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Divider Title: **Feb. 6, 1997**

Former L.A. airport chief to testify on Hubbell's duties

How disgraced Clintonite earned $24,750 not clear

By Jerry Seper
THE WASHINGTON TIMES

The former head of the Los Angeles Airport Commission will testify today before the Whitewater grand jury about a questionable consulting contract he approved in 1994 giving $24,750 to former Associate Attorney General Webster L. Hubbell.

Theodore O. Stein, former top aide to Los Angeles Mayor Richard Riordan and now a candidate for Los Angeles city attorney, hired the disgraced former Justice Department official in August 1994 on an $8,500-a-month, no-bid contract to lobby federal transportation officials for the city.

Ultimately, the Los Angeles Airports Department paid Hubbell to use his influence in Washington, although it is not clear what he did to earn the money and billing invoices he submitted demanding payment for "consulting services" were described as inadequate.

Independent counsel Kenneth W. Starr, according to lawyers and others close to the Whitewater probe, wants to know what Hubbell did for the city and how he got the job. The contract is one of two being examined by Mr. Starr. The second is a $250,000 consulting deal with the Lippo Group, an Indonesian investment firm at the heart of Justice Department and congressional probes into foreign-linked campaign contributions.

Mr. Starr, the sources said, is trying to determine if the $275,000 in payments from Lippo and the commission were intended to limit Hubbell's cooperation in the Whitewater probe, which he promised as part of guilty pleas in the theft of $482,000 from his partners at Little Rock's Rose Law Firm.

Mr. Stein, a Democrat, has denied wrongdoing. He hired Hubbell on the recommendation of Los Angeles Deputy Mayor Mary Leslie, also a Democrat, in a six-month deal to monitor a city petition to the Federal Aviation Administration to divert $58 million from the airport to the city's general fund.

The contract amount, $49,500, was $500 below the amount requiring approval by the full airport commission. It was terminated on Dec. 6, 1994, the day Hubbell pleaded guilty to two felonies in the Whitewater probe.

Mrs. Leslie, who coordinated President Clinton's California fund raising in 1992 and worked for a year after the election at the Small Business Administration in Washington, also has testified before the grand jury. She did not return calls seeking comment.

In Los Angeles, the City Council asked the Controller's Office to look into the Hubbell payments, and a report is due in the next few weeks. A preliminary review, however, has shown that Hubbell offered no itemized billings for the work he said he did for the commission.

In February 1995, the FAA approved the diversion of the funds, although it is not clear what role Hubbell played. By that time, he had pleaded guilty and was negotiating with Mr. Starr over his Whitewater cooperation.

The Los Angeles Controller's Office has said it would seek a reimbursement from Hubbell. Investigators said records show Mr. Stein helped Hubbell draft letters to justify the payments after his initial invoices were challenged.

They also said Hubbell's revised invoices claim he was in "constant contact" with Los Angeles International Airport officials, although airport officials do not recall ever speaking with him, and that he spent 15 hours on the phone with Transportation Department officials, although DOT executives remember only two calls lasting about five minutes.

Hubbell resigned from Justice in March 1994, pleaded guilty in December 1994 to two felony counts of mail fraud and tax evasion, and was sentenced in June 1995 to 21 months in prison. He began his prison term two months later. The longtime friend of Mr. Clinton's and former law partner of first lady Hillary Rodham Clinton is in a D.C. halfway house and is expected to be released in the next three months.

His promised cooperation in the Whitewater probe never met prosecutors' expectations, the sources said. In fact, at Hubbell's sentencing, Mr. Starr made no effort to endorse a tearful plea by Hubbell for leniency. He said much of Hubbell's community standing was based on his charitable contributions, many of which were made with stolen money.

The Washington Times
THURSDAY, FEBRUARY 6, 1997

Wilderness Society said in an annual audit that the agency's numbers are skewed because they ignore huge costs, such as road construction and special payments to counties.

The Forest Service earlier reported its commercial logging operations turned a $59 million profit for the fiscal year that ended Sept. 30, 1995.

Ninety-five of the 109 national forests failed to return as much money as the logging cost, examples of "below-cost" logging, the Wilderness Society said.

The biggest losers were in the Pacific Northwest, where national forests in Oregon and Washington lost nearly $177 million that year, the audit said.

Forest Service spokesman Alan Polk defended the agency's accounting system, which has been approved by the General Accounting Office. "We haven't figured the costs in the same way they figure them," Polk said yesterday. "It is two different accounting systems."

The Wilderness Society review said the service failed to account for $200 million in road construction costs and $257 million in payments to counties. The group said the Forest Service low-balls its road construction costs because it considers the road base to be a nondepreciable asset.

Doug Crandall, a timber specialist for the industry's American Forest & Paper Association, said private land owners and most states use the same calculations as the Forest Service when amortizing road costs. He said the road base is considered an asset.

—Associated Press

He joined Chairman Arlen Specter (R-Pa.) to announce that former U.S. attorney Michael Rotko of Philadelphia would serve as special counsel for the investigation. Specter said the committee had requested $1.65 million to fund the inquiry. He said he hoped it could be completed in less than two years.

As many as 60,000 of the 700,000 U.S. troops sent to the gulf region during the war against Iraq have complained of fatigue, skin problems, muscle and joint pain and other illnesses. The Pentagon says it has found no common cause for the complaints, known as "Gulf War Syndrome." It says there is no evidence that Iraq used chemical weapons during the war.

But last summer, defense officials said they had learned that as many as 20,000 U.S. troops might have been exposed to nerve gas when the Iraqi Kamisiyah weapons dump in southern Iraq was blown up after the war.

—Reuter

Slater Approved

■ A Senate committee approved President Clinton's nomination of Rodney E. Slater yesterday as secretary of transportation. His nomination was sent to the Senate on a voice vote.

"Mr. Slater, I believe, is a credit to the nation and the state of Arkansas," John McCain (R-Ariz.), chairman of the Commerce, Science and Transportation Committee, said at the hearing.

Slater, an aide to Clinton when he was governor of Arkansas, has been federal highway administrator four years.

—Associated Press

AROUND THE NATION

Justice Dept. Launches Two Civil Rights Cases

In separate cases, the Justice Department said four Georgia men were arrested yesterday for plotting to set a black couple's home on fire, and it sued an Ohio nursing home for discriminating against blacks.

The defendants in the Georgia case were charged with violating federal criminal civil rights laws by conspiring to burn a trailer home in Telfair County in an effort to scare away the owners, department officials said.

The indictment charged that one defendant, Razell Spires, in April offered to pay Spires, Mac Rainey and Tommy Hulett, went to the trailer and started a fire, according to the indictment. No was was hurt.

In the Ohio case, the Justice Department said it had brought the first housing discrimination lawsuit against a nursing home, charging that the Lorantffy Care Center in Akron refused to rent rooms to blacks.

The department said the lawsuit charged the nursing home engaged in a pattern of discrimination against blacks by falsely telling prospective residents rooms were unavailable.

Banner Catlett, 21, of Hedgesville, was being held without bail on charges of murder and attempted escape, a jail spokeswoman said.

Catlett said he shot Andrew Mason twice in the head with a .22-caliber rifle that he had stolen from his mother, according to a criminal complaint filed Tuesday in Magistrate Court.

Friends said Mason was a drummer in a Christian rock band. He had moved from Virginia Beach after his brother started working as a minister in Hedgesville, in West Virginia's Eastern Panhandle, said John Ashley, Mason's roommate.

W.Va. Murder Suspect Tries to Flee

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Jury Gets Cr

The Washington Post

THURSDAY, FEBRUARY 6, 1997

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Divider Title: **Feb. 4, 1997**

Magaziner met with trade group day after DNC donation

Gift returned to supporter of Thai links

By Jerry Seper
and Warren P. Strobel
THE WASHINGTON TIMES

Pauline Kanchanalak, a leading force behind the creation of the U.S.-Thai Business Council, gave $10,000 to the Democratic National Committee a day before a top White House adviser met with council members and U.S. business executives in a move to expand U.S.-Thailand trade.

Federal Election Commission records show that the Feb. 29, 1996, donation came a day before White House senior adviser Ira Magaziner met with the council and was among $253,500 in donations that were returned to Mrs. Kanchanalak and her relatives in November amid questions about the source of the funds.

The U.S.-Thai Business Council meeting followed by six weeks a visit by Mr. Magaziner to Bangkok, where he met with council members to open up lines of communication between the organization's U.S. and Thai sections over expanded trade outlets, according to a briefing paper by the council.

In 1993 and 1994, Mrs. Kanchanalak actively sought the council's creation to promote trade, investment and private-sector cooperation between the United States and Thailand. In that regard, she visited the White House more than 20 times, including at least 10 events where President Clinton was to be present, between January 1993 and November 1996. She also brought Thai business executives to coffee meetings with the president and attended many DNC fund-raisers.

The council held its first official meeting at the White House in October 1994 and was briefly joined by Mr. Clinton.

White House officials have defended the council's creation as a way to support U.S. business initiatives in Thailand and have said there was nothing inappropriate about Mrs. Kanchanalak's visits to the White House the past four years. But they have not been able to explain why the meeting of a private business organization was held at the White House, or why the officers of a Bangkok-based firm were present at an event sponsored by the DNC and attended by Mr. Clinton.



Ira Magaziner

Mrs. Kanchanalak, who heads the Washington consulting group Ban Chang International, has not been available for comment.

The $253,500 in returned donations included money solicited by John Huang, a former Lippo Group executive, Commerce Department official and DNC fund-raiser. Mr. Huang and Lippo are at the center of Justice Department and congressional probes of foreign-linked campaign contributions.

Recently released government documents show that Mrs. Kanchanalak called Mr. Huang at Commerce on Sept. 30, 1994, the same day he wrote a memo urging a senior official to support the creation of the U.S.-Thai council.

In his memo, Mr. Huang endorsed Mrs. Kanchanalak's request to use the White House for a meeting with the president. He said: "My personal observation is that President Clinton will be very upset if he finds out what's going on behind the scene. It could really damage his personal relationship between him and Prime Minister Chuan [Leekpai]; and the relationship between U.S. and Thailand if Prime Minister of Thailand cancels his visit to the U.S."

A 30-minute private meeting between Mr. Clinton and the prime minister took place less than a week later, on Oct. 6, 1994, followed by a gathering of Thai and U.S. executives, including Mrs. Kanchanalak, in the Roosevelt Room of the White House.

Less than two weeks after that, Mrs. Kanchanalak arrived at Mr. Huang's Commerce Department office for a personal visit. The day of the visit, records show, she donated $32,500 to the DNC.

It would have been illegal for Mr. Huang to solicit political contributions as a government employee.

According to the U.S.-Thai council briefing paper, Mr. Magaziner told those at the March 1 meeting that the United States sought to increase the level of visits to Thailand by top government officials as a means of supporting increased trade. He also said he would urge Mr. Clinton to visit that country, something the president did less than nine months later.

Mr. Clinton and first lady Hillary Rodham Clinton visited Thailand on Nov. 27 as part of their trip to the annual Asia-Pacific Economic Cooperation summit.

According to the briefing paper, Mr. Magaziner said he would work to implement a tax treaty with Thailand, establish easier financing for exports and foreign investments in Thailand, change the tax code so U.S. residents working abroad would not be required to pay income taxes in both countries, and stabilize the U.S. relationship with China to help prevent business disruptions.

CORRECTION

An article in yesterday's editions of The Washington Times misstated who has called for an independent investigation of charges of sexual harassment against the United Farm Workers. It was union Secretary-Treasurer Dolores Huerta.

The Washington Times
TUESDAY, FEBRUARY 4, 1997

Flurry of federal subpoenas probe campaign funding from overseas

By Jerry Seper
THE WASHINGTON TIMES

More than three dozen subpoenas have been issued for persons and businesses in a Justice Department investigation into foreign-linked campaign contributions involving President Clinton and the Democratic National Committee.

The subpoenas, issued last week by a federal grand jury in Washington, included records from the DNC, whose former vice chairman, John Huang, is at the center of the Justice Department probe. Twenty-eight DNC contributors and 11 corporations were named in the subpoenas, sources close to the Justice inquiry said.

Department lawyers, assisted by a 25-member FBI task force, are looking into suspected criminal wrongdoing in receipt by Democrats of millions of dollars in questionable campaign contributions, many linked to foreign donors.

In December, the department subpoenaed records from the White House counsel's office and the president's legal defense fund. Investigators were focused on documents describing the receipt and return of defense fund contributions delivered in March 1996 in two large envelopes by Charles Yah Lin Trie, an Arkansas businessman and DNC fundraiser.

The Justice Department probe began in November after Attorney General Janet Reno turned down a request by Republicans for the appointment of an independent counsel in the matter.

Sources close to the investigation said Justice Department prosecutors and FBI agents have aggressively pursued information and documents, and have focused on suspected criminal wrongdoing by a number of public officials, DNC employees and contributors.

Miss Reno has never ruled out seeking outside counsel if the Justice Department investigation shows a direct connection to the president or others, including Vice President Al Gore, covered by the Independent Counsel Act.

"What we have said all along is that as we proceed with this investigation, we will always look for additional evidence that would trigger the use of the independent counsel statute," she said at the time. "And if that evidence is there, we will do so."

The subpoenas, first reported by USA Today, are mentioned in a DNC memo instructing its employees to search their files for any pertinent records. Among the records sought, according to sources, were those from Mr. Huang's office and others involving his questionable fund-raising activities.

One of the individuals named in the subpoenas, according to the sources, was Little Rock businessman and Washington lobbyist Paul Berry, a longtime friend of the president's. Mr. Berry is a former executive with Global USA Inc., a Washington lobbying firm that represents Japanese and South Korean companies.

Mr. Berry did not respond to messages left yesterday on his telephone answering machine, but he previously has denied soliciting any foreign campaign contributions.

DNC spokeswoman Amy Weiss Tobe yesterday refused comment on the subpoenas, saying only that the organization was "cooperating with any and all aspects in investigations." The subpoenas were described in an internal DNC report written by the committee's general counsel, Joseph Sandler.

Mr. Huang, who became a U.S. citizen in 1976, has not been available for comment. His attorney, John C. Keeney Jr., has previously declined to discuss his client.

The Washington Times
TUESDAY, FEBRUARY 4, 1997

'Shred it'

When House Speaker Newt Gingrich was accused of using tax-exempt funds for partisan political purposes, there seemed no limit to the indignation of House Democrats. David Bonior shook his head sadly and shed a crocodile tear or two, saying the speaker had to go because he had brought discredit to the House. What will he say now that the Clinton administration appears to have raised this transgression to an art form?

As reported by Michael Isikoff in the current issue of Newsweek, President Clinton was attending a $1,500 per head fund-raiser in October when a guest slipped him a card, on the back of which had been written: "My associate has $5 million he is prepared to donate to the [Democratic National Committee]." The head of the most ethical administration in the history of the world came to an abrupt halt and asked for another card. Mr. Clinton said a "member of my staff" would get back to the card-giver, a south Florida exporter named R. Warren Meddoff.

Sure enough, a few days later, then-White House deputy chief of staff Harold Ickes called Mr. Meddoff. Mr. Meddoff explained that his "associate," a Texas financial speculator, wanted no special favors in exchange for his contribution; all he wanted was a "favorable tax benefit" for it. As it happens, political contributions aren't tax-deductible. But Mr. Ickes wasn't worried because "we have a way to do this."

The next day, Mr. Ickes called Mr. Meddoff from Air Force One, which is not exactly private property, to inquire whether his associate would be willing to make available, say, $1.5 million or so in the next day or two. The next morning, Mr. Meddoff received a two-page fax telling him precisely how how he could help. According to the fax obtained by Newsweek, "it would be greatly appreciated if the following amounts can be wired" into the bank accounts of several tax-exempt get-out-the-vote organizations. The amounts — many of them totaling several hundred thousand dollars — were to go to groups aimed at turning out black voters, a key Democratic Party constituency. Mr. Ickes just happened to have their private account numbers.

(As reported by this newspaper's Paul Bedard and by other media outlets, the White House had established an African-American Working Group to appeal to black voters during the campaign. White House documents show that this working group specifically targeted "non-partisan," tax-exempt voter-registration organizations for help in getting out the black vote.)

Although the voter groups do not formally coordinate plans with the DNC, the executive director of one told Newsweek that "you don't have to be a brain surgeon to know that we operate in communities that are highly supportive of the Democratic Party." The head of another group cited in the Ickes memo is a former DNC deputy treasurer.

But Mr. Ickes didn't stop there. He also asked that Mr. Meddoff wire $500,000 to the DNC's bank account. For the record, it is against the law for a government official to raise campaign funds. A White House official subsequently told Newsweek that Mr. Ickes hadn't actually been soliciting campaign funds; he was merely, um, responding to the donor's inquiry. Still, Mr. Ickes himself apparently realized he was in an awkward position because, according to Mr. Meddoff, after sending the memo Mr. Ickes promptly called back to say, "I shouldn't have sent you that [memo]. Shred it." Mr. Ickes told Newsweek he didn't use the word "shred." He said he may have described the memo as "inoperative." Whatever, Mr. Ickes is giving new life to Watergate terminology and possibly worse.

Mr. Isikoff sums up the incident as a "shell game" that may have skirted tax and campaign-contribution laws. Or it may not have. That's the legal problem. But the administration and the party also have a political problem. "Democrats have denounced Newt Gingrich for using a tax-exempt educational foundation to help fund his political activities," writes Mr. Isikoff, "but it may be hard to explain the difference between that and the Democrats' involvement with the get-out-the-vote organizations."

Back to you, Mr. Bonior.

The Washington Times

TUESDAY, FEBRUARY 4, 1997

cabinet ministers sit at the head of the chamber.

About a dozen journalists are crowded into chairs along a back wall. The number of reporters is surprising. The official Palestinian television and radio stations, which answer to Arafat, ignore this rival branch of government; Palestinian newspapers have come under pressure from the administration to black out coverage of the legislature.

``The president wants to contain and tame the council,'' Tamari said. ``The council is untamable. We were elected to do a certain job, and we're going to do it.''

Moments after the session convenes, the debate grows hot as members demand to be provided with a cabinet report into the death of a prisoner while in Palestinian police custody.

``We have to be given it to read,'' Tamari tells the chamber. ``It's an issue for the public, and the right information has to be provided to the people. Otherwise the rumors will spread.''

One of Arafat's ministers agrees to present the findings of the investigation. Its recommendations are vague, failing to address the overall low regard for human rights in Arafat's government.

``Is the responsibility for this only on those who directly committed the abuses? Not on the people behind them? This is very dangerous,'' Tamari says, agitated. Other members murmur their assent. ``We want to fully examine this file and punish whoever's responsible.''

The relations between Arafat and the legislators, most of whom also belong to Arafat's Fatah party, fluctuate widely. At times, their frustration with Arafat's failure to implement their resolutions builds toward outright mutiny. More recently, they have expressed resignation and despair.

``It's a turbulent relationship, like between a father and a son,'' Tamari said. ``It's a love-hate relationship. I don't want to be anybody's yes-man.''

Clinton praises Peru's actions in hostage crisis
By David LaGesse The Dallas Morning News (KRT)

WASHINGTON President Clinton on Monday praised the handling of a hostage crisis by Peruvian President Alberto Fujimori, who again insisted his government is unwilling to meet the insurgents' demands.

At the meeting, Clinton said the Peruvian leader was skillfully seeking a peaceful resolution without giving in to terror, a White House spokesman said.

``He told him that it was a very hard line to walk, but it's the right one,'' spokesman David Johnson told reporters at the White House.

Clinton sought the 20-minute meeting with Fujimori, who dropped into Washington with little warning after a meeting Saturday in Toronto with Japanese Prime Minister Ryutaro Hashimoto.

Several Japanese, including Japan's ambassador to Peru, remain among 72 hostages held by the Tupac Amaru guerrillas at the ambassador's residence in Lima.

The terrorists seized more than 600 hostages during a party on Dec. 17. They've since released most non-Peruvians, including several Americans.

Japanese leaders had expressed concern about recent maneuvers around the embassy by the Peruvian military, including patrols, loud music and obscene gestures. Fujimori has said he'll halt the military's harassment, but he said Monday the Japanese approved of his tough stance against the terrorists, also known by their Spanish acronym as the MRTA.

