip out of context, tampered with its meaning, stuck a different question in front of it, and used it to portray the First Lady as a prevaricating harpy. Even by Whitewater standards, it was a shameless act.

Within days, the doctored quote was everywhere. ABC News used the clip on its evening news broadcast. So did CNN. The *Times* editorial page found it useful, as did Maureen Dowd. Dowd's colleague William Safire used a slightly different version in an accusatory column. "When you're a lawyer who needs a cover story to conceal close connections to a crooked client," he began, "you find some kid in your office willing to say he brought in the business and handled the client all by himself." The column went downhill from there.

There can be no doubt that what made the story take off, however, was White House aide Carolyn Huber's belated discovery of the missing Rose Law Firm billing records. Huber found the time sheets in a box in her office on January 4, 1996. She promptly called the Clintons' lawyer, David Kendall, who immediately conveyed them to Kenneth Starr and Senator Alfonse D'Amato. Starr hauled the First Lady before a grand jury in record time. Nobody seems to know how the time sheets came to be where Huber found them. Mrs. Huber, who supervised the Clintons' personal correspondence, had formerly been the Rose Law Firm's office manager. In subsequent Senate testimony, she was unequivocal. She'd originally happened upon the time sheets in the Books Room on the third floor of the White House in August 1995. She'd absently stuck them in a box and taken them to her office for later filing. Then in January 1996, she'd opened the box.

For two reasons, few questioned Huber's account. A Clinton loyalist, she appeared painfully sincere. Second, and far more important, her version gave all the Hillary-haters in the press the opportunity they'd been waiting for: here at last was a simple, dramatic Whitewater event that even the dullest voter could grasp. "Logic suggests," wrote the irrepressible Safire, "the avidly sought billing records were not put there to be found and filed, but were parked there temporarily. . . . Can you imagine the sinking feeling of the 'Someone' when he or she came back to the room and found the records gone?"

Safire, having had ample experience of skullduggery as a Nixon aide during Watergate—as he playfully pointed out—constructed an imaginary scenario in which "Someone" secretly needing to destroy bulky records couldn't think of a way to do it inside the White House. "You cannot put them in a wastebasket; the trash will be brought back by the Secret Service. . . . Asking for a shredder would arouse suspicion. You cannot put them in a burn bag for fear it will be examined.

Nor can you light a fire in August." But you could stick them in a briefcase, carry them to Outer Mongolia, and feed them to yaks. Inasmuch as it matters, which is very little, the problem with Huber's account is obvious: if, indeed, she'd never looked at the folded-over sheets in August—and there's no reason to doubt her—how then had she recognized them as the same documents in January? Ordinary common sense would say that when you find lost papers you never knew you had, it's hard to be sure where you got them. Indeed, when the Clintons' attorney, David Kendall, later testified about the matter on February 8, he said that Huber had been highly uncertain at first. "She said a number of different things that were inconsistent," he said. "She was flustered. She was upset. Her hands were shaking. She said that she had brought the documents over from the residence at some earlier point. She said she thought it was maybe three months ago. A little while later in the conversation she referred to bringing them over ten months ago. She was very confused about the timing. . . . She was unclear about where she had found them. I had the impression from the various things she said that they were on top of something—not inside a drawer or a box. But she was unclear whether she found them on a table or a shelf . . . Her stories were extremely vague." Co-counsel Jane Sherburne seconded Kendall's account. They'd decided not to press Huber on the issue because they didn't want to be accused of trying to influence her memory.

Again, the simplest explanation that fits the facts would seem to be that the billing records lay undiscovered in Huber's office in the Old Executive Office Building all the while the Clintons' lawyers searched the White House in an effort to comply with subpoenas. Why, after all, would anybody conceal documents that confirmed one's memory in exhaustive detail? In her sworn testimony to RTC investigators, Hillary Clinton had recalled one phone conversation with Beverly Bassett Schaffer. Her time sheets showed exactly one—on April 29, 1985. Asked if she'd done any work on a Jim McDougal real estate development called Castle Grande, she'd answered no. Republicans charged that an unused 1985 real estate option she'd prepared for Webb Hubbell's father-in-law contradicted her. But the billing records, like all internal Rose Law Firm documents, referred to the transaction in question as "the IDC matter." Once again, the First Lady stood accused of failing to answer a question she'd never been asked. Everything she said the records would show they did show.[6]

Ghost trail or not, *Newsweek* and *Time*, as usual, jumped in with both feet. Having been red hot on the topic all along, *Newsweek*'s Michael Isikoff seemed to relish the chance to exhume poor Vince Foster yet again. "The printouts," he wrote, "were covered with the late Vince Foster's handwriting: it is Foster's suicide that lends Whitewater its aura of menace."

