

Nancy —
What a great photo and

GALLAGHER, CALLAHAN AND GARTRELL
PROFESSIONAL ASSOCIATION
214 NORTH MAIN STREET
P.O. BOX 1415

CONCORD, NEW HAMPSHIRE 03302-1415

a great trip! Please give to
him who you can. Thanks!

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EDWARD E. SHUMAKER, III

603-226-1477



GALLAGHER, CALLAHAN
& GARTRELL, P.A.

2-19-96

Mr. President —

But you never expected to be
greeted by hog calls in the Granite
State! It was great to see you
and David. Thanks for all your support
and help in making the plan. John and
I outlined work. I really appreciated
your kind words in the car. Thanks.
Will write you a longer recap after primary.
Regards — Terry

Feinstein has been on this for months now. George has been trying his best to win her over but she has "a thing" about this. At one point he was trying to explain to her that Customs needed to make some sort of risk assessment; that if they inspected every truck that crossed the border in seven days the traffic backup would stretch from the border to Mexico City. Feinstein's response was "So back 'em up. That's your job."

Customs directors have come traditionally from two communities: law enforcement or commerce. Since Weise comes from the latter he feels that no matter how hard he tries to emphasize enforcement he will always be suspect.

President's Question about Customs and why Diane Feinstein wants George Weise fired.

The lead in the LA Times story was just plain misleading. From '94 to '95 cocaine seizures nationwide did drop but on the Southwest border they increased during that same period. In the first quarter of '96 seizures are up nationwide but they are down at the Southwest border and have tripled in Miami.

The point is that the statistics on seizures are misleading since this is a cat and mouse game with the smugglers. When the Southwest border tightens up (as it did between '94 and '95) due to the very operation that Feinstein is critical of - then the smugglers move to other places - like Miami.

The program she criticizes is called "line release". It was started in 1987 (under Bush) and it involved an investigation of regular importers. Importers have to apply and then are checked by INS. These are mostly big businesses and repeat shippers. Our Administration added an extra element of scrutiny to this program by requiring the trucking companies who moved the merchandise to go through the same sort of pre-clearance process that the importers do. Even with this clearance, however, Customs agents are told to stop the trucks if they notice anything suspicious which would cause them to stop a non pre-cleared vehicle.

THE PRESIDENT HAS SEEN

2/9/96

PHOTOCOPY
WJC HANDWRITING

PHOTOGRAPH
WJC HANDWRITING

Leon
Fry - [initials]

THE PRESIDENT HAS SEEN
2/9/96

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7
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THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2-12

TO: Nancy (Hennreich)

FROM: Staff Secretary

What is this?
Who prepared it &
how is it going in
to President?
Why isn't it coming
through us? Any
idea? Todd

2/13/96

Todd-

I did not make copy
for Chorn -

Carol

LOCAL
Let-them-go
 Changed law may
 center releases.

THE PRESIDENT HAS SEEN
 2, 2, 1, 96
 Mr. President =
 How do you think he
 Republican candidates
 liked this front page?
 Best regard -
 lem
 Note Schow also

VIEWPOINTS
Wake me when it's over
 A 'Monitor' writer can't wait for
 Wednesday. ■ Page D-1.



SUNDAY MONITOR

February 18, 1996 Concord, New Hampshire

Clinton, GOP turn up volume

President makes few promises

► Large crowds greeted President Clinton in Keene, Manchester, Nashua and Rochester as he laid out a modest agenda for a second term.

By SCOTT CALVERT
 Monitor staff

President Clinton doesn't face a Democratic challenger, but you couldn't tell by watching him. Clinton returned to New Hampshire yesterday for the second time this month, and he was in full campaign mode.

At stops in Rochester, Keene, Manchester and Nashua, Clinton told voters he has made good on his promise four years ago to improve the economy and get the country moving again.

But while he rattled off his administration's successes — nearly 8 million new jobs, a smaller deficit, low unemployment and inflation — Clinton tried to set relatively modest expectations for a second term.

"If you vote for me, I won't solve all the problems," he told voters. "I won't give you a miracle. But I will give you movement."

— President Clinton

Clinton also urged voters not to be seduced by "the siren song of answers that are wrong" — an apparent dig at Republicans.

The trip's timing was no coincidence. Coming just three days before Tuesday's Republican presidential primary, the visit was designed to let Clinton offer his own view of where the country should go, Clinton campaign officials said. Earlier this month he campaigned in Concord, and both Vice President Al Gore and First Lady Hillary Rodham Clinton have visited the state recently.

And the Clinton campaign announced that more than 40 New Hampshire Republicans said they would support Clinton in November. The group includes former state Republican Party chairman Bert Teague, former state senator Susan McLane and her husband, former Concord mayor Malcolm McLane.

After a late start due to bad weather in Wash-



Clinton greets a crowd estimated at 10,000 people in downtown Keene yesterday, one of four stops on the president's weather-delayed trip to New Hampshire.

Republican toward final

► The ad barrage continued unabated, John Sununu got his driveway plowed, and Steve Forbes contemplated writing a book about the media.

By FELICE BELMAN
 Monitor staff

In the final weekend before the primary, the Republican candidates for president launched new attacks and counterattacks against each other yesterday. Their battle played out before hundreds of reporters and camera crews who invaded the state — cursing New Hampshire's blanket of fresh snow but eager to use it as a scenic backdrop for their reports.

First photo-op of the day? Bob Dole riding shotgun on state Sen. President Joe Delahanty's snowplow and dropping by to schmooze with Delahanty's neighbor, John Sununu. Though he gave Dole no formal endorsement, Sununu said, "I'm going to vote for experience."

Later, in Derry, Dole surrounded himself with Republican big shots and voiced confidence that he would emerge victorious Tuesday night. But he also tried to lower expectations about winning. "I don't have to, but I'd like to," he told reporters.

In Portsmouth, Pat Buchanan gave supporters a bell-ringing speech and encouraged former supporters of Sen. Phil Gramm to join his campaign. "There is a cultural war going on for the soul of our country, my friends," he told a large, cheering crowd.

But Buchanan also complained that Dole was stealing his themes and that Dole campaign posters were distorting his views. And he got more flak about his former campaign co-chairman Larry Pratt, after a report showed that Pratt was a contributing editor at an anti-Semitic newsletter.

On the Seacoast, Alexander complained about Dole's new barrage of television ads — which talk about Alexander's brief flirtation with a state income tax while he was governor of Tennessee — and

PHOTOCOPY
 WJC HANDWRITING

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Dole regains the lead



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Let-them-go loophole

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Blue chip prospect

Colleges have their eye on 14-year-old Becky Bonner. ■ Page C-1.

Wake me when it's over

A 'Monitor' writer can't wait for Wednesday. ■ Page D-1.

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■ See CLINTON — Page A-12



A.J. WOLFE / Monitor staff

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PHOTOCOPY
WJC HANDWRITING

Dole regains the lead



Inside

Concord

Voters make choices by

Few candidates

BL/JPW
Fgr - worth reading
Be

~~But~~ - Here's the chapter from
But Lances' memoirs
The Truth of the Matter

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THE PRESIDENT HAS SEEN

2120/96

America's New Danger

SEPTEMBER 21 was the first official day of the fall season, and Washington's famous autumn weather was producing a masterpiece of a morning: sunny and mild, the kind of day that makes you feel good—usually.