``Japan is taking a position that is more attune with the Peruvian strategy,'' he said at the National Press Club.

The Tupac Amaru guerrillas have demanded the release of 400 comrades from Peruvian prisons, as well as a ``peace agreement'' calling for social and political changes.

Fujimori repeatedly insisted that he would release no guerrillas from Peruvian prisons.

``It's very clear the release of the MRTA prisoners is not viable,'' he said. ``I should say it's out of the question.''

He said that should not prevent upcoming talks from proceeding, explaining that the Peruvian government still believes the terrorists would drop the demand about freeing prisoners.

In recent notes relayed to the Peruvian government, the Tupac Amaru guerrillas had ``not written explicitly'' that Peru must release the prisoners.

``So we expect that we can advance in that sense,'' Fujimori said.

He also defended conditions in Peru's prisons dire conditions that helped spur their attack, the Tupac Amaru guerrillas have said. Peru's prisons also came under criticism in a U.S. State Department report on human rights released last week.

Peru has spent $100 million since 1992 on new prisons, Fujimori said. The government keeps terrorists under tight controls, including solitary confinement, to prevent the prisons from becoming training grounds for terrorism, he said.

The Peruvian president said he also rejected any broad agreement with the guerrillas, who he dismissed as bandits with no political support.

``We don't have guerrillas. We have terrorists an isolated, small group of terrorists,'' he said. ``The MRTA doesn't control one square meter with the possible exception of the embassy compound.''

The one concession Peru might make is safe passage for the terrorists to another country, but it may be hard to find a country willing to take them as refugees, Fujimori said.

``We have to search for a country that is willing,'' he said.

2-4-97

White House under investigation for possible Hatch Act violation By Susan Feeney The Dallas Morning News (KRT)

WASHINGTON Richardson, Texas, investor William R. Morgan emerged on Monday at the center of a new Democratic fund-raising controversy as questions arose about whether a senior White House aide skirted federal law in handling his offer of $5 million.

Morgan, who describes himself as ``apolitical,'' said in a telephone interview that he ultimately did not make the contribution. He said he was approached about contributing by R. Warren Meddoff, a Florida business associate and Democratic fund-raiser, and expressed interest as long as it was tax deductible.

But donations to political parties are not tax-deductible. In a Oct. 31 memorandum apparently faxed from the White House to Meddoff, then-deputy White House chief of staff Harold Ickes suggested donations to three non-profit organizations whose goals paralleled those of the Clinton campaign.

Ickes also suggested a $500,000 contribution to the Democratic National Committee, listing the name of a party staffer and two party bank account numbers to which the money could be wired.

The memo begins: ``If possible it would be greatly appreciated if the following amounts can be wired to the designated banks.''

Federal law bars political solicitations by a federal official. A copy of the three-page memo made available to The Dallas Morning News bears the fax stamp of a telephone number in the White House chief of staff's Office.

The Clinton administration, which is facing congressional and Justice Department investigations of its campaign fund-raising, did not dispute the chain of events but denied any wrongdoing.

White House press secretary Mike McCurry said the White House had reviewed the matter and determined that Ickes' actions did not violate the Hatch Act, which governs political activity by federal employees.

``Rather it is a response to Meddoff's request for organizations to which he could make substantial contributions.

``In general,'' McCurry said, ``identifying entities to which contributions can be made does not constitute a solicitation in violation of the Hatch Act, nor is it a violation of the Federal Election Campaign Act.''

The president has said ``mistakes were made'' in his political fund-raising but he insisted the missteps were rare and unintentional. The Democrats have returned $1.5 million in questionable campaign contributions.

Morgan, a self-described speculator in rare documents who lives in a home valued at $131,000 and drives a Ford Explorer, said that Meddoff had pledged to raised $5 million for the Democrats. He said that after he closed a $300 million deal and was looking for contributions that would bring him tax benefits, Meddoff asked if he would give to the Democrats. Morgan declined to reveal his net worth and The Morning News could not immediately confirm Morgan's wealth.

Meddoff told Newsweek, which first disclosed the events in this week's edition, that he personally told President Clinton of Morgan's $5 million offer at an Oct. 22 Democratic fund-raising event in Miami. Ickes followed up on the offer.

Ickes, who has left the White House and was not available for comment, confirmed to Newsweek that he later withdrew the memo. Meddoff, who also could not be reached, said Ickes told him to ``shred'' the memo and that he would be hearing from a Democratic National Committee official.

The party, already under fire for its fund-raising, could find out little about Morgan's financial background, according to the magazine. Officials feared a set up, so backed off, Newsweek said.

Morgan, who said he should be called ``the phantom'' because of his

life-long low public profile, said, ``I have nothing to hide. I'm not playing games here."

A former real estate investor who said he voted for Ross Perot in 1992 and did not vote in last November's presidential election, Morgan said he sought only to reduce his federal tax burden by giving to charitable organizations.

``It's a marvelous thing to be able to pick where your tax dollars go," he said. ``I did not want anything from the White House. I didn't want to sleep in the Lincoln Bedroom. I did not want coffee with Billy Boy."

Morgan said he might have made some of the charitable contributions suggested by Ickes, if he had approved of the work done by the groups.

Ickes suggested a donation to Defeat 209, an organization that sought to defeat a California proposition on last fall's ballot to ban state affirmative action programs. He also suggested a donation to the Washington-based National Coalition of Black Voter Participation.

Morgan said that he favors ending affirmative action and that increasing black voter participation is ``not something I'm interested in doing."

He said he still may contribute to Vote Now '96, a Miami get-out-the-vote group suggested by Ickes. He said he is looking at making significant contributions to the University of Texas Law School, from which his daughter recently graduated, as well as Operation Kindness, which rescues dogs and cats from animal shelters to keep them from being destroyed.

Morgan said he is no fan of the Clintons, especially first lady Hillary Rodham Clinton. He viewed the memo as a mere ``menu" of contribution ideas for him to weigh.

``I made the same offer to Republicans," he said.

He said a woman who identified herself as a Republican fund-raiser telephoned him in October 1995 seeking a contribution. He told her he'd give $1 million, he said, but he never heard from her again.

``I guess she thought I was crazy," he said. ``They were just stupid."

A Republican Party official could not immediately confirm Morgan's account.

Morgan described both the Democratic and Republican parties as ``money machines."

He added, ``I find that both parties are gray and plaid. There is no black and white."

A review of Federal Election Commission records for 1992-1996 did not reveal any federal political contributions by Morgan. But he said he has supported both Republicans and Democrats in Texas as well as in federal races over the years.

``You won't find my name on anything," he insisted.

``I'm not a Democrat. I'm not a Republican. I'm a Texan."

Morgan explained his modest lifestyle by saying that fancy houses, expensive cars and other pricey things ``are just stuff."

``I lead a very, very plain life. I'm private, I blend in with the background."

Campaign finance will dominate '97 politics, but outcome is far from clear By David Jackson The Dallas Morning News (KRT)

WASHINGTON Mysterious foreign donors. More than 100 White House ``coffee klatches" with Democratic fat cats. Alleged threats by congressional Republicans to ignore people who don't ``give the right way."

There seems to be a revelation a day in Washington's campaign-finance scandal, though the meaning of it all depends largely on which party is talking.

As far as the Republicans are concerned, the story is an unprecedented White House effort to sell access and influence to the highest bidders, notably foreign-money interests. Many GOP members have called for a criminal investigation by an independent counsel.

President Clinton and other Democrats say Republicans have also abused the campaign-finance system, especially after winning control of Congress in 1994. They cite, in particular, the recent ethics findings against House Speaker Newt Gingrich. Clinton and other Democrats argue that the real solution is new campaign-finance laws.

Both parties agree that campaign finance will likely dominate the political year, though many participants question whether it will lead to any criminal prosecutions or changes in the law.

Non-profit public-interest organizations claim both Republicans and Democrats are at fault for what they call a corrupt campaign-finance system. They say they hope that the flap will help them realize their long-sought goal of meaningful reform that ends the power of big money in American politics. ``What this is about is who owns and controls our government and our elected officials," said Meredith McGehee, legislative director for Commn Cause, a Washington-based public interest group. ``Right now our government belongs to the people who can bring the most money to the table, and everyday citizens are left out in the cold." Analysts say fewer than 1 percent of Americans make any political contributions in excess of $200.

The Justice Department is investigating allegations against the Democrats, particularly their efforts to raise money from foreign-based interests. If the department finds credible allegations of wrongdoing against President Clinton, Vice President Al Gore, a high-ranking aide, or a Cabinet member, it must refer the matter to an independent counsel a step Republicans predict will happen eventually.

``I just see the evidence mounting," said Sen. John McCain, R-Ariz., the co-sponsor of a key campaign-finance bill. ``We're in the drip-by-drip phase."

Clinton and aides said mistakes were made, but honest ones.

``I never had anyone in four years who asked me to make a decision as president based on being a financial contributor, and I have never made such a decision," Clinton recently told the Democratic Business Council.

The Justice Department and various congressional committees are pursuing at least two general areas of inquiry. One focuses on illegal contributions from non-citizens who do not make income here. The other area concerns allegations that some contributors were granted illegal access or influence with the White House.

Most of the allegations about illegal foreign money revolve around former Commerce Department official John Huang, who worked in 1996 as

a fund-raiser for the Democratic National Committee. In recent months, the DNC has returned nearly $1.5 million of the contributions solicited by Huang.

As a DNC vice-chair, Huang helped author an Asian Pacific-American outreach plan that included a fund-raising goal of $7 million for 1996.

The effort is drawing scrutiny from investigators. In one incident, Vice President Al Gore attended a Democratic Party fund-raiser at a Buddhist temple. The law generally restricts tax-exempt religious institutions from partisan political activity.

FBI agents are also looking into the activities of an Indonesian business conglomerate called The Lippo Group, which once employed Huang. The Lippo Group is owned by Mochtar Riady, whose son James has known Clinton since his days as Arkansas governor.

DNC and White House records indicate that the Riadys have lobbied the administration on Asia policy, including the normalization of relations with Vietnam and preservation of China's most-favored nation trading status. The records also indicate strong ties between The Lippo Group and business people who gave money to the Clinton campaign.

The investigation that began with Huang's activities has expanded into other areas. For example, Charles Yah Lin Trie, a Little Rock restaurant owner and Clinton friend, solicited more than $600,000 for the president's legal defense fund. Fund managers refused to take the money because they feared some of it may have come from questionable foreign sources.

Some Republicans have accused the White House of selling foreign policy to wealthy Asians. But many Asian-Americans said they are being treated unfairly. They say they have been hassled about their personal finances by investigators, reporters, and even representatives of the Democratic National Committee.

Francey Lim Youngberg, executive director of the Congressional Asian Pacific American Caucus Institute, said an important point is being lost in the controversy: Most contributions from people of Asian ancestry were legitimate efforts to participate in the political process.

``It's not fair that the community feels it has to defend itself," Youngberg said. Under federal law, individuals can give no more than $1,000 to a specific candidate and a total of no more than $25,000 to candidates per election. Political action committees can contribute $5,000 per candidate per election.

Foreign business people can make contributions provided that a portion of their income comes from activities in the United States.

Foreign contributions haven't been the only White House headache.

Investigators are also reviewing a slew of White House meetings, including more than 100 ``political coffees" between January of 1995 and August of 1996.

The invitation lists for these meetings included a convicted drug dealer from Miami and a Chinese arms dealer. White House officials said their screening process wasn't as thorough as it should have been, and they have taken steps to improve it.

A meeting last May with bankers included Democratic party

fund-raisers and the banking industry's top regulator, Comptroller of the Currency Eugene A. Ludwig. Clinton has said Ludwig's attendance was improper.

But he and aides defend the coffees and other meetings as traditional encounters between political leaders and potential supporters.

``It is a truism that presidents and their parties welcome their friends and supporters and want to have access to them," said Lanny Davis, a White House spokesman.

Officials familiar with the Justice Department inquiry said it is too early to draw conclusions, but added that the law sets high standards for prosecutions in the area of political contributions.

They said it is a very hard to prove a direct quid quo pro, as the law requires. For example, Clinton said he normalized relations with Vietnam on the merits of the issue, not because of campaign contributions. Indeed, McCain, one of the fiercest critics of Democratic financing, provided Clinton crucial support for normalization.

Law-enforcement officials note that it is illegal to solicit or accept campaign money in the White House itself. But Justice Department officials said there is no proof that money actually exchanged hands during the White House coffees sponsored by the Democratic National Committee.

Republican-led congressional committees are expected to explore the political as well as the legal ramifications. While as many as six separate House committees have expressed interest in the topic, White House attorneys say they are more concerned about the Senate Governmental Affairs Committee.

Sen. Fred Thompson, R-Tenn., the committee chairman and a former federal prosecutor, has outlined several investigation goals, including: Whether the presidential campaigns raised money illegally, whether federal employees breached the barriers between government service and campaign activities, and whether campaign contributions improperly influenced U.S. policy.

Committee Democrats say they want to add items to the agenda. Sen. John Glenn, D-Ohio, said the committee should not ignore ``the legislative branch," which happens to be controlled by the Republicans.

Glenn also mentioned ``the misuse of charitable and other organizations," the issue at the heart of the Gingrich case. Gingrich admitted providing false information to the House ethics committee concerning his use of tax-exempt foundations, activity which remains under scrutiny by the Internal Revenue Service.

The House voted to require Gingrich to pay $300,000 to cover costs of the ethics investigation.

In recent days, Democrats have cited news reports that Republicans offered donors closer access to lawmakers and their staffs in exchange for contributions of at least $250,000. The money went toward the GOP's convention last summer.

In a letter to Thompson, Senate Democratic leader Tom Daschle asked that the committee investigate reports that Republicans have pressured business leaders to stop giving money to Democrats.

Daschle cited media accounts that Republican congressional leaders told members of the Business Roundtable a 200-member organization of chief executive officers to dump their Democratic lobbyists and staff members, or face political consequences.

``No one should be fooled," said Daschle, D-S.D. ``The need for reform transcends party lines."

Thompson promised a ``fair and evenhanded" inquiry, but said ``this does not mean that we must strain to create some false balance or that we have some sort of party quota system."

Both Thompson and Glenn pledged to revisit the existing campaign-finance laws. They will be joined in that effort by a number of public-interest groups that have long lamented the influence of big money in politics.

Some of these groups are skeptical about the prospects for reform, given what they describe as the vested interest of both parties in the current system.

``I think it's more fear than anything else," said Kent Cooper, new executive director of the Center For Responsive Politics. ``They think they might not have enough money to get their views across."

Congress already has several proposals pending. Some call for banning soft money and for public financing of congressional elections. Critics say such an option would be too expensive, and that the public financing system in presidential elections is often abused.

Some participants said that even if Congress passes new laws, they may be cut down in court. The Supreme Court has equated spending money with free speech, and struck down campaign-finance laws accordingly.

President Clinton is backing the Senate bill sponsored by McCain, the Arizona Republican, and Sen. Russell D. Feingold, D-Wis. It would ban political action committees, and offer voluntary spending limits in exchange for free television time.

McCain said he is optimistic about the bill's chances: ``I think that the pressures are mounting. I think they're continuing to get stronger and stronger."

Clinton Presidential Records
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Divider Title: **Feb. 3, 1997**

Task force, federal grand jury target Huang

DNC must produce records on travel, work, fund-raising

By Edward T. Pound
USA TODAY

A Justice Department task force and federal grand jury have asked the Democratic National Committee for a wealth of information on fund-raiser John Huang. That's in addition to records they seek related to fund-raising by a friend of President Clinton's.

Huang, a former executive at the Indonesian conglomerate Lippo Group, remains at the center of allegations that Democrats solicited illegal contributions from foreigners and foreign corporations.

A confidential DNC document, prepared by DNC General Counsel Joseph Sandler and obtained by USA TODAY, shows Huang is among more than 40 individuals and companies whose records have been subpoenaed.

The grand jury inquiry is being directed by Justice Department lawyers. A task force of those lawyers and FBI agents was formed late last year. So far, Attorney General Janet Reno has declined to appoint a special prosecutor to investigate Democrats' fund-raising.

Huang left Lippo and joined the Commerce Department in 1994. A year later, he switched to the DNC, becoming its major fund-raiser in the Asian-American community.

Huang raised $3.4 million for Clinton's re-election. But after questions arose on the legality of some donations last year — some were from individuals associated with Lippo — about one-third of the money was returned. Reports of Huang's fund-raising first surfaced last fall, as the presidential campaign wound down, and raised calls for investigations into Democrats' activities.

Federal laws bar foreign corporations and most foreign citizens from contributing to U.S. campaigns or candidates.

Huang's ties to Lippo have drawn scrutiny. Some congressional Republicans have suggested that Lippo, which watches U.S. trade policy closely, may have benefited improperly from Huang's position at the Commerce Department.

The DNC was ordered by the grand jury to produce any records it had on Lippo and its affiliates and officials, including James Riady, scion of the Indonesian family that owns Lippo. Family members have been generous contributors to Democratic campaigns.

The subpoenas also required the DNC to produce Huang's employment and travel records, including overseas trips; his expense files; and records on all donations made by Huang and his wife.

The grand jury also directed the DNC to provide documents on his fund-raising activities. Those include an event he arranged at Washington's posh Hay-Adams Hotel in February 1996. Wealthy contributors rubbed elbows and dined with Clinton. The event raised $1 million.

The friend and sometimes golfing partner of Clinton whose records have been sought is Paul Berry, a Little Rock lobbyist. Berry told USA TODAY he did not raise money for the president's campaign from foreign corporations or individuals.

Berry and Clinton go back a long way: In 1978 it was Berry, then a banker, who helped arrange a $20,000 loan Clinton and partner James MacDougal used to invest in the Whitewater real estate project.

Subpoenas have also been issued to the White House and to Clinton's Whitewater legal defense fund.

The White House has still other worries. Republicans in both the House and the Senate have begun gearing up their own inquiries. Senate Republicans are seeking $6.5 million to conduct a broad investigation of campaign finance violations.

The memo from DNC counsel Sandler was sent to DNC officers and employees on Jan. 13, shortly after the committee received a second grand jury subpoena. An earlier subpoena was served in mid-December.

Sandler instructed DNC employees to make a thorough search of their files and warned them "to take care to ensure that no documents ... are destroyed, discarded, misplaced, or altered in any way."

He attached to his memo a list of documents sought by the grand jury. Information was demanded on numerous contributors, most of whom have Asian surnames. They include many already identified in news accounts as contributors to the Democratic Party. The grand jury also wanted documents on 11 companies and their subsidiaries or affiliates.

The committee was directed to supply "checks, statements, receipts, and all other documents and records relating to the date and amount of money donated ... to the DNC."

Among the Clinton supporters cited in the DNC document was Charles Yah Lin Trie, an Arkansas businessman who has known President Clinton for many years and operates an international trading company. Last year, the president's legal defense fund returned about $600,000 in donations Trie raised for the fund after questions arose about the money's origins.

Also listed was Pauline Kanchanalak, a Thai businesswoman who runs a Washington-based company, Ban Chang International (USA). Her $253,000 in contributions to the Democratic Party was later returned by the DNC.

The grand jury also sought documents on James Wood Jr., who until a few weeks ago headed the American Institute in Taiwan. The U.S.-funded insitute represents American interests in Taiwan. Wood stepped down in January amid allegations he pressured Taiwan businessmen to contribute to Clinton's re-election campaign.

▶ President's old friend, 1A



By Jamal A. Wilson, Agence-France Presse

Under scrutiny: Former Commerce Department employee John Huang first drew media attention for his fund-raising practices in the fall, toward the end of the presidential campaign.

USA TODAY
MONDAY, FEBRUARY 3, 1997

CIA's Africa division. Lake's appearance there was "yet another whistle-stop" in the admin.'s "carefully orchestrated campaign to transform potential critics ... into believers that Lake is the right man for the job." One of the "most striking" aspects of Lake's lobbying is his "assiduous courting" of current and ex-CIA officials and their supporters, "some of whom are openly critical of Lake on ideological grounds alone" (2/2). Lake is "lobbying the influential community of retired spies, and privately pledging to revitalize the agency's beleaguered cover-operations directorate" (Weiner, N.Y. TIMES, 2/3).