If anything at all, what Foster's handwriting implies is an inno-

[6] IDC stood for Industrial Development Corporation, from which the property had been bought. The Castle Grande deal had been comprehensively studied in the Pillsbury Report's December 28, 1995, volume dealing with the Rose Law Firm's representation of Madison Guaranty. If there were any improprieties in Castle Grande, the report concluded, they were McDougal's and nobody else's. "The option," it pointed out, "was created many months after the [dubious] transaction closed. . . . While Mrs. Clinton seems to have some role in drafting the May 1, 1986, option, nothing proves that she did so knowing it to be wrong, and the theories that tie this option to wrongdoing . . . are strained at best." After studying Hillary Clinton's billing records, Pillsbury, Madison & Sutro came back with an even stronger statement.

cent explanation. Why? Because the White House lawyer died, let us recall once again, months before there *was* a Whitewater probe. The records Carolyn Huber found weren't originals; they were xeroxed copies of computer printouts run in February 1992. Hence it's likely that they hadn't seen the light of day since the 1992 campaign. Nor could anybody who wanted to hide them have had any way of knowing how many more copies might be floating around. Storing the 1992 campaign records and putting them in order was one of Mrs. Huber's secondary tasks at the White House.

But exculpatory evidence had been ruled entirely out of order. *Time*'s Richard Stengel made the obligatory observation that "Hillary Rodham Clinton now faces a crisis that even the most artful public relations may not be able to fix." Then he made a prediction: "Mrs. Clinton has stated that the lion's share of the work on Madison was done by a 'bright young associate' named Richard Massey. Mrs. Clinton also implied in a sworn statement to the RTC in May 1995 that Massey brought Madison's business to the firm. Committee sources tell *Time* that Massey will testify this week that he did not bring Madison in as a client and that he assumed Mrs. Clinton was involved."[7] The stage was set for high drama at the Whitewater hearings. At long last, D'Amato and Faircloth had found their "smoking gun." When Rick Massey testified against his former law partner, the pack predicted, the First Lady would go down. William Safire advised the President that it was time to hire himself a separate criminal defense attorney.

Meanwhile, a few words about "Travelgate" and the David Watkins memo that opened a second front in the media's 1995–96 "winter offensive" against the First Lady. Few would argue that the 1993 firings of the White House office staff had been the Clinton administration's finest hour. The questions are: Did Hillary order the firings? And then did she lie about it?

First, a few words about the circumstances, as aptly summarized by Joe Conason in the *Columbia Journalism Review:* "A federal office is discovered handing out lucrative, no-bid deals to private contractors over

[7] Not quite. Mrs. Clinton said Massey had done the lion's share of work on the 1985 preferred stock issue.

a period of many years, without so much as a written contract. Auditors from a major accounting firm find that the office did not keep adequate records for many of its transactions, which ran into millions of dollars annually. Eventually, it comes out that the director of the office has secretly funneled more than $50,000 into his personal checking account. Later still, it is revealed that when an anonymous staff whistleblower wrote a letter to the General Accounting Office years earlier, alleging favors from contractors and other improprieties, his complaint was brushed aside by the White House counsel—even though the office director admitted accepting contractor gifts, which legal experts say may have been a violation of federal law."

What we learned from [head of administration] David Watkins's now famous memo to [presidential adviser] Mack McLarty—which he never sent—was whom he was afraid of. "You explained," he wrote, "that [the Travel Office] was on the First Lady's 'radar screen.' . . . We both knew that there would be hell to pay if . . . we failed to take swift and decisive action in conformity with the First Lady's wishes."

"Travelgate" was reported even more dishonestly than Whitewater. Michael Isikoff's version in *Newsweek* was typical: "Watkins' memo suggests," he wrote, "that White House staffers were less than accurate when they told Congress Mrs. Clinton played 'no role' in Travelgate. . . . *Newsweek* has learned that Watkins told the FBI in 1993 about a phone call concerning the Travel Office in which Mrs. Clinton said 'action needed to be taken immediately to be certain that those not friendly to the administration were removed and replaced with trustworthy individuals.'"

Newsweek's scoop was roughly two years late. A March 18, 1994, Justice Department report on the Travel Office flap gives detailed accounts of Hillary's talks with both Watkins and Vince Foster. Watkins, it says, "understood from Foster that the matter was 'on her radar screen.'" The 1994 report gave the following account of a conversation whose existence Isikoff breathlessly reported twenty-two months later: "According to Watkins, he telephoned Mrs. Clinton. He relayed the information he had received . . . about sloppy and near non-existent record-keeping procedures by the Travel Office. [He] also told her that the auditors had found petty cash unaccounted for. In short, he informed her that things in the Travel Office were worse than they had originally thought. . . . According to Watkins, Mrs. Clinton said that she had talked with [Clinton pal] Harry Thomason and that he believed that Watkins could have a new travel operation in place very quickly. She also said that she had received advice from several others that 'we've made a mistake by not getting our people into jobs sooner.'"