I left our home in Georgetown at 6 A.M. after performing the same ritual I had followed for the previous seven years, since I started getting up at four o'clock every morning to get to my office in Atlanta. On this morning in Washington, as always, I got up shortly before five, fixed coffee for myself, and then spent a few minutes in prayer and meditation.

Then I followed the rest of my early-morning routine. I fixed a breakfast tray for LaBelle—coffee, cereal, and orange juice. I plucked a rose, tiny and fragrant, from the small garden in front of our house and put it in a vase to decorate the tray. LaBelle would be expecting the rose. Roses are a traditional remembrance from me to her. That flower on her tray seemed to bring a touch of tranquility to what I knew would be a stormy day.

I added a small pot of coffee, ready for her to plug in at her bedside when she woke up. Then I carried the tray up the stairs to our bedroom, put a copy of the *Washington Post* on the bed beside her, and left a note, as always:

My Dearest—
I love you, LaBelle.
Will call later.
—Bert

Twelve days before, we had celebrated our twenty-seventh wedding anniversary.

I met LaBelle at the White House later that morning in the hall outside the Oval Office. We were there only a moment when the President opened the door and invited us in. There we were, three old friends from Georgia, for whom life was so different now in so many ways. We walked across the light-colored oval rug past the eggshell-white walls and the gold draperies that framed the three windows behind Jimmy's huge carved desk. The desk was flanked by the American flag on the left and the presidential flag on the right. We moved past the graceful and formal eighteenth-century furniture, the traditional winged chairs by the fireplace and the two striped sofas facing each other across the butler's table.

We didn't stop in the Oval Office. Instead, the President escorted us to his study next door, where he preferred the much more intimate atmosphere, with its decorations and photographs of Jimmy and Rosalynn and their children. LaBelle and I sat together on a sofa against a wall on one side of Jimmy's desk. He sat at the desk and listened as LaBelle stated her case for keeping me in his administration.

Jimmy listened, as he always did, and asked questions and spoke honestly about the problems being caused by this whole business. He told us he had scheduled a news conference for later that afternoon, and he wanted to stress the importance of several of his top-priority items, including his proposed treaty on the Panama Canal. He said he felt the American people needed to hear more about these issues, but realistically he knew that when he threw the floor open to questions from the reporters, eight out of ten would be about me. I thought it might be more like ten of ten.

Jimmy told LaBelle that he knew I understood all of this and that I therefore had decided to resign. That was the truth. Jimmy and I had played a doubles match the afternoon before on the White House tennis court against Hamilton and Jimmy's speechwriter, James Fallows. The match lasted ninety minutes, and after Jordan and Fallows left, Jimmy and I sat down on a bench at courtside and talked for forty-five minutes.

I told the President my mind was made up. I was going to resign. He did not argue with me. He said only that it should be my decision,

and he would defend me in whatever I decided.

Jimmy described the situation completely and accurately, but he didn't change LaBelle's mind. She was still strongly opposed to my resignation. All three of us realized that there was nothing more that could be said, or needed to. We rose to leave. LaBelle put her hand on Jimmy's arm and told him, "You know I'll always pray for you."

Then LaBelle and I went to the cabinet room in the White House, down the hall from the Oval Office, to talk privately for a few minutes. I told her I'd like her help in deciding the exact wording for my letter of resignation. But she was still adamant; she told me she just couldn't bring herself to help me.

"I can't," she said. "I'm still against it. It's one thing I can't help you with . . . you'll have to do it alone." We both understood. Then she went home while I drafted my letter.

In my letter to the President, I mentioned my gratitude and sense of satisfaction in having worked with him to try to bring the federal government under control and accomplish all the good things that Jimmy hoped for in behalf of all Americans. Then I added:

However, I have to ask the question at what price do I remain? My only intention in coming to Washington in the first place was to make a contribution to this country and to you.

I am convinced that I can continue to be an effective Director of the Office of Management and Budget. However, because of the amount of controversy and the continuing nature of it, I have decided to submit my resignation as Director of OMB. I desire to return to my native State of Georgia.

It has been a high privilege and honor to be a part of your administration. Hopefully, I have made a contribution which will be of lasting value.

Respectfully yours,
Bert Lance

Jody wrote a statement for the President to read at his press conference, but Jimmy declined. He told Jody, "I don't feel right about reading a statement about Bert. I just want to talk." Later in the afternoon, after two delays, he held his press conference. His prediction was right. Almost all of the questions were about me.

The press conference lasted thirty-seven minutes. Jimmy told the reporters, "I accept Bert's resignation with the greatest sense of regret and sorrow. He's a good man . . . I think he's made the right decision, because it would be difficult for him to devote full time to his responsibilities in the future."

Jimmy was kind enough to tell reporters that nothing "has shaken

my belief in Bert's ability or his integrity." He went beyond that to say he considered himself partly to blame for my problems, because he wanted me to break my ties with the banking business when I became budget director.

He reminded the reporters that I could have stayed in Georgia and just not come to Washington with the new administration. Jimmy told them, "Had he stayed there in a selfish fashion and enriched himself and his own family financially, I'm sure he would have been spared any allegations of impropriety. But he wanted to come to serve his government because I asked him to, and he did."

Jimmy pulled it off without any serious problems, and for that I think he had LaBelle to thank, at least in part.

After the press conference was over and we turned off the TV set in the bedroom, as I lay there still exhausted, I told LaBelle that if it hadn't been for her phone call to him he might have broken down and cried on national television. I told her, "Your phone call started his adrenaline and gave him the reserve he needed to make it through. It would have been a disaster to see the President of the United States crying on TV. Imagine how much it would have hurt Jimmy politically."

It was another irony: the one who bitterly opposed my resignation and told the President over the phone he was joining "the rest of the jackals" helped him to get through his TV ordeal only a few hours later.

We were supposed to go to the Clark Cliffords' for dinner that evening, but LaBelle called and declined with thanks. We stayed home, and I cooked up one of my special omelettes for our private dinner. Before dinner, we drank a glass of champagne.

BEFORE WE LEFT Washington, one final act remained. LaBelle and I hosted a reception at OMB to say thank-you to our friends, Republicans and Democrats alike. We were curious about it. We weren't sure anyone would show up.

I think what happened shocked everyone, including us. So many people came that the receiving line was hundreds of folks long. People stood in line for up to two hours to shake our hands. Jimmy and Rosalynn came, plus the cabinet officers, leaders from both houses of Congress—on both sides of the aisle—Chief Justice Burger and his wife, even the White House police officers. They took turns filling in for each other so all of them could come over to say good-bye.

When we got back home to Calhoun, there was another turnout

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to lift our spirits. Our friends and neighbors held a rally. They carried silhouettes of me, and they waved signs in front of the TV cameras saying, "We're For Bert" and "USA Needs Bert Lance" and "Calhoun Loves Bert." The networks, wire services, newsmagazines, and the major papers were all there to cover something that they obviously considered big news, although I didn't really see how it could be such a big story just because a Georgia boy was coming back to his hometown in the mountains.