OTHERS: K.C. Mayor Emanuel Cleaver said he had turned down a "substantial" job in the Clinton admin., saying "too much work" remained for him in K.C. Cleaver's decision capped "40 hours of media conjecture and political posturing among potential mayoral candidates," and appeared to "lay to rest" future talk about whether Cleaver will leave his office prior to the end of his term in '99 (Lester/Morris, K.C. STAR, 2/3). Trans Sec.-designate Rodney Slater "rolled through another Senate hearing" 1/31 as the "road remained clear for his confirmation" this week by the full Senate (Lemons, AR DEM-GAZETTE, 2/2).

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TONY SNOW

Reform reveries . . .

The Washington Times
MONDAY, FEBRUARY 3, 1997

Here's all you need to know about campaign-finance reform: Last Tuesday evening, several hours after he urged both parties to "accept responsibility for (election-spending scandals) and take responsibility to repair it," President Clinton did neither. Instead, he dined with moguls who paid $10,000 and corporations who shelled out $15,000 to join the Democratic Party's "business council."

The event raised more than $1 million, but it made a liar of the commander in chief. Mr. Clinton had told reporters the soiree would satisfy a finance-reform bill authored by Sens. John McCain and Russ Feingold. In fact, the McCain-Feingold measure bans such galas.

But don't single out the president on this one. No issue in Washington, not even marital fidelity, invites as much hypocrisy as campaign-finance reform. Lobbyists certainly don't like the idea: It would put them out of business. Politicians distrust it for the same reason.

You should be wary, too. The most popular recommendations would limit expenditures, regulate access to broadcast media and create some form of government funding — on the theory that politicians, like James Carville's proverbial trailer trash, cannot resist the temptation to snatch an unclaimed greenback.

Consider some dangers of this cure. Several years ago, a Midwesterner who thought history had dealt too harshly with Adolf Hitler managed to become a major-party congressional candidate. He was the only person to enroll in the primary.

Stunned by his nomination, the local party opposed him. The district party opposed him. The state party opposed him. The national party opposed him. His opponent's old opponents opposed him. In time, his campaign foundered — confirming all his darkest suspicions — and the Ubermensch retreated to his dim and uncompanioned garret.

Things wouldn't have worked that way if today's improvers were in charge. The neo-Nazi would have received as much money and air time as the incumbent — and taxpayers would have been forced to underwrite Boy Adolf's advocacy of an America where black children and Jewish children would grow up side by side — in concentration camps.

Partisans never stop trying to outwit their opponents.

Most of us like the idea of cleaning up politics, but not the notion of using tax dollars as the mop. Americans for two decades have had the option of setting aside federal income-tax money for presidential campaigns. Participation hit a peak of 28.7 percent in 1980 but has slid ever since, to 13 percent in 1994. In other words, when it comes to federal financing of elections, watch what we do, not what we say.

The "equalization" formulas favored by reformers have other side effects.

They help secure the advantages of incumbency. Officeholders have one strength their opponents don't: They're in office. They can sponsor bills. They can bring pork home. They can hold press conferences to express praise, blame, support, condemnation, happiness, agony. In short, they can get coverage almost whenever they want.

Politicians have a name for this kind of publicity. They call it "free" or "earned" media — implying a peculiar synonymy: "We get your earnings for free."

Reformers propose a cure for excess news coverage. They want broadcasters to give challengers equal air time. That won't happen, of course. The Supreme Court overruled such "balance" when it tossed out the Fairness Doctrine.

This is a good thing. If Congress were to eliminate free/earned press, incumbent politicians would reach for the only arrow remaining in their quivers: Pork. They would shower voters with attention and gifts. Restrictions on election spending thus could provoke unrestrained federal spending by politicians bent on preserving incumbency without the aid and comfort of PAC donations.

That already happened once. The last time Congress tried to clean up the system, it created the present mess, ushered in an era of unprecedented security for incumbents and also managed to spend money as never before. This proves an old truism: It isn't possible to restrict spending or speech without making criminals of people who just want to help their side win — and making those who follow the rules look like fools.

There's a final flaw in the reformist scheme. Partisans never stop trying to outwit their opponents. Right now, clever souls in both parties are trying to concoct high-minded innovations that would let their side rake in the dough and force others to survive on table scraps.

The natural tendency to seize an unfair advantage explains why the campaign-finance debate is sometimes as rancorous and petty as the Gingrich hearings. It also shows why the reform efforts aren't likely to go anywhere — and shouldn't.

Tony Snow is a nationally syndicated columnist.

DONALD LAMBRO

as scandals thicken

Oiling the moneygate

President Clinton now admits that "mistakes were made" in the unrestrained and often illegal pursuit of campaign contributions to his campaign. What he doesn't admit is that he gave the green light to his top money men and White House deputies to make them.

What is quickly unfolding here in the White House's widening Moneygate scandal, which has led to a full-scale investigation by the FBI and at least half a dozen committees in Congress is nothing more nor less than the selling of the presidency to the highest bidder.

Wealthy Democratic donors, many of whom had business before the federal government or wanted favors from the administration, were ushered into the Oval Office for coffees, lunches or other meetings with Mr. Clinton, given overnight accommodations at the White House, including the prestigious Lincoln Bedroom, and put in touch with top policy-makers throughout the Clinton high command.

"The White House was selling access to the president, the vice president, the first lady, and so on down the line, raking in millions of dollars for the campaign in record time," said a Democratic strategist who is close to the Clinton moneymen.

The first major green light came from Mr. Clinton during a meeting with his campaign fund raiser, Terry McAuliffe, on the morning of Tuesday, Dec. 27, 1994, when the president was plotting his re-election strategy.

Mr. McAuliffe, the party's legendary fund raiser, told Mr. Clinton at that meeting that raising whatever sums he needed for his campaign would be "no problem" and that he would do it "faster than it's ever been done before."

According to a passage in "The Choice," Bob Woodward's book on the 1996 campaign, Mr. Clinton responded by saying, "Is there anything I need to do?"

There was, Mr. McAuliffe told him. "I need to get people to see you," adding that he needed to run key campaign organizers and big money donors through the Oval Office, allowing them to spend some time with the president. Mr. Clinton gave him the go-ahead, as he did his other top people in his re-election campaign at the Democratic National Committee.

What followed over the next two years was an unprecedented flow of access to the Oval Office and the presidency and to high officials in his administration.

"There is no pattern and practice here of trying to push our system over the brink into corruption. What happens is there's a race to get as much money as you can to keep from being buried by the other people and to make sure you get your own message out," the president said at his confessional news conference last week.

But the reason the FBI has just assigned 25 agents to this case and the Senate is about to launch a Watergate-style investigation is that there is a pattern here: of insider information for sale to big donors, of longtime cronies of the president raising money for him by getting foreign business leaders in to see him to lobby him on key foreign policy issues dealing with trade, immigration and other issues.

The unbroken thread that winds its way through the principal characters of this scandal — former DNC fund-raiser John Huang, Arkansas business dealer Charles Yah Lin Trie, the Riadys of the Lippo Group banking empire, among others — is that they were all close friends of the president.

As the money machine began rolling along, no professional impropriety or ethical consideration or regulatory rule seemed to bother the president or his deputies. The most brazen example of this was raised by a reporter at last week's news conference.

Eugene A. Ludwig, the government's top banking regulator, was present at a White House fund-raising coffee hosted by the president last August for the nation's biggest banking industry leaders. "In retrospect, I do not think the comptroller of the currency should have been there," Mr. Clinton said.

But the president was there, he saw his chief banking regulator in the room, and he knew the event was sponsored by the DNC in a series of such coffees to help raise money for his campaign. The whole meeting was not only rife with conflicts-of-interest, it probably was illegal.

You cannot use government facilities to raise campaign money and you cannot use federal regulators to demonstrate your influence over the industry that the donors represent. This meeting was not just a mistake, it was a violation of laws and regulations that the president is sworn to uphold.

Perhaps the most shocking abuse by the Clinton White House has been the unusual access that the president offered to big donors in exchange for large contributions. The New Yorker magazine reported last week that rich Democratic donors were invited for "a day at the White House" last summer, which included use of the swimming pool, the tennis court and the bowling alley.

There was no political favor too big or too small that the White House overlooked. Jerry Seper of The Washington Times reported last week that the day after Chinese arms dealer Wang Jun met with the president in the Oval Office, a longtime Clinton backer who helped Mr. Wang obtain a U.S. visa gave $50,000 to the DNC.

The list of blatant campaign financing abuses by this White House is long and sordid. These were not "inadvertent mistakes" as the president argued in his news conference. There was a persistent pattern of abuse in which the legal barriers between political fund raising and the business of government were battered and breached.

The revelations have gotten so bad that insiders now say Attorney General Janet Reno is close to calling for an independent counsel to investigate it from top to bottom.

Donald Lambro, chief political correspondent of The Washington Times, is a nationally syndicated columnist.

The Washington Times
MONDAY, FEBRUARY 3, 1997

The Washington Times
MONDAY, FEBRUARY 3, 1997

Corruption begets corruption

By Mark R. Levin

A day doesn't pass without new revelations about campaign finance abuses and violations by the White House and the Democratic National Committee (DNC). For instance, huge sums of illegal campaign contributions were donated to the DNC by foreign nationals. Frequently the funds were illegally laundered through third parties including, in one case, over $400,000 from Indonesian landscapers with possible connections to the Lippo Group. The Lippo Group is headed by longtime Clinton friends and supporters. The landscapers have now fled the country, making them unavailable for questioning by law enforcement authorities and congressional investigators.



Vice President Al Gore now acknowledges that on April 29, 1996, he did, in fact, attend a DNC sponsored political event at a tax-exempt Buddhist temple. At a minimum this violates the tax code. The DNC raised $140,000 in campaign contributions at the temple, at least $5,000 of which was laundered through a Buddhist nun. Of course, laundering funds is also unlawful.

Last week, in anticipation of upcoming Senate oversight hearings, the White House released a massive document showing a systematic and widespread effort by the president and vice president — and dozens of administration officials — to use federal resources to promote their reelection. The papers show that Mr. Clinton — while too busy to answer Paula Jones's sexual harassment charges in a three-hour deposition — participated in over 70 such meetings with key DNC officials, administration personnel, union bosses, sympathetic corporate officers, liberal special interest groups, and well-heeled lawyers and lobbyists. Most of these meetings took place in the White House Map Room, which is government property. Were these meetings shakedowns for campaign cash or did several attendees just happen to pony up hundreds of thousands of dollars in contributions within days of the meetings? Moreover, it is illegal to fundraise on government property, such as the Map Room, and the Hatch Act prohibits federal employees, including some administration officials who attended these meetings, from politicking on government time.

Furthermore, one of these meetings with the president and his DNC operatives included 17 top bank officials and the top Clinton official responsible for regulating them. Now that this meeting has been revealed to the public, and widely criticized as inappropriate, Mr. Clinton says it was a "mistake." Of course, at the time the president could have cancelled the meeting or refused to attend, but he did neither.

Mr. Clinton also met with a Chinese arms dealer and opened the White House to a notorious drug dealer (who also contributed money to the DNC). Moreover, during this period, the president's legal defense fund received hundreds of thousands of dollars in bogus donations that were eventually returned but kept secret by Mrs. Clinton and others until after the November election.

As is his practice, the president denies knowledge of, or responsibility for, the abuses and misconduct that swirl around him. But behind the scenes, all the president's men are working overtime to contain this scandal. They're prepared to undermine, discredit and obstruct the upcoming Senate oversight hearings, which will be led by former prosecutor and Senate Watergate Committee veteran Sen. Fred Thompson.

Mr. Clinton's point man in the Senate, Minority Leader Tom Daschle — whose wife, until recently, was earning over $115,000 on the Clinton administration's payroll as Deputy FAA administrator — is busy setting the Clinton administration's trap. For instance, Mr. Daschle, like the president, seeks to divert attention from Clinton and DNC campaign misconduct with a two-pronged public relations strategy: They insist on immediate "campaign finance reform" and demand that the upcoming hearings be "bipartisan" and, therefore, also focus on Republican misconduct.

Clearly campaign finance reform has nothing to do with these hearings, just as it had nothing to do with the Senate Watergate hearings. While the Watergate hearings exposed evidence of campaign law violations, among other things, it wasn't until well after the investigative hearings — and President Nixon's impeachment and resignation — that campaign finance reform was tackled by Congress. The reason is this: The purpose and focus of a congressional investigation of this kind are to determine whether executive branch officials — including the president and vice president — were involved in serious and pervasive efforts to skirt existing federal laws and abuse their public trust.

Moreover, while it may be tempting to broaden the hearings to cover possible Republican campaign violations, as Mr. Daschle demands, again the issue is whether this White House — like the Nixon White House during Watergate —abused its power. After all, does anyone recall former Sen. Howard Baker, the ranking member on the Senate Watergate Committee, demanding "bipartisan" hearings by insisting that the Watergate inquiry be expanded to cover possible campaign abuses by the DNC or the McGovern campaign? Of course not. Again, Mr. Daschle is desperate to change the subject in his defense of the president.

Mr. Daschle is also demanding that the hearings conclude by next January. Setting an arbitrary deadline on the committee's investigation is part of the same strategy Mr. Daschle and the White House used to blunt the Senate Whitewater hearings. Mr. Clinton routinely stonewalled congressional investigators by, among other things, asserting specious claims of executive privilege and attorney-client privilege to prevent the timely release of pertinent information to Congress. Given the Clinton-Daschle record at playing out the clock, Mr. Daschle's motive is transparently political and must be rejected. Besides, as a practical matter, the campaign abuses by this White House appear widespread and some key witnesses the committee will want to question are either on the run or reside outside the United States. Securing their testimony will be very difficult and time-consuming. Under the circumstances, why should the Senate set an arbitrary deadline?

Merely because Mr. Daschle demands it? Well, last Thursday the Senate Governmental Affairs Committee, which will conduct the hearings, voted 8-4 — along party lines — to proceed with its investigation. For now, committee Republicans refuse to accommodate Mr. Daschle's obstructionist demands. Nonetheless, Mr. Daschle's enthusiasm for undermining these hearings cannot be overstated. Upon learning of the committee's decision, Mr. Daschle said: "They're going to need 60-plus votes on the [Senate] floor if this hasn't been resolved, and I don't think they'll get it." In other words, Mr. Daschle — who chooses to represent the interests of this White House over the American people —is willing to shut down the Senate by filibustering before allowing thorough and complete hearings into the Clinton administration's shameful campaign practices.

While Mr. Clinton and Mr. Daschle build their iron curtain around yet another scandal, and attempt to convince the public and the media that they're victims of partisan politics, let's hope most senators and the American people reject these cynical appeals and demand the truth from their president. Just remember: The issue isn't "campaign finance reform" or "bipartisanship," as Mr. Clinton and Mr. Daschle insist. The issue is whether the temporary occupants of our White House are corrupt.

Mark R. Levin is president of Landmark Legal Foundation.

Magazine says DNC official benefited from raising funds

By Joyce Price
THE WASHINGTON TIMES

The "aggressive fund-raising and lobbying efforts" of Alan Solomont, nursing home mogul and new Democratic Party finance chairman, "may have yielded a policy payoff" — looser enforcement of nursing-home regulations, Time magazine reports this week.

The case "also suggests to critics that people like Solomont might not be the best-suited to carry out [President] Clinton's solemn promise to, as he said last week, clean up the system" of campaign fund-raising practices, wrote Time correspondent Michael Weiskopf.

Although Mr. Clinton has said he's never let financial contributions influence policy decisions, the Time report challenges that with regard to Mr. Solomont.

It points out that Mr. Solomont, described as a "leading Democratic fund-raiser and an occasional jogging partner of Clinton's," gave the party $160,000 and helped raise another $1.1 million from nursing-home owners.

But his "most remarkable and dubious accomplishment," the report said, was lobbying presidential appointees, such as Health and Human Services Secretary Donna E. Shalala, "for regulatory changes" for nursing homes "while chairing his party's Business Council of $10,000-a-year donors."

The magazine said the DNC Business Council Mr. Solomont chaired handed the DNC $1 million just one week "after Clinton heralded its 'reform' era with such new leaders as Solomont."

In lobbying for less-stringent enforcement of nursing-home regulations, Mr. Solomont "approached not only Shalala but also Medicare- and Medicaid-programs administrator Bruce Vladeck," whose office had written new nursing-home guidelines that "toughened enforcement of quality standards and resident rights."

Time noted that Mr. Solomont opposed the proposed changes and "kept on lobbying throughout the campaign to win major concessions for his industry over the objections of consumer advocates."

"He got most of what he wanted," Mr. Weiskopf wrote.

Specifically, HHS officials approved the industry's demands to make imposition of fines the "remedy of last resort," reserved mostly for life-threatening offenses, the report said.

"Another proposed revision that Solomont sought and obtained has added more hoops to the informal process of resolving disputes between nursing home owners and their regulators," the Time article said.

Mr. Vladeck acknowledged industry lobbying was influential but said he could "comfortably defend" each change that was made on its merits.

Sen. Arlen Specter, Pennsylvania Republican, alluded to the new report in Time in an interview yesterday on "Fox News Sunday."

"While there may have been access [to government officials] in the past to administrations, it may well be that the Clinton administration carried it to the nth degree with the disclosures in Time magazine tomorrow about nursing homes," said Mr. Specter, a member of the Senate Government Affairs Committee.

While Sen. Fred Thompson, Tennessee Republican and chairman of the committee, has said fund-raising abuses by both political parties would be investigated, the Democratic Party has been the subject of almost daily press revelations of questionable and, in some cases, illegal activities.

On Fox, Mr. Specter said he believes Vice President Al Gore "ought to be called" before the committee to testify on "conflicting statements" he made about what he knew about a Democratic fund-raiser he attended at a Buddhist temple. Mr. Specter cited a New York Times editorial, which said one of the vice president's statements was "false."

• *This article is based in part on wire service reports.*

The Washington Times
MONDAY, FEBRUARY 3, 1997

Starr team focuses on Hubbell's Lippo work

They want to ask what Lindsey knew

By Jerry Seper
THE WASHINGTON TIMES

A1

Webster L. Hubbell, the former associate attorney general who has only three months to go in his 21-month prison sentence for mail fraud and income tax evasion, may face a new line of questions from the Whitewater prosecutor.

The disgraced former Justice Department official, who pleaded guilty to defrauding Little Rock's Rose Law Firm and several clients he represented there, has been asked by the office of Kenneth W. Starr, the Whitewater independent counsel, to explain how he came to be on the payroll of the Lippo Group, an Indonesia-based investment conglomerate at the center of congressional and federal probes into illegal foreign campaign contributions.

Hubbell, now at a D.C. halfway house, has testified to the Whitewater grand jury in Washington about his Lippo connection and about a $250,000 annual salary the firm is said to have paid him. Mr. Starr's office will not comment on this.

According to those close to the investigation, prosecutors want to know what Hubbell did for Lippo and whether the $250,000 salary was intended to limit his cooperation in the Whitewater inquiry, which he promised as part of his plea bargain.

Hubbell, a longtime friend of President Clinton and a former law partner and business associate of first lady Hillary Rodham Clinton, was sentenced in August 1995 on two felony counts of mail fraud and tax evasion for stealing $482,000 from clients at the Rose firm. He used some of it for personal expenditures, including the purchase of lingerie at Victoria's Secret.

Hubbell is one of 16 former and current friends of Bill and Hillary Clinton who have pleaded guilty or have been convicted as a result of the Whitewater investigation, including James and Susan McDougal, the Clintons' partners in the Whitewater Development Corp.; former Arkansas Gov. Jim Guy Tucker; and David L. Hale, a former Little Rock municipal judge.

see **HUBBELL**, *page A16*

HUBBELL

From page A1

They also are trying to determine why Hubbell met with John Huang, a one-time Lippo executive, Democratic fund-raiser and Commerce Department official, in August 1994, five months after Hubbell resigned his position in the Justice Department and 15 days after Mr. Huang started work at Commerce as a deputy assistant secretary.