In May 1994, only twenty months before the *Newsweek* revelation, the General Accounting Office had released its report. "Mr. Watkins," it said, "talked with the First Lady and told her that [the accounting firm] KPMG had found sloppy management in the Travel Office. He said that she urged that action be taken to get 'our people' into the Travel Office to help achieve the twenty-five percent White House staff cut. According to Mr. Watkins, the First Lady also mentioned, in the context of the Travel Office, that the administration had been criticized for being slow in making appointments."

When asked, Hillary had denied giving anybody a direct order to fire the Travel Office staff. Nobody in the White House has ever contradicted her. In short, the Travelgate aspect of the press's Hillary's-a-liar campaign was another put-up job.

Would Hillary's soft-spoken, balding former partner, Rick Massey, deliver the final blow to her credibility, as predicted? Would he contradict the account she'd given of how the Rose Law Firm came to represent Madison Guaranty S&L? Would the First Lady, having told almost precisely the same story to RTC investigators under oath, find herself facing perjury charges? Would the President be forced to hire a separate criminal defense attorney?

Well, don't you think you'd have heard by now? On the other hand, the press had gone too far to turn back. The only way ordinary citizens were going to get a halfway objective account of Massey's January 11 testimony was to watch on C-SPAN or order a transcript from the Federal Document Clearing House. They weren't about to get it from the press. Before it was over, Massey's day at the Whitewater hearings degenerated into a kind of mad quibble-fest. Actually, it began that way.

In his usual brilliantly malicious fashion, GOP counsel Michael Chertoff did his best to prevent Massey from simply telling his story. In his own lawyerly way, Massey went out of his way to help him. "Now, I see here that you have [Madison executive] John Latham—comma—Hillary Rodham Clinton," Chertoff observed. "Was it your custom when you did your bills, if you had multiple people in a single conference to have commas between them, but if you had separate events to have a semicolon between them?"

"I wish my practice were that precise," Massey answered. "I can't say that."

But when all was said and done, not only had Rick Massey failed to contradict Hillary but any tighter fit between their stories would have been suspicious. Nor had he been contacted about his testimony by the White House. What Massey didn't remember, eleven years later, was whether he had first approached Mrs. Clinton about talking to Jim McDougal about representing Madison Guaranty or she had approached him—a chicken and egg question of absolutely no consequence.

What he did recall, however, was that as a twenty-six-year-old associate at the Rose firm in 1985, he'd taught a class in securities law at the University of Arkansas–Little Rock. In that class was John Latham, an officer at Madison Guaranty. The two had known each other in college. During the semester, Latham began staying after class to ask Massey pointed questions about possible capital-raising mechanisms for Madison.

Massey gave out free advice for a couple of weeks. "I should say for the record," he testified, "that I asked [Latham] to lunch one day and I pitched the business, asked for their work. They were a growing S&L. We liked working for companies like that, so I pitched the work. . . . I think the pitch was basically, 'Gee, you're asking me all these questions. Why don't you hire us and put us to work on some of these things?' "

Nobody at Rose had asked Massey to approach Latham; he'd taken it upon himself. When the work came in a few weeks later—one day after Hillary Rodham Clinton had met with Jim McDougal at his office on April 23, 1985, as she'd specified to the RTC—it came directly to his desk. He didn't have to ask for it.

Furthermore, Massey had also known that some in the firm thought McDougal was a deadbeat and objected to taking

Madison on as a client without a prepaid retainer—also exactly as Hillary had said. But what he didn't remember was talking to her first. "I do not remember," he testified, bringing "a proposal in hand to her and discussing with her that there were partners in the firm that were dissatisfied with McDougal and 'Here's a proposal and let's work it out . . . It's *possible* that I had a conversation with her about 'Gee, I think we might be able to get these folks' work. You know McDougal. Maybe you would go talk to him.'"

But it's clear Massey had that talk with *somebody* at the Rose firm, and that somebody told Hillary. Unless, that is, the woman is clairvoyant. After hours of back-and-forth, Massey agreed with Democratic counsel Richard Ben-Veniste that landing the client had been a "team effort." As to whether he'd done all the work, as Hillary Clinton had said during her April 1994 press conference, Massey put it this way in response to Republican Senator Connie Mack of Florida: "I will tell you my impression, which is not varied by the time sheets, was that these were primarily one-man jobs, and that I did primarily all of the research, writing, drafting, and so forth. Mrs. Clinton had a role in these matters. I view it as a supervisory role. In terms of who was in the trenches and doing the work, Senator, it was me."

Indeed, Hillary had never attended any meetings or participated in conference calls with state or federal regulators. Her sole contact had come in a five-minute phone conversation with Beverly Bassett Schaffer before the first letter went out. As for the legality of the preferred stock deal itself, the highly suspicious transaction *The New York Times* had placed at the heart of the whirlwind? Legally speaking, Massey testified, it was a no-brainer, a piece of cake. As Beverly Bassett Schaffer had told Jeff Gerth four years ago, it was all the Federal Home Loan Bank Board's idea to begin with. "Sir, there is no better form of capital than cash," he said, "and we were trying to raise cash for the institution."