Those media folk found out that the good people of north Georgia aren't afraid to speak their piece, either. Beverly Langford was just one example. Beverly was a member of the Georgia senate at that time, representing Calhoun. He told Jeff Prugh of the *Los Angeles Times*, "I don't talk to Yankees, Republicans, or reporters."

As soon as we returned to Calhoun, our four sons—Tram, David, Stuart, and Beverly—received a letter from Senator Eagleton, who knew precisely what I had gone through after being subjected to one of the cruelest, most savage assaults himself when George McGovern selected him as his running mate on the 1972 Democratic ticket. Senator Eagleton wrote to our sons:

I realize that the past two months have been very difficult for the Lance family. I myself have had a personal experience where reckless and defamatory accusations were made and where the press ran amok. Thus I can empathize with what an ordeal you and your parents have experienced.

I simply want to point out to you that which you already know: Your father is one hell of a fine, honorable, and decent gentleman. When so many others were treating him unfairly, he never lost his own personal sense of fairness. On all occasions he conducted himself with dignity and grace. You bear the good name Lance and about it you can be most proud.

IN THOSE FIRST DAYS out of office, I kept a date to address the Investment Association in New York, eight days after I resigned. I told my audience that my experience reminded me of the woman who went to the meat market, held up a chicken for inspection, and then punched its breast, twisted its legs, and squeezed its wings, all to see how strong and healthy the bird had been. I told those investment folks that the woman put the bird back and told the butcher it wouldn't do, but the butcher said, "Lady, to tell you the truth, I don't think you could pass that kind of a test yourself."

I told them I was in the same position as that chicken. A lot of folks who had been holding me up and punching me around couldn't stand up under that kind of a test themselves.

Then I told the audience about the visitor to the zoo who was amazed to see a lamb lying in the lion's cage right next to the king of the jungle. He ran with great excitement to the zookeeper and told him, "At last! The biblical prophecy has been fulfilled! A lion and a lamb are lying down together!"

Then the zookeeper explained, "You don't understand—we put a new lamb in there every day."

I told the audience, "For the last couple of months I've been looking for a new lamb every day to take my place, but one never did show up."

CHRISTMAS, 1977, produced another irony. In the spirit of the season, I sent a note to William Safire on December 20:

Dear William:

The Bible says "love those who despise you." May you and yours have a Merry Christmas & a Happy New Year.

Bert Lance

He answered with cordial greetings of his own, along with another biblical quote: "Ye shall know the truth, and the truth shall set you free." He didn't know it, but that happens to be one of my favorite quotes from the Bible.

After that, we kept in touch. Over the years since, we have become good friends. Three years after I sent him that Christmas message, his book *Safire's Washington* was published, including some of the columns from the "Lance affair." He sent me an autographed copy with a message:

For Bert Lance, with hopes for a strong comeback.

Bill Safire, 1980

I HOPED "the Lance Affair" was over, but in my heart I knew better. A full year later, the *Washington Post* was still after me. The paper ran a story with a Calhoun dateline that said:

A 15-person team of Justice Department lawyers, FBI agents, bank examiners and support staff have spent nine months combing through bank records, amassing literally miles of documents. This paper chase continues right up to today.

That paper chase went on and on, even after I was indicted on thirteen counts, tried, and cleared. Some folks just don't know when to quit and move on to something productive. The taxpayers subsidized a whole lot of wasted time and travel expenses over a folly that lasted nine years.

Through it all, my family and I were subjected to nothing less than brutalization by the news media, a criminal trial, and an attempt to stage another one—and "stage" is the best word to describe that whole fiasco.

That "paper chase" that the *Washington Post* wrote about—and participated in—had at least one lasting result: it made me the most investigated person in the history of the United States. The files in the Justice Department today contain more than 400,000 pages on me. That's more than they have on Nixon and his whole Watergate crowd.

This was confirmed a few years ago when I called up to Washington and told them I might like to have a copy of that file for my own records. The man I spoke to said, "We'd be happy to Xerox that material and send it to you, Mr. Lance. Just send us your check for \$40,000."

In addition to the profound issues raised by the trial that followed, the reporting of the "Lance affair" raised other questions of equal danger for every adult American and for our nation itself. That danger stems from the erosion of individual privacy, one of the keystones of our democracy and our Constitution.

The truth of the matter today is that if you are in the public spotlight—whether you're a public official, an entertainer, an athlete, or anything else that gets your name and picture in the news media—you have no privacy. Civil libertarians raise a great hue and cry about invasion of privacy in talking about everything from abortion on demand to mandatory drug testing, but this new extent to which people's privacy is being invaded by our news media is an even worse threat.

You can be certain that as you read this, in today's litigious society, there are people in every part of this country who are suffering a private agony because they've been put in the same position I was—disruption of their lives, smears against their reputations, embarrassment for the members of the families, and financial ruin in many cases, all caused by some bureaucrat in government or business who doesn't have to account to anybody and can walk away from what he's done and never give it a second thought.

That's what bothers me about my experience. What happened to me was wrong legally—the jury's verdict proved that. But that kind of

thing is also wrong morally, and the price to us as individuals and as a nation is just too high. We should be unwilling to pay it.

The threat is compounded by the increased capacity of our news organizations. TV networks can go live on a moment's notice to a breaking story about an earthquake in San Francisco, a human wave of people climbing the Berlin Wall, or protesters being gunned down in Beijing. That capacity spurs competition among the networks, and among the newspapers and newsmagazines as they strive to keep up with TV.

As a result, everybody is competing against everybody else. The day is gone forever when the first word about a big story was from a newsboy on the street hollering, "Extra! Extra! Read all about it!" Today, the unrelenting pressure on reporters, editors, and news directors is to get the story on the air or in the paper first.

That pressure isn't only so you'll be ahead of your competition on the day the news breaks. It's also to give the network or the paper the opportunity to rush a new series of ads onto the air or into print bragging that this news organization was the first to bring you that dramatic story.

All of this pressure feeds on itself, and reporters and their bosses rush into decisions about their information that often don't hold up. The estimate from one of the American wire services about the death toll from the earthquake in Armenia in 1988 was way out of line and was contradicted almost immediately by the facts, but that wire service was the first to report that falsely high figure. Jim Brady was reported to have died when President Reagan was shot. Even as far back as the final days of World War II, there were bulletins about Germany's surrender, followed by denials.

It's not always the fault of the media. In some cases they are given wrong information by their sources in government or business. But that doesn't relieve the reporter and his or her editor from verifying the information before they report it. A guilty journalist may think denials or corrections make everything okay, but when the false information damages a person's reputation, nothing can repair that damage.

When Senators Percy and Ribicoff went to the White House on Labor Day weekend in 1977—they had both served in Washington long enough to know that holidays are always a slow time for news—and blurted out to the media that they had information saying I was guilty of embezzlement, how many reporters bothered to check the source of the senators' information? For that matter, would they have printed the Percy-Ribicoff charges anyhow, even though they came

from a convicted felon who was still in prison?

You can bet next month's mortgage payment that there are people in this nation today who still think I embezzled funds from my bank—and that I went to jail.

The truth never catches up with the lie.