Mr. Huang was an official at Little Rock's Worthen Bank, after the bank was bought by Lippo and is a longtime friend of Hubbell and Mr. Clinton. The bank was later bought by Boatmen's Bank of St. Louis. Mr. Huang has emerged as a key figure in a growing controversy over foreign campaign contributions to Mr. Clinton and the Democratic National Committee (DNC). His involvement in raising more than $2.5 million in questionable campaign contributions is being reviewed by the Justice Department's criminal division.

After meeting with Hubbell at a Washington restaurant, Mr. Huang met with James Riady, a Lippo executive and son of the firm's founder, Mochtar Riady. He spent the remainder of the evening at a White House birthday party for Mr. Clinton, at which the DNC raised $1.2 million.

Whitewater prosecutors, the sources said, also are interested in what ties, if any, White House Deputy Counsel Bruce Lindsey had to Hubbell at the time he agreed to work for the foreign-based conglomerate, and what Mr. Lindsey might have known about the arrangement. They also are trying to determine whom Mr. Lindsey told, if anyone, about Hubbell's ties to Lippo.

After his resignation from the Justice Department, Hubbell maintained an office in Washington at G. William Miller Inc., a merchant banker, although a receptionist who worked there at that time was not sure what his duties were.

The Miller firm also hosted offices for the Presidential Legal Defense Fund, which collects contributions to defray legal bills associated with Mr. Clinton's defense in litigation.

Mr. Lindsey, in a June 1996 deposition by Senate Whitewater committee lawyers, acknowledged that he knew in November 1994 that Hubbell had gone to work for Lippo. The White House had said Mr. Lindsey learned of it in early 1996 from news reports. He testified that he could not recall whether he knew Hubbell was being paid $250,000 or what he did for the firm.

He told Senate lawyers he saw Hubbell's name on a list of 20 Arkansas residents Lippo planned to take to Indonesia to join Mr. Clinton on a visit there, and he rejected the proposal as a "bad idea." He said he believed he was told Hubbell was on the list because he was doing work for the firm.

It is not clear why Mr. Lindsey would not have told the president about Lippo's hiring of Hubbell, whose friendship with Mr. Clinton dates back more than 20 years, since he acknowledged in the deposition that he told Mr. Clinton that a group of Arkansas residents had been invited to Indonesia and he had spiked the plan.

It also is not clear who told Mr. Lindsey about the hiring of Hubbell. White House Special Counsel Lanny Davis says Mr. Lindsey recalled only that he was told by "someone" but could not remember who the someone was.

Hubbell refused to say what he did for Lippo when asked by the Senate Whitewater committee.

The Washington Times
MONDAY, FEBRUARY 3, 1997

As some see it, however, no item leaps out as more critical to the outcome of budget negotiations than the size of a tax-cut package, and for one simple reason: The bigger the tax cut, the more severe the spending cuts required to eliminate the federal budget deficit.

White House officials Sunday described their program of $98 billion in tax relief as ``targeted'' to help families pay for such expenses as education and the purchase of a first home.

The administration would offset some of the cost of the tax cut with $80 billion in miscellaneous, largely technical tax increases, including a crackdown on ``corporate welfare'' that targets loopholes affecting certain interest and dividends.

Clinton also would provide a break to shield most people from paying capital gains tax on the sale of a house.

While major differences remain with Republicans who generally support a bigger tax cut and broader capital gains relief, one GOP official Sunday seemed to challenge Clinton to cooperate on a far-reaching budget deal.

Senate Majority Leader Trent Lott, R-Miss., said on ABC-TV's ``This Week'' that he planned to invite Clinton to Capitol Hill soon to explore resolving areas on which there is already significant agreement. ``This is (to) sort of sit down and say, `Mr. President, it's time that we stopped the little pigeon steps around here, and let's begin to see what we can really do to move some things forward for the American people,''' Lott said.

Apart from emerging partisan pressures, the choices Clinton has made for his second-term program are limited by large, historic forces.

``Eisenhower, Nixon and Bush got to spend peace dividends,'' said C. Eugene Steuerle, a budget scholar at the Urban Institute in Washington, referring to the brisk jump in domestic spending that occurred after World War II, the Vietnam War and the Cold War. Clinton, by contrast, has had no such windfall to draw upon.

Can the Drive for Campaign Reform Achieve Success?
(Washn) By Robert Shogan
(c) 1997, Los Angeles Times 2/3/97

WASHINGTON In the face of the mounting outcry about the heavy-handed fund-raising tactics that helped him keep his desk in the Oval Office, President Clinton argued last week that the current system of campaign financing ``really worked pretty well'' until it became ``just outdated.''

But as the struggle now taking shape in Congress to overhaul the campaign-financing structure makes clear, the defects in the rules governing political money are deeply rooted, raising grave doubts about whether this new drive for reform can achieve meaningful success.

Congress has not passed comprehensive campaign finance legislation since 1974, in the wake of the Watergate scandal. Many reformers believe that the current controversy over fund raising by the Democratic Party has created more momentum for change than at any time since the furor that drove Richard Nixon from the presidency.

But the reform efforts face a fundamental problem politicians taking on the challenge in effect are regulating themselves, and many of them find it hard to resist putting their own self-interest first. This attitude is long-standing and transcends party lines, having more to do with incumbency than partisanship.

As the majority party in Congress, Republican lawmakers naturally are resistant to change.

``My job is to convince the Republicans they can fix the system and still be re-elected,'' said Sen. John McCain, R-Ariz., co-sponsor of the most prominent reform proposal on the congressional docket.

Among other things, the bill seeks to ban contributions to political parties of so-called ``soft money'' the now virtually unlimited donation of funds from corporations, labor unions and individuals. It is the area of abuse that has caused great embarrassment for the president and the Democrats.

McCain widely respected in both parties, but so far he hasn't had much luck promoting the reform plan, co-authored by Democratic Sen. Russell D. Feingold of Wisconsin. McCain's only recruit from GOP ranks has been Tennessee Sen. Fred Thompson, who also heads a forthcoming Senate inquiry into fund-raising excesses by both parties during the 1996 campaign.

Meanwhile, Democrats have their own anxieties about the reform drive. The main worry, said Sen. Paul Wellstone of Minnesota, is that the GOP majority would eliminate some provisions from the current proposal and substitute others that could leave Democrats at a competitive disadvantage in future fund-raising battles.

For example, some veterans of past reform wars speculate that Republicans, who usually are better financed, might try to cut back on the McCain-Feingold bill's provision for free TV time for cai or might seek to tighten restrictions on campaign spending by unions, which in 1996 lavished $35 million in dues money on an to overturn the GOP majorities in Congress.

Compounding these problems are federal court decisions severely restricting congressional authority to regulate campaign spending, which the judiciary maintains is shielded by the First Amendment.

``You are not going to stop the flow of money in American politics,'' said University of Virginia analyst Larry Sabato, co-author of ``Dirty Little Secrets,'' a study of American political corruption. ``So we should stop passing laws which encourage people and groups to use subterfuges.''

In the past, the statutes enacted by Congress and regulations promulgated by the Federal Election Commission have been overridden by the law of unintended consequences.

For example, while contributions to candidates' campaigns are limited by regulation, the FEC ruled in 1978 that political parties would not be restricted in the collection of funds for ``party building.'' At the time, that designation covered activities such as printing bumper stickers and yard signs.

But by the 1996 campaign, the resourcefulness and greed of candidates, their handlers and party officials in both camps had stretched this loophole into a huge pipeline of soft money. Unlimited funds from corporations and labor unions, as well as frequently oversized gifts from individuals, turned ``party building'' into a $250-million industry, which is now the prime target of reform.

``If we can get rid of $250 million in soft money, we can improve the system,'' said Fred Wertheimer, former president of Common Cause and an ardent proponent of the McCain-Feingold bill. ``You can point to other things that may go on, but they are not going to be of the nature and depth of corruption that is going on today in Washington through soft money.''

Wertheimer, head of a new public policy group called Democracy 21, blames many of the ills of the campaign finance system not on the existing laws, but lax enforcement by the FEC, an agency widely condemned for its flaccidity.

In the 1996 presidential campaign, both major parties sponsored commercials backed by unprecedented outlays of soft money to help boost their respective presidential candidacies.

Backers of reform recognize that carrying out their mission on Capitol Hill will require flexibility in industrial-strength dosages.

``Remember,'' McCain said, ``I am willing to negotiate on everything if we preserve three principles reducing the influence of money in politics, giving a more level playing field to challengers and getting something done.''

If public pressure for change intensifies, Wellstone said, ``people (in Congress) may feel that even though they don't want to pass reform, a vote against would hurt them even more than the reform.''

MARKET BEAT: U.S. Economy's `Long, Good Cycle' Defies Expectations By Tom Petruno
(c) 1997, Los Angeles Times

In many respects, the U.S. economy is daring Federal Reserve Chairman Alan Greenspan and his cohorts to raise interest rates. But when they get together on Tuesday and Wednesday for a regular policy meeting, odds are they won't.

Despite a brisk 4.7 percent (annualized) gain in real U.S. growth in the fourth quarter, as reported by the Commerce Department on Friday, the economy continues to amaze and confound in the best possible way.

Faster growth usually generates higher inflation, which then puts the Fed on war footing, driving interest rates up. Yet the ``core'' consumer inflation rate last year, excluding food and energy, was just 2.6 percent, matching the 30-year low rate of 1994.

In the fourth-quarter gross domestic product report, the government said the GDP implicit price deflator, another gauge of inflationary pressures in the economy, rose at an annualized rate of just 1.4 percent the lowest since 1967, even as economic growth picked up speed.

The data left many an analyst searching through the thesaurus for new superlatives with which to describe the American economy, because ``nirvana'' has become so overused.

As far as the Fed is concerned, Friday's numbers suggest that the ``long, good cycle'' is still more or less intact meaning the cycle of economic growth and benign inflation that has been the rule all through the 1990s.

This long cycle has been the basis for the U.S. stock market's terrific rally since 1990, and for the job growth that has pushed unemployment to a seven-year low.

Shalala, Ickes are drawn into money probe

By Mimi Hall
USA TODAY

The White House, already under intense scrutiny for fund-raising practices in the 1996 campaign, has been hit with two new and potentially damaging reports involving a Cabinet secretary and a former top aide to President Clinton.

Time magazine reports today that Massachusetts nursing-home mogul Alan Solomont, the Democratic Party's new finance chief, last year gave $160,000 to the party, helped raise $1.1 million more from nursing-home owners and then successfully lobbied Health and Human Services Secretary Donna Shalala for rules changes to benefit his industry.



By Tim Sloan

Davis: 'There was no solicitation'

Time reports that Solomont, then head of the party's Business Council of $10,000-a-year donors, lobbied Shalala and Bruce Vladeck of the Health Care Financing Administration to ease nursing-home rules on quality standards and residents' rights.

Vladeck told *Time* that although lobbying by Solomont and others in the nursing home industry had some influence on his decisions, he would "comfortably defend each change on its merits."

Last week, Clinton said "mistakes were made" by party fund-raisers and White House aides.

But he insisted there were no cash-for-access deals. "I never made a decision for anybody because they were contributors," he said.

White House Special Counsel Lanny Davis said Sunday he hadn't had a chance to look into the Solomont story.

Newsweek, meanwhile, reports today that then-White House deputy chief of staff Harold Ickes advised a potential donor who wanted a tax break to send hundreds of thousands of dollars to tax-exempt get-out-the-vote groups that primarily help Democrats, as well as to the party.

Newsweek reports that in October, Florida exporter H. Warren Meddoff handed Clinton a business card at a Miami fund-raiser with a note on it saying he had a friend ready to donate $5 million to the Democratic National Committee (DNC).

Seven days later, *Newsweek* reports, Ickes reached Meddoff, who told him that his friend, financial speculator William Morgan of Richardson, Texas, wanted to donate a large sum but wanted to be sure he could claim a "favorable tax benefit."

Since a political contribution to the DNC would not be tax-deductible, Ickes reportedly sent a two-page fax directing Meddoff to tell his friend how to donate directly to a tax-exempt group organizing against California's ballot measure to repeal affirmative action and to other get-out-the-vote groups.

Ickes also asked that $500,000 be wired to the DNC, *Newsweek* says.

Under the Hatch Act, it is illegal for government officials to raise campaign money. *Newsweek* says that later the same day, Ickes told Meddoff to "shred" the fax. Ickes told him a DNC official would phone with instructions. Ickes told *Newsweek* he did not say "shred" but may have called the fax "inoperative."

Davis said Ickes did nothing wrong because he never asked for money. "Identification of entities or organizations to which an individual can make contributions is not a solicitation in violation of the Hatch Act nor conduct constituting a violation of any campaign finance laws," Davis said.

The DNC eventually turned down the gift from Morgan, because when party officials looking into his financial background couldn't find much information, they started to suspect they were being set up, *Newsweek* says.

USA TODAY
MONDAY, FEBRUARY 3, 1997

USA TODAY
MONDAY, FEBRUARY 3, 1997

Subpoenas target DNC records

Clinton pal among 40 scrutinized

By Edward T. Pound
USA TODAY

A Justice Department task force and federal grand jury in Washington have subpoenaed records on more than 40 individuals and corporations as part of a wide-ranging investigation into possibly illegal foreign campaign contributions to the Democratic Party.

Details on the growing inquiry are in a confidential Democratic National Committee (DNC) document obtained by USA TODAY.

The grand jury directed the DNC to provide contribution records related to the individuals and corporations.

The individuals include President Clinton's old friend and occasional golfing partner, lobbyist Paul Berry of Little Rock.

The documents offer the first sign that investigators are reviewing Berry's actions.

Berry has close ties to the Lippo Group, one of the companies on the list. Lippo, an Indonesian financial and real estate conglomerate, is at the center of questions concerning the Democratic Party's fund-raising activities.

The grand jury inquiry is being directed by Justice Department lawyers. A task force of those lawyers and FBI agents was formed late last year. Attorney General Janet Reno has declined to seek appointment of a special prosecutor to investigate Democrats' fund-raising.

Federal laws bar foreign corporations and most foreign citizens from contributing to U.S. campaigns or candidates.

According to a memo and attachments prepared by DNC general counsel Joseph Sandler, the DNC was directed to turn over all documents concerning Berry's fund-raising for the committee or Democratic officeholders.

The grand jury subpoena, according to the DNC document, also covered any fund-raising activities by Global USA Inc., a Washington lobbying firm that represents influential Japanese and South Korean companies.

Berry once served as a Global vice president and remains a consultant to the firm. A Global vice president, former Little Rock mayor Lottie Shackelford, serves as a vice chair of the DNC.

Both Berry and Shackelford told USA TODAY they had not raised money from foreign corporations or individuals.

Berry said he solicited funds for two Clinton-Gore re-election events. He served on the committee that raised $1 million at a June 1995 luncheon at the Excelsior Hotel in Little Rock. A few months later, he helped raise money at a Washington event where $100,000 was collected.

The grand jury and task force are also seeking DNC records relating to former DNC fund-raiser John Huang, at least 28 apparent contributors, and 11 corporations.

Clinton seeks $100 billion in tax cuts; GOP receptive

By Mimi Hall
USA TODAY

President Clinton will propose $100 billion in tax relief over six years — about half of what Republicans want — when he unveils his annual budget Thursday.

Franklin Raines, director of the Office of Management and Budget, told NBC's *Meet the Press* the cuts are intended to make education and home ownership more affordable.

They will be offset by $80 billion in new taxes aimed at businesses and by renewing an expired airline ticket tax.

Although Democrats and Republicans are sure to have sharp differences when budget talks begin, Clinton's proposal was generally well-received by GOP leaders on Sunday.

Senate Majority Leader Trent Lott, R-Miss., said he'll invite Clinton to the Capitol on Wednesday to meet with leaders from both parties.

Lott said he'd like to focus "on areas where we do have some ... agreement," such as education, crime and drugs.

"This is not just budget talk," Lott told ABC's *This Week*. "This is sort of, sit down and say, 'Mr. President, it's time that we stopped the little pigeon steps. ... Let's begin to see what we can really do.' "

If Clinton accepts, the meeting would be virtually unprecedented, coming at a time of year when the parties usually are preparing to do battle.

Aides said Clinton would be glad to meet, but is scheduled to go to Augusta, Ga., to promote his education proposals on Wednesday.

Raines said Clinton's tax plan includes a $500-per-child tax credit, a $1,500 tax credit for the first two years of college or up to a $10,000 tax deduction for four years.

The plan would eliminate capital gains tax on the first $500,000 in profit on the sale of a primary residence. Republicans want to reduce capital gains taxes on other assets.

▶ Meeting with governors, 3A

Public sector wage demands could catch on

By Ellen Neuborne
USA TODAY

Public employees from New York City police to the governor of Nebraska want big raises this year.

And experts say if their demands are met, public workers could be a catalyst for wage hikes in the private sector.

"There's a psychological effect, and it goes like wildfire, when employees see one group of raises and say 'Hey, what about us?' " says Michael Emig head of the compensation practice for Buck Consultants.

Last year, the average U.S. wage increase was 3%, according to government data. Stable wages, held down in part by worker insecurity, have been a leading factor in keeping inflation in check. But growing clamor in the public sector may be signaling the end of a meek workforce.

▶ The Texas State Teachers Association says public school teachers need a 5% raise this year to persuade them to stay in the state.

▶ New York City police officers have been walking picket lines and participating in a ticket "slowdown," saying the 15.8% pay raise offered by the mayor is too low. Like other city workers, they've gone two years without a raise.

▶ Nebraska lawmakers are considering a bill that would boost the pay of the state's constitutional officers, including the governor and attorney general. The bill would double the governor's salary to $125,000 in 1999.

▶ Maryland judges have asked for a 10% raise.

Requests for higher wages are not a done deal. Maryland judges asked for a similar raise last year, but got 3%.

But economist David Kelly of Primark Decision Economics says this year workers might get what they ask for, thanks to low unemployment.

"If you tell your employee to forget about it, that employee, public or private, has options. How are you going to hire a replacement when that employee leaves?" Kelly says. "Employers are just going to have to ante up more money."

Vetting Didn't Keep Controversial Figures From Coffees

By Glenn R. Simpson
Staff Reporter of The Wall Street Journal

WASHINGTON — Farhad Azima, a major Democratic donor who attended three coffees at the White House, vividly illustrates the hazards of the Democrats' no-questions-asked approach to fund raising.

Dozens of stories about the Kansas City, Mo., businessman pop up if you enter his name into this newspaper's database. It takes little time to find that his companies have a nearly 20-year history of garnering bad publicity for unpaid bills, according to such publications as the Kansas City Star and the New York Times, as well as issues involving various federal government agencies.

Prior to forming warm relations with the Democratic National Committee, Mr. Azima had cameos in both the savings-and-loan debacle and the Iran-Contra affair. But, like other White House guests, the DNC was more interested in Mr. Azima's money and his corporate plane, which was used to ferry top party officials, than in doing a thorough background check on him.

Mr. Azima certainly wasn't the only controversial figure invited to intimate coffees at the White House. Also on the guest list recently released by the White House are Texas real-estate syndicator Craig Hall, who paid the government more than $110 million in 1993 to settle charges by banking regulators related to his dealings with an S&L, and Jorge L. Bolanos, a Miami property magnate who was one of the biggest beneficiaries in the 1980s of the Department of Housing and Urban Development's troubled Section 8 subsidy program.

According to published reports in 1991 in the Dallas Morning News, HUD inspectors found that Mr. Bolanos's companies had overcharged the government more than $2.5 million even as they failed to maintain their projects. Mr. Bolanos refused to comment on the report in 1991 and Messrs. Hall and Bolanos couldn't be reached for comment this weekend.

Details about other coffee attendees tumble out almost daily. The Washington Post over the weekend reported that one guest, Eric Wynn, is a convicted stock promoter with ties to organized crime. In the cases of Mr. Wynn and another White House guest, Wang Jun, a Chinese businessman and reported arms dealer, the White House issued statements conceding that their attendance at coffees with President Clinton was "inappropriate."

Time magazine said one attendee, Democratic fund-raiser and nursing-home owner Alan Solomont, successfully lobbied administration officials to relax nursing-home regulations. Mr. Solomont, recently named the party's new finance chairman, said his contributions weren't connected to his lobbying.