Is it even necessary, at this point, to document that the media's version of Massey's testimony bore scant relationship to reality? AT WHITEWATER SESSION, A STRUGGLE TO RECALL, read the headline over Stephen Labaton's account in the *Times*. "In five hours of testimony before the Senate Whitewater committee, a lawyer for Hillary

Rodham Clinton's law firm said today that he could not remember events of 11 years ago clearly enough to support the First Lady's account of how the firm came to represent a troubled Arkansas savings and loan association. Under Republican questioning, the lawyer, Richard Massey, appeared to contradict significant aspects of Mrs. Clinton's account. But under Democratic questioning, he offered support for some of what she has said." Which parts, Labaton left to the reader's imagination. He did mention Massey's pitch to Latham, but concluded by pointing the finger of suspicion back toward an implicitly corrupt bargain between Jim McDougal and Governor Bill Clinton. If the reporter bore any ill will toward Republican staffers who'd clearly leaked him an absurdly inaccurate version of Massey's previous statements, he managed to conceal it.

Fellow Whitewater careerist Susan Schmidt spun the story precisely the same way in *The Washington Post.* Massey, she wrote, testified "that he does not believe he was responsible for signing up Madison as a client, as [Hillary] has asserted.... She has said that Massey came to her with a proposal for a stock plan to help Madison raise capital after meeting with Madison president John Latham. She said he asked her to work as the firm's billing partner and work with James B. McDougal, the S&L's owner, to resolve a past billing dispute Rose had had with him. 'I don't believe it happened that way,' Massey said."

When investigators for Pillsbury, Madison & Sutro looked into the matter in their final report, issued February 25, 1996, they concluded what any sensible observer with no stake in the outcome *would* decide: that the whole topic was much ado about very damn little. "The recollections of Mrs. Clinton and Massey are consistent in broad outline, although discrepancies emerge in the detail. The purported recollections of Jim McDougal are inconsistent with those of the others and upon analysis make little sense."

Contrary to McDougal's oft-cited account in *The Los Angeles Times,* the Pillsbury Report concluded, the Rose Firm had clearly been hired for the specific purpose of working on the preferred stock proposal. "Most significantly," it said, "the alleged economic motivation makes no sense. . . . There is no evidence that the Clintons ever received anything like $2,000 a month from this engagement, and every reason to believe that they never received more than a trivial sum of money. . . . Even if all the retainer had been earned in fees, Mrs. Clinton's share would have been less than $20 a month."[8] But you didn't read it in the newspaper.

Some important people, though, must have watched Massey's testimony on C-SPAN. Either that or the White House had done some uncharacteristically effective hell-raising behind the scenes. For that evening's *Nightline* aired key parts of Massey's testimony that bolstered Hillary Clinton's version of events. The program pointed out that few, if any, of Senator D'Amato's dire predictions had proved accurate. Jeff Greenfield was nowhere in sight. D'Amato got so flustered in a live interview that he kept calling Ted Koppel "David"—even after being corrected twice.

Even Stephen Labaton came in for a share of embarrassment. On Saturday, January 13, *The New York Times* ran in its page-two "Corrections" slot an "Editor's Note" stipulating that Labaton's article on Massey's testimony "should also have included testimony that seemed to support" the First Lady—and listing several particulars. A stingy retraction, but a retraction all the same—the first after years of wildly inaccurate, patently biased coverage.

On Monday, January 15, came a similarly overdue but penetrating column by Anthony Lewis. Never uncritical of the Clinton administration, Lewis was the first important voice at *The New York Times* to break ranks on Whitewater. "From the moment Bill Clinton took office as president," Lewis wrote, "Republicans set out to destroy his legitimacy. Their method was to attack his honor, principally through charges about the long-ago deal known as Whitewater.

"Three years and innumerable investigations later, Mr. Clinton has not been shown to have done anything wrong in Whitewater. One charge after another has evaporated.

"But the Whitewater accusation machine grinds on. Senator Alfonse D'Amato, the New York Republican who chairs a committee on the subject, announces that a document will show some-

[8] When it dropped its representation of Madison in July 1986, the Rose firm had returned close to $9,000 to the savings and loan as unearned advance billings.

hing terrible. The press breathlessly reports that—and fails to point out that the document, when produced, is not what Senator D'Amato said it was.

The D'Amato performance is right out of the Joe McCarthy book: Promise horrors and prove nothing. But there is a big difference. The press cottoned on to Senator McCarthy and checked out what he said. On Whitewater, the press too often seems an eager accomplice of the accusers.

The performance of the press is especially troubling. Some of the coverage of Whitewater reads as if the reporters or editors were committed to finding something wrong—as if they had an investment in the story."

Everybody who read it knew exactly who Lewis was talking about; his indictment was all the more powerful for its lack of specificity.