THERE IS ANOTHER frightening side to all this at the national level. After allowing more than a year for time to work its magic and heal the wounds, I began to make the transition from the healing process to the questioning process. I began to ask myself why I had been singled out for this experience, where it originated, who was feeding the charges that ignited the controversy, and where the energy was coming from to sustain it.

I took my questions to Bill Safire. I asked him, "Bill, why did this happen? Why was I picked out as one to be put through this business?"

He said, "You really don't know?"

"No. If I knew, I wouldn't be asking you."

His answer was brief and clear: "We didn't want you to become chairman of the Fed."

It began to add up. Early in my time as director of management and budget, I began to warn the banking industry that any idea of raising interest rates was uncalled for because the rate of loans didn't seem to justify it. It was clear to the nation's bankers, my former colleagues, that I was "jawboning" them, pressuring them against taking that course of action.

My statements prompted some members of the economic community to remember that the term of Dr. Arthur Burns as chairman of the Federal Reserve Board was due to expire during 1978. It is a seven-year appointment, and it was becoming fairly obvious that Carter was not going to reappoint him. Out of that feeling grew the fear in some circles that Jimmy would appoint me to the Fed chairmanship. Those folks were afraid they would be stuck with me as Federal Reserve Board chairman for seven years, throughout Carter's first term and for his entire second term, if there was one.

I have never talked to President Carter about this aspect of the "Lance affair," but what Bill told me fits perfectly into the rest of the reality of that experience. Safire's answer shed new light on everything that happened after that. And, of course, an unspoken concern was that with me as Fed chairman, there was a possibility of working harmoniously with Jimmy that never existed between Burns and

Jimmy. That effective working relationship between the two officials most directly responsible for the decisions affecting the nation's economy could even increase the possibility that they dreaded: that Carter could be elected to a second term.

The people who run the Washington establishment have the intelligence and long-range vision to anticipate such developments and to prevent them from happening if that is the desired course of action. In my case it was, especially with my talk against higher interest rates. One surefire way to see that certain folks don't advance any farther is to head them off at the pass by making them unconfirmable for the position you want to deny them.

Carter might think this is a preposterous suggestion, but the truth is that once I started speaking out against higher interest rates, the "Lance affair" suddenly was born. What had been gone over to the satisfaction of everyone in two presidential administrations, including a Republican one, as well as during my confirmation hearings for the OMB position, was resurrected. Safire's answer confirmed both the reason and the timing.

Even if I survived, one thing was certain early in that whole business: I was becoming unconfirmable for the Fed job. I wasn't the first person to fall victim to that strategy, nor was I the last. Early in the Reagan administration it became apparent that Reagan's friend, Ed Meese, was destined for nomination to the Supreme Court after serving in the White House and then as attorney general.

But the attorney general's job was as far as some of the Washington establishment wanted Meese to go. So during the confirmation hearings for that position, enough rumors and insinuations were spread about him through the news media that by the time he was confirmed as attorney general he had become *unconfirmable* for the Supreme Court.

That's the way things are done in Washington—not always, but when enough folks in the establishment want to block someone from moving into a particular position. At the time the "Lance affair" was created—and that's the right word—there were forces within the nation's financial and political communities who clearly did not want me to become chairman of the Federal Reserve Board. They were all too aware that Carter had considered me for the position of secretary of the treasury before appointing me to the OMB job. They knew I had been his banker, and they knew we were the closest of friends. They also knew Jimmy was from Plains, and they didn't want the other member of the economic team to be from Calhoun.

• • •

I WAS invited to speak on the issue of invasion of privacy at a dinner by the National Libel Defense Fund at the Waldorf-Astoria in New York in November 1989. Nina Totenburg was on the program with me. She is the reporter for National Public Radio who broke the story about Judge Douglas Ginsburg smoking pot while teaching law at Harvard, the story that destroyed Reagan's nomination of Ginsburg to become a member of the Supreme Court.

Our audience consisted mostly of attorneys for large news organizations—the men and women who defend the networks, newspapers and other news organizations when someone sues them for libel. I told them in the simplest of terms that any concern about invasion of privacy by the news media is now a waste of time.

My reason: "There is none. And furthermore, there isn't likely to be any for the foreseeable future."

I told those lawyers that people ought to just accept the fact that privacy for public figures is a thing of the past, and move on to other public issues. Nothing about anybody is sacrosanct today. And being a public figure makes no difference. If a paper wants to print something about you, they'll print it.

We have moved 180 degrees from respecting the right to privacy to having no privacy at all. Franklin Roosevelt was President for years before many Americans realized that the man couldn't walk. The White House press corps respected his privacy—maybe more than they should have. You could argue that the American people had a right to know that they were electing a President who was confined to a wheelchair and had to be helped to his feet, had his legs encased in heavy, cumbersome braces, and was a dying man when he was elected to his fourth term.

But the White House correspondents, if they didn't go out of their way to protect that information, certainly never went out of their way to report it. Maybe they should have, and I am one of those who believe they should. But I mention the case here to illustrate how far the pendulum has traveled.

In John Kennedy's years as President, we never got one hint from those covering him that he might have had feminine company other than his wife at times, but some of those same reporters have written such allegations since. When Harry Truman was President, he and Sam Rayburn used to hoist a few glasses of bourbon to "strike a blow for liberty" and play poker on Saturday nights. The White House press corps knew about those habits, but the public didn't. Today those

harmless tendencies would be shaped into a full-blown scandal, and Harry would have trouble surviving it.

If you're the one who is being focused upon, you think your privacy is being violated, and in fact it is. But if there is no such thing as privacy to start with, then that's a different story. We have now reached that point. If you are confronted by a reporter today and your answer is, "That's my private business," that will protect your privacy only as long as it takes the reporter to get to the nearest telephone. That reporter will get an answer from somebody, whether it's you or someone else. The answer may be factual or it may not, but he will get an answer.

The erosion of privacy even occurs in biographies, the Kitty Kelley school of journalism. Now we have a biography about her, in which she has lost her privacy, too. This is where I came in.

The issue of privacy has been kicked at and stomped upon and run over, and now it's a thing of the past. Everyone is fair game. Nancy Reagan found that out when we read all about her habit of consulting an astrologer and then asking her not to talk to the media about it. So what does the astrologer do? She talks to the media about it. She tells reporters she was the one who decided when the IMF treaty would be signed and when Reagan should meet with Gorbachev. Is that public business, or should it remain private—a woman who is not a government official talking to an astrologer and attempting to influence the decisions of the President of the United States?

Unfortunately, I seem to have been one of the pioneers in the trend toward celebrities' being stripped of their privacy. I was on the cutting edge, and I was the one being cut. It's not a question of fairness. Fairness doesn't enter into it. Reporters loved to ask me during my experience if I'd been treated fairly. I used to remind them that fairness is in the mind of the reporter.

The trend to strip anyone in public life of any shred of privacy has gone far beyond the reporting on government officials and has caught up with some of the biggest names in business, entertainment, and sports. Baseball's Wade Boggs found that out. So did the most successful televangelist in America, Jimmy Bakker. The corporate executive is vulnerable now, and so is the college president. There is no longer any distinction between groups that are immune from invasions of their privacy by the media and groups that are not. No one is immune.