Other disclosures about Democratic fund raising continue to emerge. Newsweek reported yesterday that former deputy chief of staff Harold Ickes asked a potential giver for $1.5 million, with some of the funds to be steered to tax-exempt groups that aren't supposed to engage in electioneering. Mr. Ickes couldn't be reached for comment.

The apparent collapse of safeguards in the Democrats' fund-raising operation still hasn't been fully explained. Former DNC co-chairman Donald Fowler said in an interview that he takes responsibility for scrapping the party's computerized donor vetting system because it was expensive. The White House, which announced new safeguards of its own on Saturday, says it relied on the DNC for vetting.

Mr. Azima was welcomed with open arms last year by the DNC, with Mr. Fowler and other officials logging at least 70 hours of flight time on the businessman's plane. "He and I have become reasonably good friends, casually in any case," says Mr. Fowler of Mr. Azima. Apprised of some ongoing difficulties Mr. Azima is having with the federal government, Mr. Fowler says: "It's news to me."

Mr. Fowler used the Azima plane 46 times, the DNC says, compiling a tab in excess of $200,000. As the DNC acquired these big bills, Mr. Azima's companies face even bigger ones with the government. Five weeks before Election Day, the Justice Department sued two of his companies in U.S. court in Ohio for $1,380,000 owed to the Pentagon; executives of his companies have admitted that debt. One of the companies, Buffalo Airways Inc., also is the subject of Internal Revenue Service liens of more than $500,000. Mr. Azima, in an interview, acknowledged the liens but denied wrongdoing and said he doesn't manage the companies.

Mr. Azima's first brush with notoriety came in 1979, when one of his companies was accused by the Tunisian government of trying to fly Chinese-made weapons from Tunis to Sandinista revolutionaries in Nicaragua, compliments of the Palestine Liberation Organization. (Mr. Azima's attorney says the businessman halted the flight when he learned what kind of cargo his planes would be carrying.) Also that year he befriended Liberian dictator Samuel Doe, who was later assassinated.

In 1984 Mr. Azima was linked to the failure of Indian Springs State Bank, Kansas City, of which he was a director and stockholder. Four people were convicted of fraud in connection with the Indian Springs failure, and Mr. Azima was sued by the Federal Deposit Insurance Corp. for negligence in U.S. court in Kansas City.

The case was settled privately and Mr. Azima now claims the FDIC dropped its case. "They paid the legal fees and all these things," he asserts. Not true, says Michael Manning, a prominent Phoenix attorney who worked on the case: "Mr. Azima as well as other directors and officers settled the claims with a substantial cash payment to the FDIC." The FDIC said it had no comment on the matter.

In 1986, Mr. Azima had another supporting role in scandal when a plane owned by him and leased to his brother's company carried weapons to Iran as part of the Iran-Contra operation. Mr. Azima disavows any knowledge of the shipments, saying, "I had zero involvement in Iran-Contra. Nothing."

Last September, he organized a Kansas City fund-raiser for the DNC, attended by President Clinton, which raised $250,000. He himself has given the DNC about $90,000.

A Look Behind the Kaffeklatches

A sampling of guests who attended White House coffees arranged by the Democratic National Committee

ATTENDEE	DATES	BACKGROUND
Farhad Azima	10/2/95, 3/28/96, 8/6/96	Settled breach of fiduciary duty suit by Federal Deposit Insurance Corp.
Eric Wynn	12/21/95	Convicted of theft, stock manipulation.
Wang Jun	2/6/96	Runs Chinese company charged in arms smuggling case.
Jorge Bolanos	7/20/95	Runs firm accused by government of receiving improper low-income housing subsidies.
Craig Hall	8/2/96	Paid $110 million to settle savings-and-loan case.
Jerome Berlin	7/20/95	Indicted on fraud charges. Acquitted by a jury in 1991.
Roger Tamraz	10/5/95, 4/1/96	Faces embezzlement charges in Lebanon.

THE WALL STREET JOURNAL
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Robert D. Novak

Coffee With The Bankers

At President Clinton's coffee last May 13, leaders of NationsBank, Chase Manhattan Bank and other great financial houses were joined by a self-styled "country" banker: O. Jay Tomson, chief executive of the First Citizens National Bank in Mason City, Iowa. Why was he there? The possible answer suggests something wrong at the White House.

"I went to that meeting as a registered Republican who has not contributed to the Democratic National Committee or the Republican National Committee and who gives to both parties locally," Tomson told me (though Iowa politicians consider him leaning toward the Democrats). Did he have problems with the federal government? "No," he replied, "I did not even talk."

But Tomson had needed help a year earlier. In March 1995, the comptroller of the currency approved Tomson's merger of Citizens National Bank of Charles City, Iowa, with three other Iowa banks: First National Bank of Clarion, Osage Farmers National Bank and Citizens National Bank of New Hampton. This four-way combination increased the assets of Tomson's main bank from $133.2 million to $375.8 million.

Approving this merger, portrayed to me by banking experts as "highly unusual" and "very unorthodox," was Comptroller Eugene Ludwig. He was a vocal participant at the May 13 coffee, a presence belatedly deemed inappropriate by the president last week. According to well-placed sources, Ludwig insisted that Tomson be invited.

Tomson, described by one Iowa associate as "politically naive," expressed to me concern that Washington transmutes innocent proceedings into evil machinations. But the worst assumptions are bound to result when the president, the secretary of the Treasury, the comptroller of the currency and chairman and finance chairman of the Democratic National Committee (DNC) drink coffee with bankers at a DNC-sponsored event in the White House Map Room during a presidential election campaign.

Although memories of what was said eight months ago are remarkably dim, there is no question they discussed how much the bankers would be assessed for the final savings and loan bailout. Treasury Secretary Robert Rubin has declared that he opposed the bankers, which is accurate in the sense that they wanted to pay nothing. But in May 1996, the Treasury went to bat for a lower payment. Undersecretary John Hawke, present at the Map Room, pressured the Federal Deposit Insurance Corp. into going along.

It was no accident that the meeting occurred May 13. On that day, the nation's top bankers were meeting in Washington to pursue their campaign to be able to sell insurance. Rep. James Leach, House Banking Committee chairman, was fighting a losing battle against the banking industry and Comptroller Ludwig.

So, Frank Newman, who resigned as deputy secretary of the Treasury in 1995 to become president of Bankers Trust Co. in New York, put together a list of bankers to gather at the White House. The meeting was scheduled for 8:30 a.m., but earlier, Newman breakfasted privately with his good friend Ludwig.

What did they discuss? An aide said Ludwig cannot remember, and Newman won't discuss that day in May. Newman was hired to ease scandals at Bankers Trust, which owns three national banks regulated by Ludwig.

The banking industry is no hotbed of Clinton Democrats, but Newman's invitation list carefully omitted Republican partisans. Hugh McColl of NationsBank and Richard Rosenberg of BankAmerica are major Democratic contributors. Hjalma Johnson of the Florida-based East Coast Bank Corp. ended 44 years of supporting Republicans to raise money for Clinton last year. John Medlin of Wachovia Corp. is a candidate to be named to the Federal Reserve Board. William Brandon of the First National Bank in Helena, Ark., is a longtime Clintonite.

How this event came to be sponsored by the DNC is unclear, since Democratic National Chairman Donald Fowler told me he had nothing to do with arranging it. Ludwig's spokesman said the comptroller was unaware of Fowler's presence at the coffee and would not recognize him, causing wonderment at the White House how they missed each other during pre-meeting hand-shaking. Bob Rubin certainly knows Don Fowler, but the razor-sharp Wall Street titan told me, "I do not remember seeing him."

In a meeting attended by only 26 people, Fowler achieved invisibility. But Bill Clinton saw him and did not declare until last week that the meeting was truly a "mistake."

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The Washington Post

MONDAY, FEBRUARY 3, 1997

White House Did Reviews To Keep Out Security Risks

By STEPHEN LABATON

WASHINGTON, Feb. 2 — Partly reversing itself, the White House said this evening that the backgrounds of the hundreds of visitors who saw the President at small gatherings arranged by the Democratic National Committee were reviewed by Secret Service officials to see if the visitors might pose a security threat to Mr. Clinton.

But the more general issue of the appropriateness of each guest was never reviewed, according to a statement issued this evening by Lanny J. Davis, the special White House counsel. Thus, the check would not have prevented a felon from visiting the President unless the felon had been listed on Government computer records as posing a possible threat.

The issue of how well the Administration screened the White House guests has emerged after disclosures that several questionable figures saw Mr. Clinton at the scores of small meetings arranged by the Democratic National Committee for supporters and donors.

On Saturday, Mr. Davis said in an interview that there was no screening whatsoever of any of the hundreds of White House guests on the invitation lists provided by the Democratic National Committee. He said that the only information sought of guests was used to verify that the person on the invitation list was the same as the one who showed up.

"No vetting was ever done for these events, other than asking for Social Security numbers or dates of birth in order to verify the identity of the guest," Mr. Davis said then. A spokeswoman for the committee also said on Saturday that it had done no screening either.

But today Mr. Davis said that he had been in error.

"The White House has always provided the Secret Service with birth dates and/or Social Security numbers permitting the Secret Service to do a background check of all White House visitors to determine whether such visitors represent a security risk to the President's safety," Mr. Davis said today. "This procedure was followed with respect to the White House coffees sponsored by the Democratic National Committee. However, the Secret Service does not routinely advise the White House as to background information of any such guests, including criminal records, if in their judgment such individuals do not pose a security risk to the President."

Mr. Davis said that while he had been mistaken about the security check, the central issue was the same: the White House had been lax in examining the backgrounds of all guests for their suitability.

The guests included a felon with possible ties to organized crime, the head of a Chinese conglomerate that owns a major arms manufacturer, and a fugitive from Lebanon who has been sought under an arrest warrant issued eight years ago by Interpol.

"The Democratic National Committee and the White House have recently implemented a new program to improve the screening procedures so that similar instances of inappropriate guests visiting the White House should not recur," he said.

The New York Times

MONDAY, FEBRUARY 3, 1997

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Divider Title: **Feb. 2, 1997**

Campaign reform will fail, senator says

DNC chief predicts push by Clinton

By Joyce Price
THE WASHINGTON TIMES

A key Senate Republican yesterday said Congress will reject a campaign-finance-reform bill, while the new chairman of the Democratic National Committee asserted that President Clinton will fight to ensure its passage.

The feisty exchanges between Sen. Mitch McConnell and Colorado Gov. Roy Romer on CNN's "Inside Politics Weekend" provided a preview of upcoming congressional debate on the issue.

Mr. McConnell, Kentucky Republican, said the McCain-Feingold campaign-finance reform bill "is not going to pass Congress" because most Republicans and even some top Democrats realize it would violate free-speech rights.

But Mr. Romer said he is sure the bipartisan bill's reforms can be enacted "within the Constitution," adding that the Clinton administration is prepared to go to the mat to get the measure passed.

"Senator, we're all in a mess in this situation. Money is too influential," Mr. Romer told Mr. McConnell.

"We're not all in a mess. You all are the ones that are in a mess," the senator retorted. "You're the ones that turned the White House into Motel 1600, renting out the Lincoln Bedroom. There's no evidence that Republicans engage in that kind of behavior."

The McCain-Feingold bill — named for its sponsors, Sens. John McCain, Arizona Republican, and Russell Feingold, Wisconsin Democrat — would eliminate so-called "soft money" donations from labor unions and corporations, and limit individual contributions to $20,000. The proposal died in the 104th Congress.

Campaign-finance reform has taken on new importance in the wake of recent reports that both political parties received illegal or questionable donations from foreign contributors.

However, the Democratic Party has fared worse amid revelations that:

- Former DNC official John Huang, a former official for an Indonesian banking conglomerate, had improperly solicited nearly $2 million in donations from Asian sources. Those contributions have been returned.
- Convicted felons had attended social gatherings at the White House and other locales, and had donated thousands of dollars to the Democrats.
- The White House had sponsored more than 100 coffee socials, during which Democratic fundraisers mingled with business leaders and the federal authorities who regulate those industries.

Mr. McConnell yesterday said the majority of his GOP colleagues in the Senate and House share his belief that "when you limit spending ... you're limiting political speech."

"Both the Democratic leader of the Senate [Tom Daschle] and the Democratic leader of the House [Richard A. Gephardt] have, in fact, said you need to amend the Constitution," he added.

Mr. McConnell disputed the need to change the campaign-financing laws, given that the "Democratic Clinton administration scandal involves violations of existing laws, where foreigners have contributed to American elections, where there's been money-laundering."

"This is a Democratic scandal. And what the president wants to do, and I assume what Governor Romer would like to do, is to change the subject," he said.

Admonishing Mr. McConnell for his "partisan rhetoric," Mr. Romer said: "Look, there are ways in which we can work within the First Amendment and get this done. You know, the American people understand this. When they see a Senate election costing $10 million or $12 million and they see the person who raises the most money win, they know that's not the way that we designed this system."

In a related development, the White House said yesterday it was "not appropriate" that convicted stock-manipulator Eric Wynn, who has ties to organized crime, was invited to a private coffee with Mr. Clinton in December 1995.

"Based on the facts and circumstances as we understand them, Mr. Wynn was not an appropriate person to be included at a White House event such as this," spokesman Lanny Davis told the Reuters news agency.

The Washington Post yesterday reported that Wynn was among eight guests invited to join the president and top Democratic Party leaders for an early-morning coffee klatch on Dec. 21, 1995.

The Washington Times
SUNDAY, FEBRUARY 2, 1997

White House Says Felon Not an Appropriate Guest

Reuter

The White House said yesterday it was unfortunate that a New Jersey stock promoter, convicted of criminal securities fraud that benefited an organized crime family, was invited to a coffee meeting with President Clinton in December 1995.

A White House spokesman, Lanny J. Davis, commenting on the case of Eric Wynn, said: "Based on the facts and circumstances as we understand them, Mr. Wynn was not an appropriate person to be included at a White House event such as this."

Davis was commenting on a report in The Washington Post yesterday that said Wynn was among eight guests who accepted an invitation to join Clinton and top Democratic Party leaders for an early morning coffee four days before Christmas 1995.

The Post reported that he bilked millions of dollars from investors and had served two years in prison after a 1989 guilty plea on theft and tax charges. It said Wynn's stock manipulation had benefited a member of the Bonanno organized crime family. Administration officials said Wynn was invited to the event by the Democratic National Committee.

Davis said the White House is working to screen more closely the people invited to attend White House events.

The Post said Wynn was brought into Democratic fund-raising circles by Richard Mays, an Arkansas lawyer who served as an appointee of then-Arkansas Gov. Clinton on the Arkansas Supreme Court in the early 1980s.

Wynn's second conviction occurred five months before the Dec. 21, 1995, coffee with the president. He was sentenced in September to 52 months in prison and ordered to pay a $50,000 fine. Wynn is free on bail while appealing the conviction.

The White House has been embarrassed by disclosures that guests at functions have included a convicted drug dealer and the head of a Chinese arms company under investigation by U.S. authorities.

Questions have arisen about Clinton's White House coffee chats with wealthy people. Clinton has insisted no laws were broken in the way Democrats attracted donors.

The Washington Post

SUNDAY, FEBRUARY 2, 1997

White House Never Checked Visitors Arranged by Party

By STEPHEN LABATON

WASHINGTON, Feb. 1 — The White House acknowledged today that it had never reviewed the backgrounds of any of the hundreds of visitors who saw President Clinton in scores of intimate White House meetings arranged by the Democratic National Committee.

In place of background checks, which are routinely done on other guests to the White House, an Administration official said that it had simply taken the guests on lists proposed by the Democratic committee and put them on President Clinton's schedule. The committee never performed any review of the people coming to see Mr. Clinton, merely supplying the Social Security numbers and birth dates of the guests to the White House. That information was used by the Secret Service guards only to verify that the guest at the Executive Mansion's gate was the same as the guest on the list.

The acknowledgment by the White House that the background checks were not done came today after The Washington Post reported that a felon with possible ties to organized crime had attended a Democratic coffee at the White House in December 1995, a few months after his second conviction. The felon joins a list of other questionable figures who were guests of the President at the White House in meetings arranged by the Democratic Party, often as part of an effort to reward or encourage contributors.

A felon and other questionable figures have sipped coffee with the President.

"No vetting was ever done for these events, other than asking for Social Security numbers or dates of birth in order to verify the identity of the guest," said Lanny J. Davis, a White House special counsel. Usually, other Administration officials said, such information is used by the Secret Service to search Government computer data bases to see if a visitor poses a security risk. But for reasons that are not known, no such checks were done on the guests recommended by the Democratic National Committee.

A spokeswoman at the Democratic committee, Amy Weiss Tobe, said, "We never did any vetting either."

The details of the lax security procedures emerged in response to questions about The Washington Post article today disclosing that a New Jersey man who was convicted of penny-stock fraud had met President Clinton at a White House coffee a few months after his second conviction. Law-enforcement officials and news accounts about the man, Eric Wynn, have said he had ties to figures in organized crime.

"Based on the facts and circumstances as we understand them," Mr. Davis said, "Mr. Wynn was not an appropriate person to be included in this White House event."

The White House has provided some details about 103 coffee meetings at the White House with senior aides and Democratic National Committee officials; most of the meetings were small gatherings attended by President Clinton. Among those who have already been identified as attending the coffees are Wang Jun, the head of a Chinese conglomerate that includes a major arms manufacturer, and Roger Tamraz, a fugitive from Lebanon who has been sought under an arrest warrant issued eight years ago by Interpol.

The coffees began in 1995 under a program set up by Harold M. Ickes, the White House deputy chief of staff who was helping to oversee President Clinton's re-election campaign, an Administration official said.

Officials at the Democratic committee and the Clinton Administration said today that senior committee officials would compile the list of guests for a White House coffee from the names of prominent donors and party supporters and then provide it to the White House political affairs office, headed by Douglas Sosnick.

The New York Times
Sunday, February 2, 1997

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Mr. Sosnick or his aides would then send the proposed guest list to other White House officials, who set Mr. Clinton's schedule. Nowhere along the process would the guests' backgrounds be reviewed.

Ms. Tobe said that Mr. Wynn had been put on a guest list for the Dec. 21, 1995, coffee at the suggestion of Richard T. Mays, an Arkansas lawyer appointed to the Arkansas Supreme Court by Mr. Clinton when he was Governor in the 1980's. Law-enforcement officials say that Mr. Mays had sought to represent Mr. Wynn in one of his criminal trials, but it is unclear how much work he actually performed for Mr. Wynn.

Others invited to the small coffee gathering, in the White House Map Room, included Erskine B. Bowles, now the White House chief of staff; the two chairmen of the Democratic National Committee, Donald L. Fowler and Senator Christopher J. Dodd; Thomas F. McLarty, counselor to the President; Dana G. Mead, chairman and chief executive of Tenneco Inc.; Robert N. Elkins, chairman and chief executive of Integrated Health Services of Owings Mills, Md., and two top Democratic committee fund-raising officials, the finance chairman, Marvin S. Rosen, and the finance director, Richard Sullivan.

Ms. Tobe, the Democratic spokeswoman, said that one of the party officials at the event said that the coffee had involved "a discussion about the economic outlook for the country and how the economy was doing."

"One of the attendees doesn't remember Wynn saying anything," Ms. Tobe said. "He remembers him sitting pretty quietly during the 45 minutes."

A few months earlier, on July 21, 1995, Mr. Wynn was convicted by a Federal jury in New Jersey on 13 counts of conspiracy, security fraud and wire fraud for a 1988 scheme to manipulate penny-stocks. Dick Lavinthal, a spokesman for the United States Attorney's office in New Jersey, said today that evidence had been introduced in the trial showing that Mr. Wynn's scheme had been done in part for the benefit of the family of Frank Coppa, who has been identified in news articles and court documents as a Bonanno crime family captain.

Mr. Lavinthal said that court evidence showed that Mr. Wynn had manipulated the stock to the benefit of Richard Tienken, a former manager of the actor Eddie Murphy, who has also been described as having ties to organized crime.

Last October, the Democratic National Committee returned $75,000 in contributions from Mr. Tienken and a company he is associated with. The committee acted after learning that at a 1991 racketeering trial, an informer from the Mafia said Mr. Tienken had engaged in business dealings with a captain in the Lucchese crime family.