Two days later, Frank Rich wrote a very funny piece about D'Amato's incoherence in the face of Ted Koppel's pointed questions on *Nightline*. "Part of Mr. D'Amato's hesitancy derives from the fact that he doesn't have his act together," Rich wrote. "However evasive or lawyerly the First Lady's answers to her own TV and radio interlocutors may sound on the book-tour trail, they still are more specific than the broad innuendo and dubious Watergate analogies spewed by Mr. D'Amato . . ."

U.S. News & World Report editor Mortimer B. Zuckerman wrote a stinging editorial in the January 29, 1996, issue drawing parallels between Senator Alfonse D'Amato's handling of Whitewater and Senator Joseph McCarthy's 1954 "investigation" of communism in the U.S. Army. Without pointing to *The New York Times* and *The Washington Post* editorial pages, where they first appeared, he drew up a list of Whitewater allegations against the Clintons and refuted each one by directly quoting the Pillsbury Report.

But elsewhere, the ritual drumbeat went on. On the same day Frank Rich's column appeared, a *New York Times* "news" story about the First Lady's book tour by Todd S. Purdum trotted out the familiar list of topics she had supposedly dissembled about. He took sharp issue with Hillary's attempts to focus attention on the

Pillsbury Report's finding that the Clintons lost money on Whitewater and "that we never, ever took any kind of money whatsoever from Madison Savings and Loan."

"In fact," Purdum countered, "the report, which states that it was not meant to exonerate or charge anyone, concluded that it was impossible to determine whether money from Madison had gone to support Whitewater because a number of records were missing."

In fact, as any alert sixth-grader can see, what Jim McDougal may or may not have done is a completely different question. But I'd bet that Purdum had never, ever read the report in question. He was merely parroting the company line.

Maybe your humble, obedient servant here ought to have been gratified, having predicted that it would all come down to a National Bitch Hunt almost two years earlier. A subsequent careful reading of the April 1995 Pillsbury Report and the Clintons' RTC interrogatories, however, made it clear why they'd opted for a professional investigation rather than entrust their Whitewater records to the tender mercies of the Washington press. Even so, the White House's relative passivity in the face of D'Amato's latter-day opportunism remained a bit of a puzzle. For once the public seemed to be paying attention to Whitewater, making it a time of political peril but also of great opportunity. Chatty TV interviews and written interrogatories weren't going to cut it. Why not force the issue? Why not insist on appearing before D'Amato's Whitewater committee? If it was a bitch they wanted, maybe Hillary needed to show them one.

But then as political strategists, the Clintons have always been their own best advisers. After the 1994 congressional elections, the Washington press had all but written Bill Clinton's political obituary. Nobody's doing that in 1996.

Beverly Bassett Schaffer finally got her chance to set the record straight on January 25, 1996. Ever since she'd made the mistake of cooperating with Jeff Gerth four years earlier, Whitewater had taken over her life. In a series of increasingly accusatory articles, *The New York Times* had portrayed her as a corrupt hack—the linchpin of an implied conspiracy among Jim McDougal, Governor Bill

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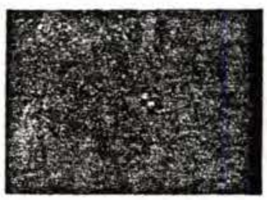

ALL TALK, ALL THE TIME

TIMES BOOKS
RANDOM HOUSE

<u>Hot Air: All Talk, All the Time</u>
Howard Kurtz

Tab	Pages	Subject
1	52	HRC & talkshows
2	294	HRC as target

1

who leave husbands for other women, student-teacher affairs, and a woman who says she was gang-raped at fourteen. Geraldo Rivera has done transsexuals and their families, teen prostitutes, mud-wrestling women, swinging sexual suicide, power dykes, girls impregnated by their stepfathers, serial killers, kids who kill, and battered women who kill.

A single edition of *Oprah,* beginning with Nicole Brown Simpson's endlessly replayed 911 call to police, featured the following guests: Lynnie (SAW FATHER SHOOT MOTHER), Sylvia (FATHER KILLED MOTHER), Steve (USED TO ABUSE WIFE), Elizabeth (FATHER ABUSED HER MOTHER), Janice (FATHER STABBED MOTHER TO DEATH), Brad (AGE 6, MOTHER BEATEN BY STEPFATHER), Josh (AGE 11, MOTHER KILLED BY STEPFATHER). It's as if a lone tragedy will no longer hold the audience's attention. Producers now layer pathetic guests, one atop the other, in six-minute segments.

This proliferation of talk show smut has upped the ante for attracting a daytime audience. "You can no longer just put prostitutes on," says Ed Glavin, a *Donahue* producer. "It has to be prostitutes who are sex addicts."

"It's not enough to have a husband and the wife he cheated on," says Laura Wiley, a *Geraldo* producer. "You've got to have the mistress, maybe her boyfriend. You take things as far as they'll go."