Evidently the public shares this feeling that the press has gone too far in invading people's privacy. No less an authority than the Times Mirror Company, owner of the *Los Angeles Times*, which had so

much to say about my private life, released a poll in November 1989 showing a "significant erosion of public confidence" in the objectivity of the news media. The poll covered members of the general public, journalists, government officials, business executives, and academic leaders. Andrew Kohut, who used to be president of the Gallup organization, said the survey showed that "the public is significantly more critical about the way the press does its job."

There's a message in that statement. But will it produce a stop to the invasion of our privacy by members of the news media, or even slow it down to a morally and professionally justified degree? No.

THERE IS ANOTHER area of equally grave danger where protection of privacy is concerned. That is the deliberation by a jury, a key component of our system of justice that has remained preserved from the time it was instituted in America by our founding fathers until now. But it's going by the boards almost as fast as the protection of personal privacy.

My own experience in our criminal justice system—I didn't volunteer—has given me an insight into that subject that no one can have who hasn't gone through it. I assure you that something is taking place today that is a grave threat to the constitutional guarantee of a fair trial by a jury of your peers.

That threat is the absurd practice of allowing reporters to interview jurors after they have rendered their verdict.

I watched Larry King on the night that Jim Bakker was convicted. I'm a fan of Larry King, and I like his show and watch it often, but he did something that night that worried me then and still does. He had two members of that jury on his program who told the millions of viewers exactly what happened in the jury room during their deliberations. They told us that two jurors were holding out, and the rest of them finally had to overwhelm the two holdouts with their arguments and convince them to vote for a guilty verdict.

In Larry's defense, he's not the first journalist to interview jurors after a verdict. It happened after John Hinckley was found not guilty by reason of insanity for shooting President Reagan. It happened in my case too, and what was even worse, it came several years after the fact.

The *Wall Street Journal* went back to some of the folks who served on the jury for my trial and questioned them about their verdict. The jury heard my case—the trial lasted four months, twice as long as Hinckley's—and then handed down its verdict. That should be the end of it. But not for the *Wall Street Journal*.

That's wrong. What goes on in a jury room should be confidential

information, but it's not anymore, and therein lies the danger. Once people who are selected to serve on a jury start making their decisions of guilt or innocence on the basis of what they think some TV reporter is going to ask them, then the fairness of the whole jury system collapses.

Our system of trial by jury is one of the strongest threads in the fabric of our freedom. Once it collapses, the individual freedom of every American citizen might also collapse, and we will no longer be a free country.

People are in trouble already when they fall into the criminal justice system. A lot of them deserve to be—but not all of them. Some folks are innocent. An innocent person in our criminal justice system, however, is an aberration. Judges, prosecutors, and investigators are all biased against the defendant and carry out their duties with the suspicion that you are guilty because if you weren't you wouldn't be there. Add to that bias the practice of a TV or print reporter approaching a juror and asking, "Are you happy with the verdict? What did you discuss in your deliberations?" The combination endangers the rights of the accused more seriously than anything I can imagine—but we're allowing it to happen.

Our system isn't perfect for a simple reason: it was designed and is conducted by human beings. We make mistakes. Sometimes an innocent person is convicted, and sometimes a guilty person is acquitted. But that ought to be the way the system works, and it certainly is what our founding fathers had in mind. But if we continue to allow reporters to intrude into jury deliberations, any defendant is going to have far greater trouble proving his or her innocence. It's much easier for a juror to explain on the evening news why he or she voted to convict the defendant than to explain holding out for acquittal against the rest of the jurors.

The guilty verdict is always the easier course to take, and jurors will be more inclined to find someone guilty rather than defend themselves to the news media—especially in a trial of a well-known person or a trial that has aroused the public's emotions.

No one believes in openness more enthusiastically than I do. That's why I have always vigorously opposed sidewalk government and all the bureaucratic isolation that goes with it. But at some point, someone who is innocent is going to be convicted of something he or she didn't do simply because the jurors decided that the guilty verdict would be more popular and would play better on the evening news and in the morning paper.

I witnessed a clear example of the media's influence on jurors in my own trial. One of the jurors was a nice-looking, soft-spoken black lady, the wife of a tenant farmer. Every day the members of the jury were instructed not to read the papers or watch the news on TV. The coverage of the trial was heavy and constant, and the judge didn't want the jurors to be influenced by anything a reporter wrote or said.

That is always the prudent instruction in a trial of high visibility, but the reality is that those jurors are going to be exposed to some news coverage regardless of how hard they try to avoid it. The media is just too dominant a part of our lives for anyone to be able to avoid it completely. If you don't hear or read something at home, you'll hear it on your car radio, or someone will tell you what they saw or read. It's unavoidable.

The wife of the tenant farmer wore the same outfit every day of my trial—except one. It was a blue denim jacket and skirt. Her outfit was always freshly laundered and pressed. She was spotless in her appearance.

The one day when she wore something else happened to be the day that Daddy King—Martin Luther King, Sr.—testified as a character witness on my behalf. On that day, the lady wore her Sunday go-to-meetin' dress. It was important for her to make a good impression on a man who was one of her heroes.

It proved two things to me: First, jurors are affected by various influences in the courtroom and in the news coverage of the trial. Why did she wear her best dress on that one day and no other? Because she knew the day before that Daddy King was going to be there. How did she know? A story on the air or in the paper is a good guess. Second, there is no way to keep jurors from knowing what the reporters are doing and saying.

Confidentiality concerning jury deliberations should be required at all levels of our criminal justice system. In my trial, I'm sure the jurors said certain things to their families and friends about their deliberations. That's also unavoidable and understandable. But when jurors start going public about what was said in the secrecy of their deliberations, the rights of innocent people are no longer protected.

What is said within the walls of the jury room should be required to stay there, under force of law. Until it is, however, we are putting ourselves in the position of replacing trial by jury with trial by talk show, and the judges have been replaced by Oprah, Phil, and Geraldo.

• • •

THE GREAT PAPER CHASE went on. It was an exhaustive ordeal for all of us, and a financial drain as well. I went through a million and a half dollars defending myself against things that were not true. Still, it was an enlightening experience for me. I learned some things. It wasn't my preferred way of acquiring an education, but every experience can be instructive.

Eight different federal agencies conducted investigations against me, trying to dig up anything they possibly could against me. At one time or another, I was under investigation by the Federal Bureau of Investigation, the Office of the Comptroller of the Currency, the Securities Exchange Commission, the Federal Election Commission, the Internal Revenue Service, the Federal Deposit Insurance Corporation, the Federal Reserve Bank, and the United States Senate. I must have been one of their most visible targets. It's hard to miss a man who stands six feet, five inches tall and weighs 245 pounds.

I told LaBelle, "The only agency that's not investigating me is the only one that should—the Bureau of Weights and Measures."

I learned at least two things. One, to my astonishment, was that the University of Georgia football team was capable of playing a game in my absence. The other was that the FBI isn't all it's cracked up to be. I used to have a lot of respect for that outfit until it took those fellas two years to find out that LaBelle's checks to the Big Star were to our little grocery store in Calhoun and not to some Communist organization.