In September, Mr. Wynn, who is 37, was sentenced to 52 months in prison and fined $50,000. He remains free, pending his appeal.

While the Democratic committee has no access to Justice Department and other confidential Government records, details about Mr. Wynn's background are publicly available.

A check on the Nexis data base of Mr. Wynn's name, for instance, would have unearthed a 1989 article in Forbes that said "Federal documents say Bonanno family capo Frank Coppa, his associate Eric Wynn and other friends paid a visit" to a stock promoter under indictment named Perry Constantinou and "bashed him on the side of the head with a telephone."

The Forbes article went on to describe how Mr. Wynn and Mr. Coppa might have laundered money to evade taxes and also reported that Mr. Wynn was then serving a three-year prison term for fraud and for filing a false tax return.

The New York Times
Sunday, February 2, 1997

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Divider Title: **Feb. 1, 1997**

Consumer chief faces coffee quiz

Met industry leader at Gore office 'chat'

By Brian Blomquist
THE WASHINGTON TIMES

A1

The head of the Consumer Product Safety Commission met with the leader of a trade group she regulates at a coffee chat — designed to raise money for Democrats — in Vice President Al Gore's office.

The April 26 coffee brought commission Chairman Ann N. Brown together with John J. Kelly, head of the Arlington-based Electronics Industries Association, which oversees 1,300 member companies.

Some of those companies produce consumer electronics products like radios and tape recorders and are regulated by the CPSC, which is responsible for ensuring products are safe for the public.

"This kind of thing casts a cloud over the political system," said Ken Johnson, spokesman for Rep. W.J. "Billy" Tauzin. The Louisiana Republican is chairman of the House Commerce subcommittee on telecommunications, trade and consumer protection, which oversees Miss Brown's commission.

"She is going to be called in to testify," Mr. Johnson said.

Mr. Tauzin is not asking for the resignation of Miss Brown, who was appointed by President Clinton early in 1994, but "she should consider leaving if she wants to keep doing this kind of thing," Mr. Johnson said.

see COFFEE, *page A4*
From page A1

The event adds a new chapter to the ongoing saga over the White House coffee chats, where regulators met with members of the industries they regulate.

Mr. Clinton on Tuesday announced that regulators would no longer be allowed to attend Democratic National Committee events. He also acknowledged "mistakes were made" when he attended a DNC-sponsored coffee on May 13 that brought together leaders of 17 major financial institutions and Comptroller of the Currency Eugene A. Ludwig, the nation's top banking regulator.

Miss Brown could not be reached yesterday, but a spokeswoman told the Bureau of National Affairs the chairman attended the April 26 event as a contributor, not as a regulator.

Four days after the event, Miss Brown contributed $25,000 to the Democratic Party. In addition, she gave $12,500 directly to Democratic candidates. Because her total contributions exceeded the allowable limit, the DNC returned $10,000 to Miss Brown in November.

Mr. Kelly, also a Clinton-Gore contributor, said his association is not directly regulated by the CPSC. "We have no business pending with CPSC," although, he added, "businesses we represent may have business" with the regulatory agency.

He also said he did not talk with Miss Brown at the coffee.

"Looking back on it, it would have been more comfortable if one or the other of us had not been at the meeting," Mr. Kelly said.

Besides Miss Brown, others present for the coffee were DNC Chairman Donald L. Fowler, William Hamilton of the International Brotherhood of Teamsters, Martin Dunleavy of the American Federation of Government Employees, and 10 other business or labor leaders who contributed to the Democrats last year.

In all, the 13 businessmen, labor leaders and their companies and unions contributed more than $500,000 to the Democratic Party in 1996.

Meanwhile, details continued to emerge about other coffees held at the White House and Old Executive Office Building.

In one, businessman Roger Tamraz was able to hobnob with the president and other Democratic donors at a White House coffee chat in April, even though Lebanese authorities had issued an international warrant for his arrest on embezzlement charges.

The banker, identified by the Associated Press as a fugitive who denies the Lebanon charges, joins a cast of controversial figures — including a businessman whose company has been linked to Russian organized crime, a Chinese arms dealer and a convicted felon — who were welcomed into a White House that has since admitted lax security.

The DNC sponsored the April 1 gathering with Mr. Clinton that was attended by Mr. Tamraz, now a U.S. citizen, and nine other guests. Mr. Tamraz's U.S.-based oil company donated $72,000 to the party in 1995 and 1996.

According to magistrate records filed in Beirut, Mr. Tamraz was accused by the Lebanese government in the late 1980s of embezzling about $200 million from the collapsed Al Mashreq Bank when he was its chairman.

Others who visited the White House include:

- Wang Jun, a Chinese arms dealer whose invitation to a February 1996 gathering with Mr. Clinton was arranged by Democratic Party fund-raiser Charles Yah Lin Trie. The president said recently it was "clearly inappropriate" for Mr. Wang to attend.
- Arthur Coia, president of the Laborers' International Union, and his wife, Joanne, were guests of the president after a top Justice Department official told White House aides the union was being investigated.
- Democratic donor Jorge Cabrera attended a White House function in 1995. Cabrera, a Cuban-born American, was convicted in 1996 of transporting nearly 6,000 pounds of cocaine into this country and sentenced to 19 years in prison. He had been convicted of other felonies in the years before his White House visit.
- Grigory Loutchansky, an Israeli national whose company has been identified by outgoing CIA Director John M. Deutch as an "organization associated with Russian criminal activity," was photographed standing with Mr. Clinton at a 1994 DNC dinner.

• *This article is based in part on wire service reports.*

The Washington Times
SATURDAY, FEBRUARY 1, 1997

Ex-Im Bank director met often with scandal figures

Clinton appointee sought out for financing

By Warren P. Strobel
THE WASHINGTON TIMES

A1

Longtime Clinton appointee Maria Haley met often as a director of the Export-Import Bank with key figures in the Democratic fund-raising scandals, who were pushing for bank financing of their business deals, newly released records show.

The documents show that Mrs. Haley often was in touch with fund-raiser John Huang — whom she helped get a job at the Commerce Department — even after he had left the department for the Democratic National Committee.

The records, which have been provided to congressional leaders, show that between 1994 and 1996, the Export-Import Bank provided up to $900,000 in export insurance to Mr. Huang's former employer, the Indonesia-based Lippo Group, through its Lippo Bank subsidiary.

Another of Mrs. Haley's frequent visitors was Mark Grobmyer, a Little Rock lawyer with long business experience in Asia who tried to secure Export-Import Bank backing for projects ranging from the export of Arkansas horses to the establishing of Blockbuster video-rental store franchises in Thailand.

As previously reported, a key player behind the Blockbuster deal was Pauline Kanchanalak, whose more than $250,000 in DNC contributions were returned and are under investigation.

The documents cast light on what appears to have been a cozy relationship between longtime associates of President Clinton, both

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From page A1

inside and outside the government, all of whom were interested in promoting U.S. business in the rapidly expanding markets of Asia.

The Blockbuster deal eventually fell through. And bank officials said the proposal to sell Arkansas horses in Europe, which Mr. Grobmyer put before Mrs. Haley in an Oct. 12, 1994, memo, never went forward.

Nonetheless, Clinton friends from his Arkansas days seem to have had unusual access to the Export-Import Bank's top personnel.

Soon after she was sworn in, Mrs. Haley received a memo from Mr. Grobmyer, urging her to meet with Mike Baly, president of the American Gas Association, which was looking to expand into the international arena. The association's members were hoping to sell natural gas as a clean energy alternative for countries such as Mexico and Thailand with severe urban air pollution.

The firms that might participate, Mr. Grobmyer wrote in the April 8, 1994, memo, included Arkla Gas Corp., where Thomas F. "Mack" McLarty, a top aide to Mr. Clinton, had been a senior officer. Arkla Gas has since been taken over by Noram Energy Corp. of Houston.

Mr. McLarty briefed the association Nov. 29, 1995, at the White House during its annual business meeting in Washington, which ended with a reception at the Indonesian Embassy.

David Carter, spokesman for the Export-Import Bank, which provides financing for U.S. exports, said the natural-gas effort was part of a bank initiative to have industry trade associations make their members more aware of the bank's services.

In all, the records show, Mrs. Haley met with Mr. Grobmyer six times in 1994, met with him another six times and talked to him by phone once in 1995, and met with him twice in 1996.

An aide in Mr. Grobmyer's Little Rock office said he was traveling and unavailable for comment.

Mrs. Haley had less contact with Mr. Huang, who solicited $2.5 million in contributions from Asian-Americans, $1.5 million of which has been returned. She met with him once and talked by phone with him twice in 1994, had no contact the next year, and spoke by phone with him seven times in 1996.

She also kept in close contact with other Arkansas figures, including Mark Middleton, who worked in Mr. McLarty's office, and Joseph Giroir, a former law partner of first lady Hillary Rodham Clinton, who met Mrs. Haley on May 21, 1996, to discuss satellite exports.

Mrs. Haley was one of the first staff members that Mr. Clinton hired when he first became governor of Arkansas. In Washington, she served as deputy White House personnel director before moving to the bank in 1994.

Mr. Carter said Mrs. Haley would not comment on the documents, first reported by the Los Angeles Times. But, with a spate of stories in the last 10 days concerning the bank's dealings with top Clinton contributors, she is considering a public statement on the matter, he said.

The Export-Import Bank's activities are among several aspects of the fund-raising scandals that are under congressional scrutiny. While other matters, such as Mr. Huang's actions while at the Commerce Department, are taking priority, hearings could eventually be held on the bank's role.

Another deal in which a top Clinton contributor sought Export-Import Bank financing involved opening Blockbuster video stores in Thailand. A key player was Mrs. Kanchanalak, who helped form the U.S.-Thailand Business Council.

With Mr. Huang's help, the council held its inaugural meeting at the White House on Oct. 6, 1994, including a brief "drop by" from Mr. Clinton and the prime minister of Thailand. Two weeks later, Mrs. Kanchanalak made a $32,500 donation to the Democratic National Committee.

She made another donation of $85,000 on June 18, 1996, the same day she and three top executives of the huge Thai conglomerate Charoen Pokaphand Group Co. Ltd. attended a small White House coffee with the president.

In a July 2, 1996, memo to Export-Import Bank Chairman Martin Kamarck, Mr. Grobmyer argued in favor of bank financing of a franchise agreement, a type of deal that the bank had never done before. It would, he said, result in immediate sales of equipment and the like for U.S. firms and, eventually, "a continuing stream of royalty payments."

An Oct. 8, 1996, memo from a bank analyst to Mrs. Haley highlighted several problems with the plan. "We have lots of obstacles to overcome, but none appear to be insurmountable if the franchise investors are as strong financially as they appear to be," the analyst wrote.

• *Jerry Seper contributed to this report.*

The Washington Times
SATURDAY, FEBRUARY 1, 1997

Ludwig Accused Of Attack on Bill

Lawmaker Says Comptroller Lobbied at White House Coffee

THE WASHINGTON POST
SATURDAY, FEBRUARY 1, 1997

By Susan Schmidt
Washington Post Staff Writer

At the time of a controversial White House coffee for leading bankers organized by the Democratic National Committee, Comptroller of the Currency Eugene A. Ludwig was actively opposing legislation that would have curtailed his authority, the bill's principal sponsor charged yesterday.

Ludwig and some of the bankers who attended the May 13 coffee joined forces soon after the event and persuaded lawmakers to kill the bill, which would have limited bank expansion into other financial businesses and transferred some regulatory powers away from the comptroller's office to the Federal Reserve.

Ludwig's office strongly defended his policy discussions with bankers as transmitting information rather than an effort to lobby Congress indirectly, which executive branch agencies are prohibited from doing under federal law.

But House Banking Chairman Jim Leach (R-Iowa), who wrote the unsuccessful bill, renewed criticisms yesterday of Ludwig's lobbying efforts opposing the legislation. "There's a terrific ethical issue about whether regulators should lobby. It is in my judgment inappropriate to lobby individual banks on issues before Congress," Leach said.

Similar complaints have been made in the past week by some bankers, lobbyists and others in the financial services industry after the White House disclosed Ludwig's presence at the coffee. Last November, Ludwig's office approved a rule change allowing banks to individually petition the comptroller for permission to move into insurance and securities businesses.

In the heat of his battle with Ludwig last spring, Leach publicly charged that the comptroller was mixing campaign politics with bank legislation.

"No president or national candidate should either be in the position of promising this or that regulatory change to get campaign contributions, or threatening to punish institutions for failure to support a particular party or its candidates," Leach told members of the Independent Bankers Association last March. "I simply don't want a treasury secretary or comptroller in the fund-raising game with regulatory promises or threats in hand for the banking system."

Leach says now that he "knew of many interventions by the comptroller with individual banks, but I knew of no instance of being involved in fund-raising per se. But for every action there is always an implicit quid pro quo."

Lee Cross, a spokeswoman for Ludwig, said the comptroller has "strong opinions" and considers it part of his job to talk to bankers and tell them of the consequences of proposed legislation. "We respond to congressional requests for input on legislation, we provide information on agency views, but we're not allowed to lobby Congress," said Cross.

"There was absolutely no secret that he opposed the Leach bill," she said. "He considers it part of his job to meet regularly with bankers, associations and consumer organizations. . . . He certainly did that with the Leach legislation."

Cross has said Ludwig did not know the White House coffee where he met with some of the country's biggest bank chairmen was sponsored by the DNC until last week and that in fact he did not even recognize the top DNC officials in the room. She said he thought the meeting was to be a policy session only and that he could not recall whether he had asked to be added to the list of attendees, as some White House sources have said.

"Did he want to go to a policy meeting with bankers, the president and secretary of the treasury? Of course," said Cross.

The list of bankers who attended the meeting was drawn up by former deputy treasury secretary Frank N. Newman, who is now president of Bankers Trust Co., and attended the coffee with 16 other bankers. According to the DNC, Newman gave the list to DNC Finance Chairman Marvin Rosen, who passed it on to the White House Office of Public Liaison, which invited the guests. Newman's bank contributed $75,000 to the DNC, and banking sources said he solicited DNC funds from bankers after the meeting.

Newman has refused to comment on the coffee or to explain how, as a former top Treasury official, he could have been unaware of the impropriety of inviting bankers to sit down with regulators at a meeting put on by political fundraisers.

Ludwig's boss, Treasury Secretary Robert E. Rubin, and John D. Hawke, undersecretary for monetary affairs, also attended the meeting. Rubin said yesterday he recalls very little about the May 13 meeting. But he asserted that nothing improper occurred during it. "I remember that the meeting was with the president and a number of people from the financial services community and that we discussed policy issues," he said. "And that's about what I remember."

He asserted that nothing improper occurred during the gathering. "Nobody got anything out of this meeting. These are all issues we've been working on for a long time, and all of them were resolved on the merits."

Washington Post staff writer Clay Chandler contributed to this report.

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Divider Title: **Jan. 31, 1997**

Hillary denies being behind database

But memos say she made it a priority

A1

By Paul Bedard
THE WASHINGTON TIMES

Hillary Rodham Clinton yesterday denied playing any role in creating a secret database of donors and supporters, despite internal papers putting her at the head of the project.

Several White House documents obtained yesterday by The Washington Times indicate that Mrs. Clinton and the president ordered the database in 1993, and show that Mrs. Clinton was treated to a special system "demo" in 1995.

"I would doubt that I was the person who ordered it," Mrs. Clinton told reporters yesterday. A former Democratic fund-raiser said he tapped the database despite strict laws prohibiting the White House from sharing the information, culled at taxpayers' expense, with political groups.

"It struck me as something we needed ... and that's all I know about it," she said of the $638,000 computer system that holds about 350,000 names of supporters, campaign donors and visitors to the White House.

But Marsha Scott, a longtime Clinton friend and aide who was put in charge of the project, said in several memos that the first lady made creation of the database her No. 1 project.

"As you know, I am working on establishing a master database in the White House. Both the president and the first lady have asked me to make this my top priority," Miss Scott wrote on Dec. 7, 1993, to Thomas F. "Mack" McLarty, then chief of staff.

"The president and the first lady want this done," she demanded in a confidential Jan. 26, 1994, memo to longtime Clinton aide Bruce

see **HILLARY**, *page A12*

HILLARY

From page A1

Lindsey.

Five days later, David Watkins, then director of administration for the White House, said in a memo stamped "privileged and confidential" and "eyes only" that the first lady's office would be among the first to get the database when completed.

White House spokesman Barry Toiv said that he was "not aware" that the first family thought the database was a top priority, other than to compile a list of supporters to invite to the White House.

"The first lady and president believed it was important in order to be sure that the people they wanted to have at the White House were taken care of," Mr. Toiv said.

The list initially was to include political supporters and members of President Clinton's "rapid response" political attack team but was later expanded to hundreds of categories, including people who jogged with the president and major donors. It even included lists of donors to unrelated Senate campaigns, according to a copy provided to The Times.

The existence of the database was first revealed by The Washington Times last summer.

Federal laws, especially the Hatch Act, prohibit the White House from sharing the information in the list with the Democratic Party.

But another memo obtained by The Washington Times shows that the Democratic National Committee got the list in 1994 as part of their program to send out White House Christmas cards.

Mr. Toiv said that the 1994 Christmas-card list was different from the database of political supporters sought by the first lady.

Yesterday's Los Angeles Times, meanwhile, quoted Truman Arnold, a Texas oilman and former DNC finance chairman, as saying he used the database.

"I started checking back with the White House just as a routine matter," he told the Times. "It didn't seem to be very privileged to me. It was open to a lot of people."

His comments shocked the administration, which is grappling with other charges that it used the White House to raise money in potential violation of federal laws and doled out invitations to special White House events to big donors.

The DNC issued a statement for Mr. Arnold in which he denied knowing about the database. It include a statement by DNC spokeswoman Amy Weiss Tobe claiming that the party never tapped the database.

Rep. David M. McIntosh, Indiana Republican, is probing the uses of the database, nicknamed "big brother," for the House Government Reform and Oversight Committee.

He said in an interview that the White House has repeatedly refused to release unedited information about the system and the full committee may seek a subpoena for it next week.

"The database was probably the central brain in their effort to sell the White House" in the reelection campaign, Mr. McIntosh said.

Mr. Toiv yesterday denied that the administration broke any laws and said the DNC was allowed extremely restricted access to the database.

"The database was not used by the White House to — for any sort of fund-raising capacity," said Mr. Toiv, rejecting the suggestions by Mr. Arnold that he used the information system to contact donors.

He said the database could be used only for "official purposes" such as preparing lists of people to invite to social functions.

In those cases, said Mr. Toiv, the DNC would have a role. "If the DNC, in the context of putting together a list of people that they might want to ask to be invited to an event here, asked the question 'Was this particular person invited to previous events? Or did this person previously attend events at the White House?' then it would be entirely appropriate for the Social Office to answer that question," he said.

The Washington Times
FRIDAY, JANUARY 31, 1997

Funds OK'd for donation probe; Democrats vow fight

By Brian Blomquist
THE WASHINGTON TIMES

Democrats say they'll filibuster a committee's budget, and possibly shut down the Senate, if Republicans don't limit their investigation of the growing Democratic fund-raising scandal.

The Republican-majority Governmental Affairs Committee yesterday overrode Democratic objections and voted 8-4 to give itself an extra $6.5 million to hire lawyers, investigators and set up an investigative operation. Three Democrats and one Republican were not present.

But that budget request still must go to the Senate Rules Committee and to the full Senate, where Democrats can obstruct it with delaying tactics.

"They're going to need 60-plus votes on the floor if this hasn't been resolved, and I don't think they'll get it," said Minority Leader Tom Daschle, South Dakota Democrat.

It takes 60 votes to end a filibuster. The Republicans have a 55-45 edge in the Senate.

The threat marks a partisan start to what is likely to be a three- or four-month probe, followed by several more months of hearings on questionable fund raising by the Democratic National Committee and President Clinton's re-election campaign.

Republicans said they hope for a compromise instead of a showdown over the hearings on the Senate floor, but they also warned Democrats to pick their fights carefully.