Sally Jessy Raphael defends the seamy stuff with an age-old argument. "Nobody wants to watch anything that's smarmy or tabloid or silly or unseemly—except the audience," Raphael says. Still, she says, "Am I ashamed of some of the shows? Yeah . . . I do not like to do male strippers . . . I get embarrassed by some of those things." No less a figure than Hillary Rodham Clinton has assailed the increasingly revolting genre. "I think that the talk shows, combined with the violence, is in effect changing the way that children feel about themselves in some very damaging ways," she says. The First Lady apparently saw no irony in making this declaration on *Oprah*.

Even as these programs have taken wretched excess to new heights, a few hosts have vowed to cut back on the sleaze. "I'm not going to be able to spend from now until the year 2000 talking to people about their dysfunction," Oprah Winfrey says. "I won't

cited *The New York Times*, 11 percent said *The Wall Street Journal*, 9 percent said television, and 4 percent each said *The Washington Post*, the *Los Angeles Times* or *The Washington Times*. On health care, at least, talk radio had eclipsed the establishment press.

By the time the midterm elections were under way, the health care plan had wilted, the Whitewater affair was in full bloom, and Bill Clinton had become an object of vitriol and derision on many radio programs. One caller to Sean Hannity's show in Atlanta called Clinton "a liar, a faker, an impostor." Another listener crudely raised the possibility of violence: "Lee Harvey Oswald, where are you? I don't know how else to say it."

The conservative hosts pulled out all the rhetorical stops. Bob Grant called Clinton "that sleazebag in the White House." G. Gordon Liddy called him "dreadful, disastrous, venal, corrupt, sleazy" and "the coward-in-chief." Rush Limbaugh called Clinton "pathological," said he had perpetrated a "scam" on the American people and that Hillary Clinton was "dishonest" to boot. Bo Gritz called the president "Hillary's vegetable." Bill Cunningham, a rabid right-winger in Cincinnati, told his listeners: "They wake up every day in the Clinton White House and say, How can we screw the American people today? How can we trick them? They lie, cheat, steal, and do whatever is necessary to win."

Talk radio had found its biggest target in many years.

In the beginning, Ralph Nader turned to local radio shows out of desperation.

It was 1965, and Nader was a little-known consumer advocate trying to get some attention for his budding crusade against unsafe cars. He was struggling for publicity and found he could not get on television. "The media did not like to discuss defects in cars by make and model, so it was very difficult to get any attention when it involved cars like Corvair or Pontiac," Nader says.

On a trip to Chicago, Nader was invited on Jerry Williams's show on WBBM, one of CBS's flagship stations. The popular radio host allowed Nader to deliver his indictment in full, and the resulting publicity led to other radio appearances. "That was the first breakthrough," Nader says.

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Divider Title: **Breaking the News**
James Fallows

BREAKING THE NEWS

How the Media Undermine American Democracy

James Fallows

Pantheon Books, New York

<u>Breaking the News: How the Media Undermine American Democracy</u>
James Fallows

Tab	Pages	Subject
1	213-17	HRC on healthcare
2	223-24,226	HRC on healthcare

dropped out of the race, leaving Clinton and Paul Tsongas competing for the right to challenge George Bush (and Ross Perot), the single-payer option was barely mentioned again, since none of the remaining candidates was espousing it. During the general election, most stories described the health-care "issue" that Clinton would use in attacking Bush, rather than considering the pluses or minuses of what each candidate proposed to do.

NOT INVITED TO THE CHRISTENING: THE PRESS GETS EVEN. By the time the Clinton health-care bill had finally been rejected in 1994, a standard list of explanations for its failure had entered the conventional wisdom. The list usually began with the complaint that the health bill had been "conceived in secrecy," by a coven of egghead advisors led by Hillary Clinton and the secretive Ira C. Magaziner. "The health-care task force of 500 'experts,' a kind of policy ship of fools, labored in secret while divulging nightly news bites of misinformation," said an analysis in the *Washington Post* in late August 1994. "Opponents of Clinton-style reform used the secrecy issue to cast the first real doubts on the effort," said another *Post* wrap-up two months later. "Clinton's eager health-care legions—having concocted their plan in secrecy—never were savvy enough to see they'd have to settle for a good start" rather than a comprehensive plan, *USA Today* said in an editorial after the Clinton administration had conceded defeat on the bill.

It is interesting that few people registered the complaint when the health-care task force was actually doing its work. The task forces that Magaziner and Hillary Clinton directed worked on a tight schedule and behind usually closed doors during the first few months of the administration. But that is what administrations *always* do when drawing up their initial legislative plans. Ronald Reagan did this with his budget proposals. Jimmy Carter did so with his energy plan. Richard Nixon did so with his proposals for welfare reform. Franklin Roosevelt of course pioneered the approach of rush projects to develop legislative agendas. Some of these previous examples may suggest that secrecy does not make for wise policy, but they also suggest that the Clinton health-care team was not some aberration.