THE PRESIDENT HAS SEEN

2/20/96

STAPLE PRICES

February 14, 1996

The following are staple prices from local grocery stores in Portland, OR and Washington, DC. Also listed are prices for a gallon of regular unleaded gas:

STAPLE PRICE FACT OF THE WEEK*Portland Gas*

The price of a gallon of regular unleaded gas in Portland, OR is about \$0.10 more than in Washington, DC.

Baltic

	Giant Food Washington, DC	Safeway Portland, OR
Bread		
Large Loaf	\$1.89	\$1.83
Eggs		
Dozen Medium	\$1.19	\$1.09
Dozen Large	\$1.49	\$1.19
Milk		
Quart	\$0.99	\$0.79
Half Gallon	\$1.66	\$1.36
Gallon	\$2.93	\$2.49
Coffee		
13oz	\$3.99	\$3.49
Gas (Gallon)	\$1.13	\$1.26

THE PRESIDENT HAS SEEN

2/13/96

96 FEB 12 P 4:34

9 February 1996

MEMORANDUM TO THE PRESIDENT
THE VICE PRESIDENT

CC: Leon Panetta
George Stephanopoulos

From: Harold Ickes (H)

Re: Medicare, medicaid and welfare proposals

On 8 February I received an intense telephone call from Gerald McEntee, International President of AFSCME, AFL-CIO, who is very concerned about the reports of the apparent agreement by the Democratic Governors and the Republican Governors regarding medicaid and welfare. Based on the newspaper reports, he thinks that the reported agreement is disgraceful and basically a sellout and urged in his imitably strong way that the President not agree to what he has read the Democratic Governors have proposed.

He is very concerned about the impact of the apparent proposal on the elderly, children and poor families in particular. He points out that his union, among others, have been the staunchest supporters of the Administration and that they have recently spent millions of dollars in advertising, phone calls, direct mail and other forms of communication to hold the line in these areas.

PHOTOCOPY
WJC HANDWRITING

PHOTOCOPY
WJC HANDWRITING

To pay first lady's way
on book tour, it takes
a nation of taxpayers
— Page 3A

THE PRESIDENT HAS SEEN
2/10/96
Arkansas
ARKANSAS' NEWSPAPER
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Magnolia linebacker
J.J. Jones defines
term 'student-athlete'
Page 1C

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RES FIRST LADY/USHERS OFFICE
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Gazet
54 PAGES 9 SECTIONS
LITTLE ROCK, FEBRUARY 7, 1996

WEDNESDAY

In the news

■ **Ron Wyden**, 46, an eight-term U.S. representative who won the country's first by-mail congressional election, was sworn in by Vice President Gore to succeed Republican Sen. Bob Packwood, who resigned in a sex scandal, becoming the first Democratic senator elected in Oregon since 1982.

■ **Charles E. Redman**, U.S. ambassador to Germany and a 21-year Foreign Service officer, will resign in June and go back to the United States to pursue opportunities in the private sector, the embassy announced in Bonn.

■ **Hassan Abu Libdeh**, head of the Palestinian Bureau of Statistics, said in El Bireh, West Bank, the population of the Gaza Strip will double in 15 years if current birth rates continue, adding, "Gaza eventually will explode. There will be no job opportunities, no sufficient services, a severe housing crisis and all kinds of other problems."

■ **Cmdr. Fred Kilian** of Fighter Squadron 213 at Miramar Naval Air Station in San Diego was relieved of command by Capt. Dennis Gillespie, who cited "a loss of trust and confidence" over three accidents, including the recent crash of an F-14 that killed two crewmen and three people in a Nashville, Tenn., house.

■ **Elizabeth Taylor**, 63, the Academy Award-winning actress, filed for divorce in Los Angeles from her seventh husband, construction worker Larry Fortensky, 43, whom she met at the Betty Ford drug rehabilitation center in 1988 and married in 1991.

■ **James Frederic Childress**, 32, of Arlington, Va., a government patent attorney, was sentenced in Baltimore to 10 months in prison after a jury convicted him of crossing state lines to have sex with a minor, for arranging a tryst after explicit e-mail with an FBI agent pretending on the Internet to be a 13-year-old girl.

■ **Rayford Young Jr.**, 25, a currency checker processor at the Bureau of Engraving and Printing, pleaded guilty in Washington in the theft of \$60,000 in \$50 Federal Reserve notes from the plant in August and September but has refused to name two accomplices, who remain at large.

■ **Mayor Willie Brown** of San Francisco, known as a sharp dresser while speaker of the California Assembly, said he would send staff members home and dock their pay if they came to work in jeans, shorts or athletic shoes, adding he won't allow a regular casual or "dress down" day for City Hall, either.

■ **Andrew Parker Bowles**, 55, the former chief of the British



David Hale

Pursue Hale, state's chief of insurance asks Stodola

BY NOEL OMAN
Democrat-Gazette Staff Writer

State Insurance Commissioner Lee Douglass called Tuesday for the state to pursue charges against Whitewater prosecutor witness David Hale.

State prosecution is preferable to leaving the insurance case involving the former municipal judge to the purview of a federal court, Douglass said in a letter to Pulaski County Prosecuting Attorney Mark Stodola.

Hale has pleaded guilty to two felonies stemming from the Whitewater investigation and is awaiting sentencing. He also is the subject of a separate state investigation for suspected theft of \$150,000 from an insurance company he owned.

Whitewater independent counsel Kenneth Starr has said that taking up the state insurance fraud case at Hale's federal sentencing might be the "most effective way to deal with both the state and federal interests in bringing wrongdoers to justice."

Possible state violations involving Hale are inappropriate for the federal court system, Douglass contended.

"To my knowledge, they involve no violation of any federal statute, only Arkansas State Law," said Douglass, a former deputy

See CHARGES, Page 8A

Governors do what capital

Compromise cut on welfare and Medicaid

BY JANE FULLERTON
Democrat-Gazette Washington Bureau

WASHINGTON — The nation's governors unanimously approved bipartisan agreements Tuesday on restructuring Medicaid and welfare, accords that they said they hope will spur similar compromise between Congress and the president.

Reaching a deal on how to reduce spending on the massive programs has been a sticking point in the federal budget impasse.

"Perhaps this will be the breakthrough," Arkansas Gov. Jim Guy Tucker said after the annual winter meeting of the National Governors' Association.

"If people really want to deal with the problem of a balanced budget and if they really want to fairly resolve this rather than try to score political points, ... then this is an agreement that will work, that will meet the needs of our state and the needs of other states and can be a bridge for agreement between the Congress and the president," Tucker said.

Wisconsin Gov. Tommy Thompson, the Republican who is the governors' chairman, expressed optimism.

"This is the proposal that will be the vehicle that will start moving through Capitol Hill," he said.

President Clinton and Senate Majority Leader Bob Dole of See GOVERNORS, Page 8A



President Clinton lends an ear Tuesday to Delaware Gov. Tom Carper before addressing the National Governors' Association meeting in Washington. Carper is one of the governors who recommended changes in the \$150

Sheriff used inmates on deer camp

BY EMMETT GEORGE
Democrat-Gazette Pine Bluff Bureau

FORDYCE — Several state Department of Correction inmates were used illegally to clean up a deer camp in Dallas County, a Correction Department official confirmed Tuesday.

The camp was the site of a Christmas party for Dallas County law enforcement officials.