"I don't think that's the smart thing to do," said Senate Majority Leader Trent Lott of Mississippi. "I think right now we're just getting started and I think there's a lot

see **PROBE**, *page A12*

PROBE

From page A1

of nervousness — Democrats falling quickly into a defensive posture where they're trying to, you know, distract or clutter up the process."

The committee's chairman, Sen. Fred Thompson, Tennessee Republican, agreed. "I regret that they are talking about a filibuster at this early a date."

After adopting written guidelines of what the committee plans to investigate, the 16-member panel defeated a proposed budget of $1.8 million by Sen. John Glenn of Ohio, the committee's ranking Democrat. Mr. Glenn's budget for the investigation and hearings called for their completion by the end of the year.

The committee adopted Mr. Thompson's budget on a party-line vote. That budget now goes to the Rules Committee, which has scheduled a Thursday meeting with Mr. Thompson and Mr. Glenn.

Once approved by the Rules Committee, the committee budget will become a small piece of a large bill that funds all Senate committees from March 1 to Feb. 28, 1998. If Democrats block the entire bill, none of the Senate's committees would be funded past Feb. 28.

Even if the committee reaches a compromise on the budget for the inquiry, Senate Democrats say they'll block the bill if Mr. Thompson does not agree to complete the hearing by the end of the year.

"There are four pieces: scope, process, date and funding," Mr. Daschle said. "And we've now agreed to scope. We have process, date, and funding left to negotiate."

Mr. Thompson repeated that he will not negotiate a deadline, saying the hearings are open-ended and depend largely on what turns up in the investigation.

Mr. Thompson and Mr. Glenn indicated that procedural matters — disputes about staff ratios and whether Democratic staff members must be present for committee depositions — would soon be resolved.

The committee also agreed yesterday on a written scope of the investigation. The Democrats had insisted the committee, in addition to investigating the DNC fund-raising scandal, also look at soft money, independent expenditures in campaigns, and the "misuse of charitable and tax-exempt organizations in connection with political or fund-raising activities."

The language of the last issue smacks of the ethics case that House Speaker Newt Gingrich barely survived with a reprimand and a $300,000 fine last week.

Asked if committee Democrats plan to probe the Gingrich case, Mr. Glenn said, "I wouldn't rule it in or out now."

Mr. Thompson promised committee Democrats on Monday that they could call witnesses and pursue inquiries if they found the direction of the investigation unacceptable.

Though the scope of the investigation includes the broad issues of Republican candidates relying on soft money and independent spending in campaigns, Mr. Thompson said, "We've got to keep our eye on the ball."

"We have an organization based in another country. We've got a former employee with a top-secret security clearance inside our government. ... He kept that top-secret clearance after he left the government. He was in communication with his former employer, and that former employer was in partnership with the Chinese. That is a substantial matter. That is a legitimate concern."

Mr. Thompson was referring to John Huang, who raised money for the DNC for a year after he left the Commerce Department.

The Washington Times
FRIDAY, JANUARY 31, 1997

FUNDING THE PROBE

The Senate Governmental Affairs Committee yesterday approved a Republican-proposed budget of $6.5 million for investigative hearings into the Democratic fund-raising scandal. The GOP plan sets no end date for the probe. Below are key elements of the budget:

Salaries: $4,956,621 for 80 full-time staffers

Consultants: $300,000

Administrative
Hearing expenses: $500,000
Travel: $375,000
Computer hardware, software: $37,500
Other equipment: $37,500
Communications: $30,000
Office supplies: $18,000
Publications: $15,000
Mailing, delivery: $15,000
Senate services: $7,500
Contingency funds: $225,000
Total administrative: $1,260,500

Senate Democrats proposed an alternative budget of $1.8 million, with a proviso that the committee completes its investigation and issue a final report by the end of the year.

The Washington Times

NGELES TIMES (first-edition)
ge 1 for Friday, Jan. 31, 1997:

Top of page:

Col 1: Although two British nurses are facing murder charges in Saudi Arabia, officials there sense that its their system of law that will be on trial. That system Sharia, God's divine law is core to the Islamic faith, which has more than 1 billion adherents around the world. (SAUDI-SHARIA, will move Friday).

Cols 2-4: If forgiveness is the ultimate triumph of the human spirit, a tiny man Natan Sharansky with a giant will reaches that pinnacle of victory on a snow-covered stack of cinder blocks outside Russia's notorious Lefortovo Prison. (with art). (RUSSIA-TIMES, moved).

Cols 5-6: The California Supreme Court, putting law enforcement over civil liberties in a decision that deeply split the justices, rules that California cities can prohibit gang members from congregating in certain neighborhoods. (GANGS, moved).

Above fold:

Cols 2-3: The Justice Department has been telling prosecutors and defense attorneys around the country in recent months about potential flaws in evidence caused by serious problems at the FBI crime lab, a top Justice official says. (FBI-TIMES, moved).

Col 6: Feature on Los Angeles Police Chief Willie L. Williams.

Below fold:

Cols 2-3: A crude but powerful bomb blasts a hole in the Solano County Courthouse, shattering windows, damaging neighboring buildings and perpetuating a mysterious string of episodes involving explosives in the blue-collar city of Vallejo, Calif. (BOMB, moved).

Cols 5-6: Even as they await a verdict, the attorneys pressing a civil lawsuit against O.J. Simpson are gearing up for a possible second phase of his trial by examining new documents about Simpson's finances. (SIMPSON-MONEY, moved).

Bottom of page:

Cols 1-2: The San Diego stadium situation is so messed up, the NFL is worried that the stadium might not be in good enough shape for next season's Super Bowl. (FBN-STADIUM, moved on ALLSPORTS!.)

Cols 5-6: In a mountain valley where arctic blasts have encased the grass in sheets of ice, wild bison are on the move, but the search for food has taken hundreds of the animals onto private land, where sharpshooters under federal orders are killing them in record numbers to prevent the spread of disease. (with art). (BISON, moved).

White House Says Database Wasn't Used for Fund Raising (Washn) By Elizabeth Shogren and Glenn F. Bunting (c) 1997, Los Angeles Times

WASHINGTON Attempting to douse new brush fires in the broadening campaign finance controversy, the White House denied Thursday that one of its own computer databases was used for political purposes.

A White House spokesman deflected a barrage of questions about the White House Office Database, or WhoDB, which stores information on 350,000 White House visitors.

``The database was not used by the White House for any fund-raising capacity,'' White House spokesman Barry Toiv said. ``The DNC (Democratic National Committee) did not have access to it.''

The Los Angeles Times reported Thursday that, despite guidelines and legal opinions advising that the system could be used only for official government purposes, White House staff members frequently retrieved data on large political contributors and gave it the committee to assist in raising money, according to a former DNC official.

The official, Truman Arnold, told The Times that his staff routinely used the information from the computer to identify candidates who might make increased donations.

``I kind of thought of it like Lexis-Nexis (a general information database),'' Arnold, a former finance chairman of the party, said in an interview Tuesday. ``Everybody logged in. I didn't know there was anything special about it.''

But on Thursday, the Democrats issued a news release which said that Arnold was ``unavailable'' and instead issued a statement under his name.

``I never heard of WhoDB until I read about it in the February (3) issue of Time,'' the DNC quoted Arnold as saying. That issue of Time, which was distributed this week, ran a story on the database and quoted Truman as talking about it.

The national committee issued its own denial in the same news release. ``To our knowledge, there was no use of the White House database by DNC officials or employees,'' press secretary Amy Weiss Tobe said in a statement.

The White House could not explain how a top Democratic official could speak so freely about the information he received from the computer to aid his fund-raising efforts if the database had been used only for official purposes.

``I don't know what Truman Arnold said but I can tell you that the only use of the database would have been to consult it to see who had attended what events here at the White House and that would only be in the context of putting together an official event here at the White House,'' Toiv said. Toiv confirmed that the White House counsel's office spoke to Arnold to check into his story. ``The counsel's office has contacted him and ... even after that conversation we still do not have any information at the White House that the White House used the database inappropriately,'' Toiv said.

The matter is being investigated by Rep. David McIntosh, R-Ind., as one of several inquiries into the Democratic fund-raising efforts that put Clinton back in the White House for a second term. ``I think that the public is going to be outraged over the mixing of politics and government,'' McIntosh said. ``We haven't seen this since the (Richard M.) Nixon administration.'' McIntosh added that the White House had ``continued to stonewall the investigation.''

Although the White House has provided large numbers of documents, McIntosh said, potentially damaging sections had been blacked out.

``Several key entries in the database look like they may have been fund-raising in nature,'' McIntosh said. The part of the database made available to the committee ``hints that they have been used as outreach tools in a campaign style effort but the key paragraphs have been redacted out.''

Internal documents obtained by The Times indicate that first lady Hillary Rodham Clinton played a primary role in ordering the computer system installed and was briefed in detail on its progress. But when questioned by reporters Thursday, Mrs. Clinton said:

``I would doubt that I was the person who ordered it. It struck me as something we needed. And that's all I know about it.''

McIntosh was surprised by Mrs. Clinton's comments. ``The documents we have paint a very different picture,'' he said. ``And they're from the White House.''

McIntosh said his investigators became suspicious that the White House wanted to use the database to help the Democratic Party in its political and fund-raising efforts because the system's initial specifications said it would be ``DNC system compatible.''

Senate Panel Seeks $6.5 Million to Probe Campaign Financing (Washn) By Marc Lacey

1/31/97

(c) 1997, Los Angeles Times

WASHINGTON A Senate committee voted Wednesday to spend as much as $6.5 million to investigate the growing furor over campaign finance abuses more than the combined cost of Senate inquiries into the Whitewater and Iran-Contra affairs and nearly as much as the chamber spent on Watergate.

But the Republican-backed budget for the investigation was opposed by all seven Democrats on the 16-member Senate Governmental Affairs Committee, laying the groundwork for a fierce partisan battle on the Senate floor next month.

``I believe it's an excessive amount to spend on what appears to be an open-ended inquiry,'' said Sen. John Glenn, D-Ohio, who proposed a $1.8 million budget instead.

Despite their differences on the spending amount, Republicans and Democrats agreed to conduct a broad bipartisan review of campaign contributions during the 1996 federal elections including, but not limited to, the foreign-money controversy involving the White House.

A joint statement said that the panel will look into the effect of foreign contributions on the American political system, conflicts of interest involving federal officials, illegal blending of fund raising with official government business and possible improprieties by tax-exempt organizations, unions and corporations. Sen. Fred Thompson, R-Tenn., the committee chairman, said the investigation will encompass donors from 11 countries and the presidential campaigns of Bill Clinton, Bob Dole and Ross Perot. ``It's really unprecedented what we're charged with looking at,'' Thompson said. ``Serious matters.''

Still to be resolved are how long the investigation will last and what the operating rules will be for Republicans and Democrats on the committee. Although senators insisted that they want to work with a spirit of cooperation, signs of strain are evident.

Democrats want to be present for all depositions and interviews. Thompson, however, argued that such a procedure would bog down the investigation, which could involve as many as 80 attorneys, investigators and other staff members tracking information as far away as Indonesia, China, Paraguay and Russia.

Thompson has agreed that representatives of both parties should be present during official depositions but has said that they should attend only the most important interviews.

Sen. Minority Leader Tom Daschle, D-S.D., said Democrats will fight the $6.5 million budget, which he called ``extraordinarily expensive,'' and will press for fair procedures and a schedule that winds up the investigation by the end of the year.

Daschle suggested that the Democrats might filibuster the issue on the Senate floor, which means that Republicans, who have a 55-45 advantage, would have to muster 60 votes to prevail.

Senate Majority Leader Trent Lott said he would seek to avoid ``a rock-throwing, protracted, expensive process.'' But he accused Democrats of trying to have it both ways by pushing to increase the scope of the investigation at the same time they try to reduce the budget.

In attempting to trim the $6.5 million budget proposed by Thompson, Democrats noted that the Senate Whitewater investigation cost $1.8 million over 2&1/2 years. The Senate review of the Iran-Contra scandal cost $2.2 million, although separate House investigations boosted total congressional spending to more than $5 million.

The Watergate investigation received an initial authorization of $1.8 million, adjusted for inflation. But the Senate boosted that budget repeatedly during the course of the 18-month inquiry, eventually spending about $6.8 million in 1996 dollars.

Glenn suggested that the committee request $1.8 million to start and return to the Senate when it requires additional funds.

Albright: Promotion of Human Rights a Top Pri... (Washn) By Norman Kempster

(c) 1997, Los Angeles Times

WASHINGTON Secretary of State Madeleine Albright pledged Thursday to make the promotion of human rights, especially religious liberty, a top priority of U.S. foreign policy as her department issued its annual 1,400 page-report documenting repression in China, Afghanistan, Indonesia, Cuba and 190 other countries including some staunch U.S. allies.

``These reports reflect the American people's commitment to high standards of respect for human dignity and freedom for all people,'' said Albright, who underlined the point by personally opening a news conference on the subject. Recent secretaries of state have left the task to others.

``That commitment matters a great deal to me, for I am a beneficiary of it,'' she added, a reference to her experiences as a Czech exile first from the Nazi occupation and later from Communist rule. She said support for human rights is ``a key element in our foreign policy, both in our bilateral relationships and in our leadership within international organizations.''

The new emphasis on religious liberty is a departure from the past, when Washington has tended to gauge human rights abuses more by yardsticks of police brutality and authoritarian politics. That shift opened the way for the report to level greater criticism at several countries that are traditional allies of the United States, including Saudi Arabia and Pakistan.

While giving Germany generally high marks for religious freedom, the report said the Bonn government has systematically restricted the rights of members of the Church of Scientology.

In her remarks, Albright said religious repression persists ``in too many countries, from Sudan to Vietnam to Iran (and) in a few, including China, it has increased.''

Albright, however, plans to visit China singled out as one of the worst offenders in February as part of a round-the-world tour of important capitals. President Clinton said earlier this week that, although the administration's policy of doing business with China has failed to produce human rights advances, there are no plans to change it.

John Shattuck, assistant secretary of state for human rights, said the policy of ``engagement'' is, in the long run, the most effective way to promote human rights in China. He said an attempt to isolate China would only make matters worse, even though the United States does attempt to isolate other human rights offenders like Lybia, Iran, Iraq and Cuba. ``The way to advance human rights is different in each country,'' Shattuck said.

The report, actually a compilation of 194 separate reports on individual countries, said the situation deteriorated last year in China, Burma, Nigeria, Afghanistan, Sudan, Indonesia, Albania, Cuba, Belarus and Algeria.

Improvements were noted in Bosnia-Herzegovina, Serbia, Russia, Haiti, Guatemala, Nicaragua, El Salvador, Ghana, Mali, Sierra Leone, Bulgaria, Romania and Liberia, although in many of those countries, such as Serbia and Liberia, the situation remained dismal despite advances.

In a tacit acknowledgment that in previous years the report sometimes underscored the rights violations of Communist-ruled countries while glossing over abuses in anti-Communist regimes, the department said: ``We have left the Cold War period in which human rights issues served as an ideological battleground.''

Still, the report was hardest on countries with which the United States disagrees on other matters as well.

The department criticized several U.S. allies, including Israel and the Palestinian Authority, both of which were accused of condoning police torture, especially of terrorism suspects.

The report said the Palestinian self-rule authority in the West Bank and Gaza Strip violated basic human rights ``in its intensive efforts to counter and prevent terrorism.'' Other senior U.S. officials have long applauded those efforts as an indication that the authority is serious about its pledge to prevent militant Palestinians from attacking Israelis.

In its section on religious repression, the report said Christians are ``subject to difficulties ranging from interference to outright persecution in many countries, including Iraq, Pakistan and Sudan.''

Panel approves $6.5M probe

Campaign money trail will cross 11 countries

By Judi Hasson
USA TODAY

A Senate probe into charges of corruption in the soliciting and use of money in the 1996 presidential campaigns will send investigators to at least 11 foreign countries.

Thursday, the Senate Governmental Affairs Committee approved a $6.5 million budget for the probe. That probe will now expand to look not just at illegal contributions from foreign citizens, but questions about influence-peddling and even economic espionage, said the chairman of the panel, Sen. Fred Thompson, R-Tenn.

"My attitude is, 'Bring it on. Lay it on the table,' " Thompson said.

Fund-raising activities for President Clinton, GOP challenger Bob Dole and independent Ross Perot will all be reviewed, Thompson said.



AP

Daschle: Calls new cost 'outrageous'

The panel also agreed to broaden the investigation to include congressional elections, misuse of charitable and tax-exempt organizations and the so-called "independent" expenditures by corporations and labor groups.

Senate Minority Leader Tom Daschle called the cost "outrageous" and vowed to fight the budget request on the Senate floor. The Republicans have the votes to win that fight. But Daschle said Democrats will try to block the hearings later if Republicans don't set a date that the investigation would end.

Thompson refused to set such a date, saying the investigation should have no deadline because "you can't tell at the front end where you are going to end up."

Although Thompson did not mention him by name, one of the central figures in the fund-raising probe is John Huang, a former Democratic National Committee (DNC) fund-raiser.

Huang once worked for Lippo Group, an Indonesian banking and real estate conglomerate. Later, he was a Clinton appointee at the Commerce Department, and then moved to full-time fund-raising at the DNC.

Lippo's U.S.-based executives have been major contributors to Clinton and the Democrats. While in his job at Commerce, Huang reviewed numerous classified intelligence briefings and telephoned his former employer, Lippo, dozens of times in 1994 and 1995, according to his telephone records.

The Federal Bureau of Investigation has been asked by House Republicans to look into whether Huang misused the top-secret clearance he got while working at the Commerce Department. He kept that clearance after moving to the DNC job.

Thompson also said his panel will review Huang's activities at Commerce.

And the panel will look at whether domestic and foreign policy was influenced by foreign donations to the DNC.

Among the questions:

▶ Did Clinton, after attending one fund-raising dinner set up by Huang that raised $1.1 million, reverse an immigration policy that could have blocked a million Asian siblings of U.S. citizens from entering the USA?

▶ Did the contributions from the Lippo Group influence the Clinton administration decision to lift the U.S. embargo against Vietnam in February 1994? That move had been urged by American businesses. The United States fully normalized relations in July 1995. The Lippo conglomerate had business in Vietnam.

The White House has said that James Riady, whose family owns Lippo, never influenced policy decisions about Indonesia and China, though he and Clinton met at the White House and discussed policy questions.

The DNC has already been forced to return $1.5 million in questionable donations. Only U.S. citizens and legal residents, as well as U.S. subsidiaries of foreign companies, are allowed to contribute to U.S. political campaigns.

The Senate probe is one of a number of campaign fund-raising investigations. Several House panels will also investigate. Their probes were delayed while the House debated and voted on the ethics case involving Speaker Newt Gingrich.

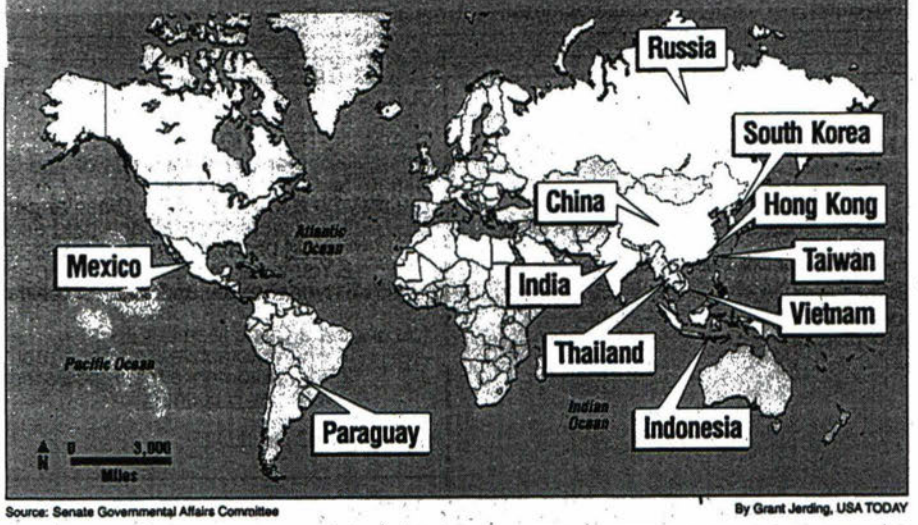
The Justice Department also is conducting a criminal probe.