Moreover, while they were drawing up their plans, the task forces were anything but secret with the groups whose approval would ultimately be most important: the congressional committees that would consider a health-reform plan. The specialized publications that cover Washington politics, such as *Congressional Quarterly* and *National Journal*, emphasized how extensive the administration's consultations with Congress had been. A typical headline from *CQ* in May 1993 said, "Clinton Task Force All Ears on the Subject of Overhaul." "Most members of Congress give the president high marks for laying the political groundwork necessary for his proposal to get the careful consideration of both parties," the article continued. "Clinton has been playing the health-care issue with an eye to keeping everyone at the table, at least at the outset." In late September 1993, when Hillary Clinton appeared before five congressional committees to explain the rationale behind the bill, not a single legislator complained about "closed" or "secretive" deliberations.

What went wrong? It seems that there was one important group that was truly excluded from the task force's deliberations: the Washington press. During the brusque, early weeks of the Clinton administration, George Stephanopoulos was walling reporters out of the White House press office and the administration thought it could take its message directly to the public through radio appearances and interview shows. As part of the same strategy, Magaziner was instructed by Stephanopoulos's communications office that he and his associates must not let reporters know what was going to be in the new bill. All information was to flow through a single spokesman, Robert Boorstin. This didn't stop leaks, of course, but it gave Magaziner a lasting reputation among reporters as a man who liked to operate in the dark.

When the battle was all over, Magaziner and Hillary Clinton realized that stiff-arming the press had been a huge blunder. "Even though we had a process unlike any other that has drafted a bill—more open, more inclusive—we got labeled as being secretive because of our failure to understand the additional requirement of feeding the press along the way," she said in August 1994, as the health bill neared death. "That was something that we just missed. . . . We were not aware of how significant it is to be part of the inside story in Washington, in order to make the case for whatever your policy is."

The more alarming point that the administration "just missed" is how many of the reporters view treatment of *them* as a proxy for treatment of the nation as a whole. Of course there are cases in which reporters really do represent the broader public's right to know, and if a mayor or a general or a foreign leader or a sheriff refuses to speak to them, by extension he spites the entire public. But there are other cases in which the press confuses its own interest in needing to know with the public's interest in having events turn out well in the long run. As a *tactical* matter the Clinton officials were idiots (as they later admitted) to think it made sense to banish leaks and deny reporters their gruel of daily background briefings. But the press made this mistake sound like something worse: a deliberate decision to exclude the rest of the nation from deliberations leading to a health-reform plan.

"POLICY DEVELOPMENT": THE TYRANNY OF LEAK AND SCANDAL. The health-care task forces began their work even before the administration took office in January 1993. The 1600-page fruit of their effort, the Health Security

Act of 1993, was presented to the Congress that September. During those nine months, the administration's concerns about press coverage and reactions to the habits of the modern media played nearly as big a role as legislative, financial, or medical concerns in dictating the progress of the proposals.

The administration's initial hope had been to apply the hallowed "Hundred Days" example of Franklin Roosevelt with his New Deal legislation and Ronald Reagan with his tax-cut schemes, and ram a health bill through the Congress right away. Coming up with the right proposals was not, they thought, the main obstacle to doing so—their ideas had been in gestation for a long time. The trick would instead be one of legislative maneuvering. If the main principle of their health plan could be attached to the first "budget reconciliation" bill that Congress acted on in 1993, then its passage would depend only on a majority vote. In theory it takes fifty-one votes to get a bill through the Senate, but in modern reality it takes sixty votes to end a filibuster, which was more than the Democrats had in 1993 (or the Republicans in 1995). Budget bills, however, come to the floor under rules requiring only a fifty-one-vote majority for passage.

The plan of attaching health legislation to the budget bill had been endorsed by the Senate's majority leader, George Mitchell, but it was torpedoed by Senator Robert Byrd of West Virginia, the Senate's de facto parliamentarian. The administration then decided that it would have the health plan in the pipeline and introduce it just as soon as its budget bill, with tax increases and spending cuts designed to reduce the federal deficit, got through.

That was the rub. The budget bill, with its big deficit-reduction package, was seen by "everyone" in Washington as the major, early test of the administration's strength. The budget fight dragged on much longer than Bill Clinton hoped or planned. With each passing week, the schedule for introducing health legislation was pushed back not by a single week but by two or three, because even the final decisions about health policy were delayed for fear of inevitable leaks. In the beginning of June 1993, when the administration's health negotiators had hoped to be working out specific legislative plans with congressional staff members, Tom Foley, the Speaker of the House, specifically asked that they not "share paper" with anyone in the Congress until the budget fight was over. The details of any measure they were considering, from payroll taxes to increases in the levies on wine and beer, would immediately leak to the press, and groups who were upset about any of these proposals would try to hold the budget bill hostage.