John Parish, the Correction Department's Act 309 program coordinator, called Dallas County Sheriff Donny Ford on Tuesday and asked Ford not to use Act 309

inmates in the future to do work on private property, according to department spokesman Alan Ables.

"The department didn't authorize the work," Ables said. "However, this apparently must be a gray area. Since this appeared to be a public function, the sheriff may have thought the work was consistent with the department's regulations."

In an attempt to ease overcrowded state prisons, state legislators adopted Act 309 of 1983. It allows the state to pay a county

sheriff to house a prisoner, who must work for the sheriff much like a trusty does.

Ford said Tuesday that three or four inmates were sent to the Jordan Deer Camp "to sweep up" and "haul and rearrange tables" for the party that was hosted about a week before Christmas by the auxiliary deputies for about 40 county officials.

Ford, who is also a member of the hunting club, said the privately owned camp is about seven miles north of Fordyce on Arkansas 229.

LR ticket writers park pens, punch computers

Rainy-day cure gives motorists the blues

BY JAKE SANDLIN
Democrat-Gazette Staff Writer

A rainy day will no longer guarantee free downtown parking.

By Thursday, members of

printed inside the machine, so the paper is protected."

Each black, T-shaped, handheld AutoCITE computer weighs about 2 pounds and has a 55-hertz keyboard and a 24-



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PHOTOCOPY
WJC HANDWRITING



Mississippi State starts
to mesh, offers big test
for visiting Arkansas
— Page 1C



Clinton re-examines
opposition to B-2,
draws political fire
— Page 2A



General among 8 Serbs
Bosnian government
is holding in war crimes
— Page 6A

Arkansas Democrat Gazette

ARKANSAS' NEWSPAPER

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LITTLE ROCK, FEBRUARY 6, 1996

46 PAGES 7 SECTIONS

35c

TUESDAY

Subpoena for Clinton cleared by judge

In the news

■ Rep. L.F. Payne, 50, a moderate-to-conservative Democrat who has served Danville, Va., in Congress since 1988, said he will not seek re-election but plans to return to property development, adding, "I'm not here because I'm disappointed or trying to make some kind of statement. I'm not complaining about anything."

■ Thomas Hastings, a Superior Court judge in San Jose, Calif., fearing a "circuslike atmosphere," barred cameras from the trial of Richard Allen Davis, 41, in the fall 1993 kidnapping and slaying of 12-year-old Polly Klaas, but said he might allow cameras for closing arguments and the verdict.

■ O.J. Simpson, acquitted in the June 1994 deaths of his ex-wife Nicole Brown Simpson and her friend Ronald Goldman, surprised lawyers on CNN's "Burden of Proof" by phoning in to talk at length about the case, denying he committed the slayings and saying that he had hit her only once, in 1989.

■ Robert "Jack" Mills was convicted by a Savannah, Ga., federal jury of defrauding Medicare with his ABC Home Health Services, now known as First American Health Care, by billing the government program more than \$1 million for country club dues, gourmet popcorn and personal travel.

■ Jim Ewell, spokesman for the sheriff's office in Dallas, said



President Clinton meets Monday with governors attending the winter meeting of the National Governors' Association in Washington. Meeting with Clinton in

the White House are Zell Miller (left) of Georgia, Tom Ridge of Pennsylvania, Bob Miller of Nevada and Tommy Thompson of Wisconsin.

Associated Press

Article, 5A

Testimony of president called 'vital'

BY PATRICIA MANSON
Democrat-Gazette Federal Reporter

A federal judge Monday cleared the way for President Clinton to testify at next month's criminal trial of Gov. Jim Guy Tucker and two of the president's former business associates.

U.S. District Judge George Howard Jr., saying Clinton's anticipated testimony "is vital in affording defendants a fair trial and an adequate defense," approved requests by Tucker's co-defendants to allow the president to be subpoenaed.

The co-defendants — James McDougal and his former wife, Susan — were partners in White-water Development Corp. The other partners in the failed 230-acre development in Marion County were then-Gov. Bill Clinton and his wife, Hillary Rodham Clinton.

Howard left open the possibility that the president wouldn't have to appear in person for the trial, set to begin March 4.

In a 1½-page order, the judge acknowledged that requiring Clinton to come to Little Rock for the trial could interfere with his official duties. Howard ordered defense attorneys to consult with the president's attorneys about scheduling Clinton's testimony.

"If, however, it is concluded that the president's personal ap-

Medicare trust \$35.7 million short



Clinton meets Monday with governors attending the winter meeting of the National Governors' Association in Washington. Meeting with Clinton in the White House are Zell Miller (left) of Georgia, Tom Ridge of Pennsylvania, Bob Miller of Nevada and Tommy Thompson of Wisconsin. Article 8A

Medicare trust \$35.7 million short

DIANE DUSTON
Associated Press Writer

WASHINGTON — Republicans in the White House are involved in a quibble over Medicare, over a report that the hospital insurance trust lost money last year for the first time in 23 years. The Clinton administration demanded to see the report long to report the on shortfall. White House spokesmen said 4,000 copies of the report were sent out in October, one to each member of Congress. A shortfall, first reported Monday's edition of the Washington Post, is based on a year analysis of the fund's activity, which the Clinton administration said is still being completed.

Clinton's '97 budget: Deja vu for GOP

BY ANN DEVROY
The Washington Post

WASHINGTON — President Clinton dressed up his budget offer to Republicans in new rhetoric Monday and submitted it as his 1997 proposal to balance the budget, holding off until the turn of the century the bulk of his spending cuts. Clinton's budget proposal, required by a legal deadline, gives new meaning to the

"dead-on-arrival" budget elite from the years Republican presidents submitted doomed proposals to Democratic Congresses. With the White House and Congress deadlocked over this year's budget and the government running on temporary spending measures, the outline for the next fiscal year beginning Oct. 1, a month before the presidential and congressional

elections, has little to do with policy and everything to do with politics. The proposal presents a bare-bones outline of a \$1.68 trillion budget for 1997 that offers modest reforms in entitlement programs, large cuts in domestic programs and small tax breaks for the middle class. The 20-page outline released Monday — compared with the

THE PRESIDENT HAS SEEN
2/10/96
two political parties since Republicans took over Congress last year. In a report to Congress in April 1995, the Clinton administration estimated that the trust fund would grow by \$4.7 billion in the See **MEDICARE**, Page 8A

ly lists lems HS unit

EVIN FREKING
Gazette Capital Bureau

le workers charged with Arkansas' abused children are overpaid, according to a report prepared for legislators. The report, obtained Monday by the Democrat-Gazette, affirms that the Department of Human Services' goal of 13 or fewer caseworkers per caseload is not being met. The report also said Arkansas' caseworkers generally make less than workers in neighboring states, even when quality of care is taken into account. The Human Services director, said with many of the findings but found

has a price tag to it. "I think what they are coming up with is what the department caseworkers be paid request was rejected in 1995 legislative session. Legislative Referred the study. It was See **DHS**, Page 5A

Florida fruit trees on ice



Joran Viers, garden manager at the University of Florida's Institute of Food and Agricultural Services in Gainesville, checks fig trees Monday for freeze damage. Florida farmers rushed to spray a protective layer of water and ice on their crops to protect them as temperatures fell to as low as 23 degrees. Article 4A