The administration's budget bill finally passed in August. Only then did the administration once again "share paper" containing specifics of what the health plan would cover, how much it might cost, and where the money would come from. The details were publicly presented in late September, first by Hillary Clinton in her week of congressional testimony and then by her husband in an address to a joint session of the Senate and House. The immediate reception—from press, politicians, and initial public-opinion polls—was strongly favorable. An article in *Time* magazine shortly after the president's speech said, "Politicians almost unanimously agree that public sentiment so strongly favors some kind of health-care reform that many Congress members dare not run for reelection in 1994 without having voted to enact any." "The reviews are in and the box office is terrific," the political analyst William Schneider wrote just after the plan was presented. "President Clinton's health-care reform plan is a hit. . . . The more people read and hear about the plan, the more they seem to like it." But as Congress prepared to consider what to do with the plan, the scandal-and-spectacle switch was thrown again by the press.

Bill Clinton had planned to spend virtually the whole month of October traveling and speaking about the health

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> *New York Times* who was breaking story after story on the health beat. The comment produced a roar of laughter from the table; everyone there had had an angry editor demanding a follow-up on a Pear piece. . . ."
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> There may be no better reporter at scooping the competition than Robert Pear. But get-it-first journalism was not what America needed during debate over the most ambitious social legislation since the New Deal.

This is not really a complaint about Pear himself, who is conscientious, honest, and an extremely diligent reporter. He has said that he recognizes the legitimacy of concerns about the impact of news on public policy. But he pointed out, with citations to James Madison's warning against the role of "factions" in *The Federalist Papers*, that American politics had been vexed by special-interest pressure from the beginning. And he added that he was uncomfortable basing his reporting on "what America needed," as the authors of the *Washington Monthly* critique of his coverage had put it, since "that implies a more instrumental or teleological view of journalism" than he felt was appropriate.

These are reasonable views. Yet they leave us with a concept of news that rewards diligence in figuring out which group will suffer which losses—but is lackadaisical about explaining consequences for the public as a whole.

THE BUM OF THE MONTH. At the beginning of the health-reform fight, Kathleen Hall Jamieson, dean of the Annenberg School for Communication at the University of Pennsylvania, began a study of press coverage of the deliberations. In 1994, as part of this work, she sat with reporters who had come to Philadelphia to watch Hillary Clinton make a presentation of the plan.

Mrs. Clinton was onstage for nearly two hours. During that time, she described the rationale for reform in the medical market, detailed the reasoning that went into the administration's plan, and took questions from the audience at length.

"She went into the substance of the plan, and took on virtually every argument that had been raised against it," Jamieson said. "You may disagree with her answers. You may say that the plan was not right for the country—I had objections to it myself. What I'm discussing concerns the behavior of the reporters."

> What was interesting to me was the physical sensation of being in the middle of the press corps during the different parts of the presentation. When she was talking about her plan, the reporters had clearly heard all of this before and found it completely uninteresting. They were talking to each other, passing notes around.
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> But as soon as she made a brief attack on the Republicans, there was a physiological reaction, this surge of adrenaline, all around me. The pens moved. The reporters arched forward. They wrote everything down rapidly. As soon as this part was over, they clearly weren't paying attention any more. They were writing on their laptops as they began constructing the story of how the First Lady had attacked her opponents.

What Jamieson saw that day was a small illustration of a much larger truth. Once the administration had laid its health proposal before the Congress, the press treated the plan as if it were a candidate in an election. A variety of other bills had been proposed before the administration formally submitted its plan, and as time went on more and more politicians presented their own health-reform alternatives. A horse race was under way again, and the drama lay in seeing whether the Clinton bill would hold its lead summer of 1994, Newt Gingrich declared on the David Brinkley show that having universal coverage would mean creation of a "police state." This was hardly mainstream Republican doctrine—Bob Dole had called universal coverage "indispensable" less than a year earlier—but because it was flamboyant, and because the White House counterattacked, it dominated the news for a few days.

Jamieson's analysis of published survey data indicated that, despite a year's worth of news coverage, the public remained confused on basic factual issues about the contents of the Clinton plan and the alternative proposals. Jamieson and her colleague Joseph N. Cappella ran an experiment to test how informative press coverage had been. Subjects in their experimental group read fifteen news articles about the health-reform process. Subjects in the control group read one article about health reform—and fourteen articles on another topic. The groups were then tested to see not which plan they preferred but how well they understood what various plans would do. The group that had read fifteen health articles did not do better on this test than the group that had read only one.

"The problem with raising any of these problems is that people will say, 'Oh, you just wanted the Clinton plan to pass.'" Jamieson commented after describing her findings.

> In fact, I didn't think the plan was such a good plan. But I also don't think that it was dismissed based on any reasoned deliberation in a public sphere.

MISINFORMATION. Hillary Clinton, thanks to her position in the government, was one of two women with the greatest influence on the health debate. Elizabeth McCaughey, because of the quirks of the press, was the other.

Early in 1994, she was a researcher at the Manhattan