LR city services suit upscale areas most, study finds

BY DANNY SHAMEER
Democrat-Gazette City Hall Reporter

If you live in the Heights, Hillcrest or anywhere in west Little Rock, chances are you feel city services are just dandy. But if you live elsewhere — specifically east, central and Southwest Little Rock — you feel less satisfied with city services than citizens in other areas of the

country. Overall, Little Rock residents are content, though not quite enough. They feel a bit less satisfied than their counterparts nationwide. That's one finding of a survey by the University of Arkansas at Little Rock's Institute of Government, which randomly sampled 1,972 of Little Rock's 175,735 resi-

Don't know how Starr got Hale's files, Stodola says

"Surprising," unprecedented, prosecutor says

BY NOEL OMAN
AND GRANT TENNILLE
Democrat-Gazette Staff Writers

Pulaski County Prosecuting Attorney Mark Stodola said it is disconcerting that Whitewater independent counsel Kenneth Starr got documents from a state investigation without Stodola's knowledge. "I find that somewhat, at a minimum, unusual and certainly unprecedented in my knowledge of these matters," Stodola said. Starr obtained two witness statements that are part of an insurance fraud case that the state has been building against David Hale. Hale, a former Pulaski County municipal judge, is Starr's chief witness in the upcoming trial of Gov. Jim Guy Tucker and two co-



Stodola said on Monday that he did not know Starr had obtained the state investigation documents until the independent counsel turned them over last month to defense attorneys. The development is the latest in a series of public differences over the extent of cooperation, or lack of it, among federal, state and See **STODOLA**, Page 3A

defendants. Hale's allegations that Tucker and President Clinton, while governor, pressured him to make illegal loans helped initiate the Whitewater investigation. Stodola said on Monday that he did not know Starr had obtained the state investigation documents until the independent counsel turned them over last month to defense attorneys. The development is the latest in a series of public differences over the extent of cooperation, or lack of it, among federal, state and See **STODOLA**, Page 3A

"We're very proud of what has been done, but we don't have that bow-down-and-scrape attitude. We're just not at a point where people want to do a great deal of back-patting about it." Jim Lynch, founder of the Coalition of Little Rock Neighbors, said economics plays a role. See **SURVEY**, 5

A federal judge Monday cleared the way for President Clinton to testify at next month's criminal trial of Gov. Jim Guy Tucker and two of the president's former business associates. U.S. District Judge George Howard Jr. said Clinton's anticipated testimony "is vital in affording defendants a fair trial and an adequate defense," approved requests by Tucker's co-defendants to allow the president to be subpoenaed. The co-defendants — James McDougal and his former wife, Susan — were partners in Whitewater Development Corp. The other partners in the failed 230-acre development in Marion County were then-Gov. Bill Clinton and his wife, Hillary Rodham Clinton. Howard left open the possibility that the president wouldn't have to appear in person for the trial, set to begin March 4. In a 1½-page order, the judge acknowledged that requiring Clinton to come to Little Rock for the trial could interfere with his official duties. Howard ordered defense attorneys to consult with the president's attorneys about scheduling Clinton's testimony. "If, however, it is concluded that the president's personal appearance is not tenable, counsel are directed to consider other options for presenting the president's testimony, for example, via videotape or satellite," Howard wrote. An attorney for Susan McDougal, Federal Public Defender Jennifer Morris Horan, said the subpoena will be issued today. Clinton's private attorney in Washington said the president will try to comply with the court's wishes. "We are carefully reviewing Judge Howard's order," said attorney David Kendall. "The president's intention is to cooperate in an appropriate fashion." Kendall indicated no decision had been made on how or where Clinton would offer his testimony. An attorney for Tucker, W.H. "Buddy" Sutton, declined to comment Monday. Sources familiar with the Whitewater case said Clinton isn't expected to personally appear in See **CLINTON**, Page 3A

Bob -

I would not
send this to OKay

*Loan Henry + VP for this
Rubin is against I think
We need it for a G - B*

EZ/EC Round II: Overview of Proposal and Update on Process

THE PRESIDENT HAS SEEN

2/9/96

Update on Process and Extent of Support: The NEC and OVP, in consultation with HUD, USDA, DOT, EPA, Commerce and other relevant agencies, have developed a draft option, summarized below, for a second round of Empowerment Zones and Enterprise Communities. On Friday, February 9, Laura Tyson will convene a meeting of principals to get their views on whether to pursue a second round and whether they support the proposed option. Currently we expect the Secretaries of HUD, DOT, USDA, Commerce, and the Administrator of EPA to support the proposal. (HUD has indicated a willingness to include funds in its budget for the direct grants to the new EZ/ECs.) We may receive opposition from Treasury Secretary Rubin.

Rationale for Second Round: We believe that the proposed second round would continue the challenge that began in the first round to create economic opportunity for families living in distressed communities. In addition to the approximately 300 applicants that were not funded in the first round, many elected officials (Democrats and Republicans alike) have called for building on the EZ/EC program. For example, in November 1995, the U.S. Conference of Mayors, the National Association of Counties, and the National League of Cities called for a nationwide system of "community partnerships for economic investment" to mirror the positive 1994 EZ/EC application process and stimulate more federal investment for bottom-up, local collaboration. Republican Senators publicly lauded the Clinton-Gore EZ/EC program when they visited the Philadelphia-Camden empowerment zone with Mayor Rendell and supported a bill to add incentives to the program.

Draft Option: Given budgetary constraints and the fact that even modest sums available to ECs in the first round were adequate to stimulate impressive efforts, the second round will focus on achieving the principle objectives of the program -- new jobs and business -- in more cost-effective ways. It would devote approximately \$2 billion (\$1 billion in tax incentives, \$1 billion in direct grants) to 105 new EZs and ECs (40 EZs and 65 ECs). Eligibility would extend to areas with a 25% poverty rate. EZ applicants could also include up to 1000 acres of non-populous, industrial property that will be the focus of job creation for zone residents ("Additional Developable Acreage").

Benefits available to 40 EZs (25 cities and 15 rural or Indian Nation communities): (1) a flexible zone, private activity bond; (2) extension of the Brownfields tax credit to the Additional Developable Acreage; (3) an economic development grant of \$10-\$50 million (amounts based on the size of the applicant city or rural area); (4) a \$3-5 million matching grant from DOL to fund for activities designed to connect residents to jobs; and (5) priority consideration for funding from the President's CDFI Fund.

Benefits available to 65 ECs (40 cities and 25 rural or Indian Nation): Each EC would receive a \$3 million economic development grant, plus the following benefits that will also be available to the new EZs -

- use of the same tax exempt bonding authority available to the first round of EZ/ECs;
- priority consideration from the Community Empowerment Board for additional

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- funding and technical assistance and for common-sense regulatory flexibility to the full extent authorized, including under the Community Flexibility Bill once enacted;
- eligibility for the new Brownfields tax incentive;
 - consideration as a Project XL program, in which increased regulatory flexibility is granted in exchange for superior environmental performance; and
 - technical assistance and preference for consideration for credits under the State Implementation Plans for improved air quality.