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2/2

International investigation

The 11 countries investigators for the Senate Governmental Affairs Committee plan to visit as part of the panel's probe of alleged campaign-finance abuses:



Source: Senate Governmental Affairs Committee

By Grant Jerding, USA TODAY

The nations and possible scandal ties

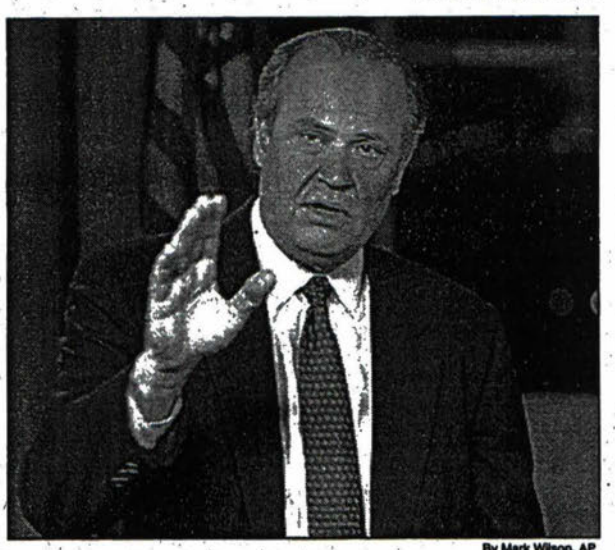
Here are 11 countries and their possible connection to the campaign fund-raising scandal:

▶ Indonesia: Home of the Lippo real estate and banking conglomerate. The Riady family, principles in the Lippo Group, contributed heavily to President Clinton and other Democrats. One member of the family visited the White House repeatedly, including having six meetings with Clinton. Some contributions linked to Lippo employees or associates were later returned by the DNC because the origin of the money was unclear.

▶ Taiwan — An intimate DNC fund-raising dinner in July in Washington featured members of some of the richest Taiwanese families sitting with Clinton. Some later gave large donations.

▶ China — A Chinese arms dealer was invited to meet with Clinton, raising questions about the screening of guests at receptions with donors.

▶ Paraguay — An adviser to Paraguay President Juan Carlos Wasmosy attended a White House coffee with Clinton just a week before the Latin American country won a waiver of State Department sanctions for cocaine smuggling. The White House confirmed that Tony Rodham, first lady Hillary Rodham Clinton's brother, was offered more than $100,000 to set up a meeting between Clinton and Paraguay's president.



By Mark Wilson, AP

Expanding investigation: A campaign-contributions probe will also look into economic espionage, says Sen. Fred Thompson, R-Tenn.

▶ South Korea — The DNC returned a $250,000 illegal contribution linked to a South Korean firm.

▶ Thailand — The DNC returned $253,000 from Pauline Kanchanalak, a Thai businesswoman who is a legal permanent resident of the U.S. She visited the White House 26 times. She said the money belonged not to her but to her mother-in-law.

▶ Vietnam — The Lippo group had business dealings in Vietnam. In 1994, the administration lifted the U.S. embargo against Vietnam, a move urged by U.S. businesses. One Riady family member wrote a letter to Clinton urging normalization of economic relations.

▶ Russia — Grigory Loutchansky, an Israeli national whose company has been identified by former CIA director John Deutch as an "organization associated with Russian criminal activity," was photographed standing with Clinton at a 1994 DNC dinner.

▶ India — The DNC returned a $325,000 contribution from Yogesh Gandhi, who claims to be a distant relative of Mohandas Gandhi. He's president of the Gandhi Memorial International Foundation in California, but the DNC could not verify Gandhi was the source of the money.

▶ Hong Kong — Wealthy Asians privately dined in Hong Kong in 1985 with Commerce Secretary Ron Brown and said they felt pressured to make political donations "that could have been improper."

▶ Mexico — Committee declined to reveal connection.

In defense: Nothing corrupt about database

By Mimi Hall
and Susan Page
USA TODAY

Not long after she and President Clinton moved into the White House, first lady Hillary Rodham Clinton said, she realized there was no central computerized list of people who had been, or might be, invited to the White House.

If someone called and wanted to be invited to a dinner, for example, there was no way to find out easily if that person had been there before.

"We had no record," she said Thursday, as the latest scandal over Democratic Party fund-raising was erupting in the White House press room.

"When we arrived here, there was no computer system, basically. It had been removed or didn't exist. And you can't run any kind of modern enterprise without some kind of database."

The White House database, which spokesman Barry Toiv says was created in August 1995, is now nearly 230,000 names long. Clinton administration officials say it was compiled from a variety of lists of lawmakers, journalists, campaign contributors and others invited to White House events.

Its creation and operation have cost taxpayers $638,000, and that is the crux of the controversy. The list became the latest element in an ongoing and wide-ranging scandal involving questionable fund-raising practices by the Democratic National Committee (DNC).

Former DNC fund-raiser Truman Arnold told the *Los Angeles Times* that White House aides often gave him names off the list of supporters, whom he would then seek campaign contributions from.

Each database entry includes the person's name, date of birth, Social Security number, address, phone number and indication of White House functions attended, Toiv said.

The list also indicates the person's profession and in some cases whether they've been a political donor, he said.

Information in the database came from a variety of White House offices, as well as from the DNC and "perhaps from the '92 campaign," Toiv said.

By law, the White House cannot use a taxpayer-financed list for political purposes.

A House panel is investigating use of the list. Rep. David McIntosh, R-Ind., called the database "a hotel link with the Lincoln bedroom."

Toiv did not dispute Arnold's version of how he was able to use the database, but he said there was nothing illegal or inappropriate about it.

He said Arnold may have been told who attended White House functions and may have made suggestions for who could be included in the future. But the list was never directly used to track political donors, he said.

Hillary Clinton, in a separate session with reporters, said she was unaware of any political misuse of the database.

"The computer database was put into place to keep track of events and people associated with the official business of the White House, and so far as I know, that was how it was used," she said.

White House officials suggested other administrations have kept such lists, only not as well organized in a database.

"Every White House has kept lists," Toiv said. "Forty years ago, they were keeping them on pen and paper."

C. Boyden Gray, White House counsel under President Bush, said the Bush administration did keep lists. And presidents Bush and Reagan often invited campaign contributors to White House events.

But the lists they kept "were not as accessible as this list appears to have been," Gray said. "This White House appears to have done this on a scale totally without precedent."

▶ Trying to explain, 1A, 4A

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White House database under fire

List of names called source of fund-raising

By Mimi Hall
USA TODAY

Clinton administration officials tried Thursday to explain new disclosures of possible fund-raising irregularities: that a White House guest list may have been used to solicit political donations.

Truman Arnold, a Texas oil executive who was finance chairman of the Democratic National Committee (DNC) in 1995, told the *Los Angeles Times* he was given names from a White House computer database containing more than 200,000 names.

Arnold said he used the information to try to reach out to "disaffected" donors who had stopped contributing.

If the donors had not been recently invited to White House functions, Arnold said, he would make sure they received invitations to state dinners and White House coffees.

At a contentious White House briefing, spokesman Barry Toiv repeatedly denied that the database was used for political purposes. That would violate federal laws prohibiting use of a taxpayer-funded list for political purposes.

Toiv said it is appropriate for White House employees to tell DNC officials if specific Clinton supporters have been there recently. But he said the list was never used to track political donors or solicit contributions.

DNC spokesman Amy Weiss Tobe issued a statement saying Arnold was "unavailable."

But through the DNC he issued a statement saying it was his role to "practice good social graces" as finance chairman.

Arnold said he had never heard of the database until it was reported this week.

The database dispute is the latest twist in a scandal over questionable fund-raising practices that have plagued the White House since the fall.

Also Thursday, Sen. Fred Thompson, R-Tenn., said the panel looking into foreign contributions to the DNC will send investigators to 11 countries.

Sen. Tom Daschle, D-S.D., criticized GOP plans to spend $6.5 million on the probe.

Rights report hits China; won't affect U.S. policy

By Lee Michael Katz
USA TODAY

The State Department on Wednesday criticized China for "widespread and well documented" human rights abuses.

But despite the rhetoric, U.S. officials said a policy of high-level visits and talks with China remain unchanged.

Chinese officials are planning to host both Secretary of State Madeleine Albright and Vice President Gore in Beijing within the next two months.

Critics say tough U.S. talk on human rights is rendered meaningless by the rewards of such high-level contacts.

The State Department said China is holding "thousands" of political and religious prisoners and that "all public dissent ... was effectively silenced. No dissidents were known to be active at year's end."

Just hours before the release of the critical report, Chinese government spokesmen Shen Guofang trumpeted the Albright visits as one of "great importance." U.S. officials will not formally confirm her visit, expected in late February. Gore plans to visit Beijing in March.



Reuters

Albright: Trip not confirmed

As a result, U.S. "words and actions ring hollow," said Sidney Jones, Asia director for the group Human Rights Watch. "The United States could do a lot more hard bargaining to show human rights conditions are improved before taking these visits."

China calls the U.S. criticism "interference" in its internal affairs.

The State Department has produced the annual human rights report since 1977.

The report also:

- Mildly rebuked Germany for repression of Scientologists in politics and business. Germany calls Scientology a cult.
- Said Indonesia's President Suharto has formed a "strongly authoritarian regime."
- Said Russia's human rights record was mixed and that neighboring Belarus had "some serious backsliding."

Vaccine caused almost all polio since '80

By Tim Friend
USA TODAY

Nearly all cases of polio

the administration of the oral vaccine, said epidemiologist Rebecca Prevots of the National Immunization Program.

signed to stimulate immunity without causing the disease.

The live virus is considered more effective and less costly

munized against polio with two injections by four months of age and then two oral doses of

Michael Kelly

Lacking in Curiosity

In the matter of the president's amazing money machine, we have reached the point we were bound to reach, the point where it is acknowledged that "mistakes were made." The president himself trotted out the fine old phrase at a press conference this week, and, being Clinton, he embellished it: "Mistakes were made here by people who either did it deliberately or inadvertently." Well, yes. Deliberately or inadvertently, purposely or serendipitously, with criminal intent or by the merest little accident, silly old us. Whatever. You'll forgive the White House, but they're just not that curious about those sorts of distinctions on this sort of subject.

A lack of curiosity, as any detective knows, is an interesting thing. When crimes are committed, the innocent people involved tend to be quite curious about what happened. The guilty party often forgets to feign an inquiring mind; after all, he knows what happened. Thus, the first clue for the police that O. J. Simpson may have murdered his ex-wife was not anything to do with blood or shoes or fingerprints, it was Simpson's attitude on being informed of his ex-wife's death: He didn't ask much about it.

One of the more interesting questions asked of the president at his press conference this week involved Web Hubbell, a dear old friend who was Clinton's deputy attorney general until he was forced to resign and was sent to prison for embezzling from his former law partners. Did it strike Clinton as "unusual or suspicious" that the Lippo Group had hired the disgraced Hubbell as a consultant for more than $200,000 shortly before Hubbell began serving his jail time?

Now, there is indeed much about this transaction that would strike a fair observer as unusual or suspicious. The Lippo Group is an Indonesian conglomerate headed by old Clinton friends Mochtar Riady and his son James. It was deeply involved in the efforts by John Huang, a longtime Lippo employee who was appointed by Clinton to the Commerce Department and later to the Democratic National Committee, to raise $3.5 million in campaign contributions from Asian Americans and Asian corporate interests. Why would a foreign company headed by men who enjoyed a personal acquaintanceship with Clinton want to pay a couple of hundred thousand dollars to a disgraced lawyer who was on his way to prison?

The questioner helpfully pointed the president to the concern at the heart of the matter. "Given that there have been public suggestions this money was offered to encourage [Hubbell's] silence before the Whitewater investigator, have you taken any steps yourself to assure yourself that this is not the case?"

Clinton's answer was a minor classic of denial. "First of all, I didn't know about it. To the best of my recollection, I didn't know anything about his having that job until I read about it in the press. And I can't imagine who could have ever arranged to do something improper like that, and no one around here knows about it. It was just not—we did not know anything about it, and I can tell you categorically that that did not happen. I knew nothing about it, none of us did before it happened. And I didn't personally know anything about it till I read about it in the press. So I don't think—I think when somebody makes a charge like that, there ought to be some burden on them to come forward with some evidence to substantiate their charge instead of saying, 'we'll make a charge, see if you can disprove it.' That's not the way things work, and that's a pretty irresponsible charge to make without knowing, having some evidence of it. And I'm just telling you it's not so."

A fulsome reply, offering, in the space of nine sentences, 10 denials of wrongdoing, including, most interestingly, five denials to a question that had not been posed, the question of whether Clinton himself knew prior to press reports that his old friends the Riadys had bailed out his old friend Hubbell.

The only thing missing from this elaborate reiteration of innocence is any ghost of a hint of curiosity about the matter. Nowhere does Clinton suggest that he, too, would like to know just why the Riadys hired Hubbell; nowhere does he show the slightest desire to respond to the reporter's suggestion that he might take steps himself to assure himself that Hubbell's fortuitous hiring did not represent a hush payment. Not even a baby step, like poking his head into the office of Bruce Lindsey—who has admitted that he did know of Hubbell's hiring shortly after the fact—and asking Bruce just what the whole confusing thing was about. No, no, there's no call for that sort of thing. "That's not the way things work," Clinton explained. Indeed, it is "irresponsible" that questions are even asked about such things.

The White House is on a need-to-know basis about itself these days. And what it does not need to know, and does not want to hear about, grows and grows. The FBI has assigned 25 agents to investigate whether crimes were committed in the White House-supervised fund-raising operation involving John Huang. The bureau is investigating, among other things, whether Huang was involved with industrial espionage and whether he violated national security dictates. One question it will be looking at has been raised by House Rules Committee Chairman Gerald B. H. Solomon, who would like to know why Huang, originally described by administration spokesmen as a cipher at Commerce, was given a top-secret security clearance while he was still an employee of the Lippo Group—and five months before he was hired by the Commerce Department.

Another matter that should provoke curiosity is the question of how the events of May 13, 1996, could have transpired in the most ethical White House in history: the president hosting a coffee chat put together by his fund-raisers, the guest list of which consisted of 17 leading bankers, many of them important party contributors, and Eugene A. Ludwig, an old friend whom Clinton had appointed the comptroller of the currency. When that story broke, the White House expressed no interest at all, but this week, after Ludwig said he never would have attended the event had he known it was sponsored by DNC fund-raisers, the president admitted that it had been a wrong thing to do. (This was where "mistakes were made.") But Clinton is still not at all curious to know just who made those mistakes and why. "It's up to others to decide whether those mistakes were made deliberately or inadvertently," he said.

So many curiosities. So little curiosity. Well, perhaps it is just as well. It takes time and energy to dig into all these things, and the president of the United States has much, much to do. The very night of his press conference he had to rush off to the Carlton Hotel to entertain about 70 "business leaders," as the White House put it, at yet another fund-raiser. He raised at least three-quarters of a million dollars. Deliberately or inadvertently, who can say?

Michael Kelly is editor of the New Republic, in which this article first appeared.

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Parties Agree on Campaign Funding Probe's Scope, Not Its Budget

By Helen Dewar
Washington Post Staff Writer

Republicans and Democrats yesterday reached agreement on a broad scope for the Senate Governmental Affairs Committee's investigation into campaign financing abuses but remained divided over the GOP's proposal to budget $6.5 million for the inquiry.

The agreement restored the committee's fragile comity for the time being but pointed to a potentially explosive dispute for the Senate if a compromise is not reached within the next few weeks on the investigation's funding and duration.

"They're going to need 60-plus votes on the floor if this hasn't been resolved, and I don't think they'll get it," said Minority Leader Thomas A. Daschle (D-S.D.) in a reference to filibuster rules requiring a 60-vote majority to pass seriously contested matters, including budgets for committee operations.

As of yesterday, when the committee voted along party lines to approve the Republicans' $6.5 million proposal and reject the Democrats' counter bid of $1.8 million, the two parties were "very, very far apart," as Sen. Arlen Specter (R-Pa.) observed.

Under pressure from Democrats, the panel agreed unanimously to a detailed statement of scope making clear that the inquiry will include areas targeted by Democrats, such as congressional campaign abuses and misuse of tax-exempt organizations for political purposes. Without such guarantees, Democrats feared the inquiry would focus exclusively on allegations of improper Democratic fund-raising from foreign sources without zeroing in on alleged GOP abuses.

The committee's GOP majority and Democratic minority also said that a night of staff-level negotiations brought them close to agreement on procedural safeguards Democrats were seeking to assure their participation in depositions, interviews and other steps in the investigatory process.

But there appeared to be little if any progress on the committee's budget or on a termination date for the inquiry. A Democratic proposal to limit initial funding to $1.8 million and set a target of Dec. 31 for completion of the probe failed, 9 to 7. Then the Republicans' $6.5 million proposal, which included no target date for completion, was approved by the same margin. No senator crossed party lines in the voting.

Committee Chairman Fred D. Thompson (R-Tenn.) contended the committee was obligated to conduct a "thorough" investigation of "unprecedented" scope, encompassing $2 billion in federal campaign expenditures for the last election cycle alone and a large number of practices that have been targeted for inspection. He noted that at least 11 foreign countries—from India to Paraguay and Russia—have been identified as involved in questionable foreign contributions and argued that $6.5 million was not out of line with budgets for earlier inquiries.

Sen. John Glenn (Ohio), the panel's ranking Democrat, claimed that $6.5 million was "an excessive amount to spend on what seems to be an open-ended inquiry." The GOP proposal exceeded the combined expenditures of the Iran-contra and Whitewater investigations and approached that of the Watergate probe, he added. By offering $1.8 million for one year, Democrats would be matching the sum spent on the Whitewater issues over 2½ years, he said.

The committee's budget goes to the Senate Rules and Administration Committee and must be approved by the full Senate before it takes effect.

Meanwhile, House and Senate Democratic leaders conceded it will be difficult to pass legislation to limit campaign spending, especially if it gets caught in a partisan furor over probes into earlier abuses.

Accusing Republicans of wanting more rather than less money in political campaigns, House Minority Leader Richard A. Gephardt (D-Mo.) told the National Press Club it will take a "miracle" to impose even voluntary spending limits "until everyone comes to an agreement that we now have to impose spending limits." Republicans, he added, "seek to investigate the past, not safeguard the future."

Daschle, appearing with Gephardt, took issue with Republicans who have said lawmakers should await the outcome of investigations before passing new legislation and cautioned that "there is a real danger that inflamed partisan conflict could kill" any reform efforts.

While some reform advocates have argued that investigations could create public demand for reform, "we've seen too many examples where the sensational charges of the day divert attention from planning for the future," Daschle said.

Gephardt said he, like Daschle, will introduce a constitutional amendment to overcome legal obstacles in imposing binding spending ceilings. But both said they will push for less far-reaching legislation including voluntary ceilings and curbs on special-interest contributions until an amendment can be passed.

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Clinton Aides Shared Data With DNC

By John F. Harris and Sharon LaFraniere
Washington Post Staff Writers

The White House became enmeshed in new controversy yesterday over whether it improperly mixed official and political business after disclosures that aides to President Clinton shared information from a government database with the Democratic National Committee.

White House officials acknowledged that aides sometimes tapped into a computer database filled with information about supporters of Clinton and others who visited the presidential mansion for social and political events. Sharing the information was proper, spokesman Barry Toiv said, because the party used it for "official purposes," such as helping compile invitation lists to state dinners.

Toiv said it would have been "inappropriate" to use the computer to help the DNC solicit contributions or to put together invitation lists for "unofficial events," such as DNC-sponsored coffees at the White House for big contributors. But the White House, Toiv asserted, has no evidence the computer was used for such purposes, despite statements to the contrary from a top DNC fund-raiser.

Clinton has been on the defensive for weeks about how the White House was

See DATABASE, A8, Col. 2

DATABASE, From A1

used to help Democratic Party fundraisers during the 1996 campaign. Last Friday, White House officials disclosed that the campaign had paid back $917 for use of government computers to draft fund-raising strategies. The aides insisted that government employees who developed the strategies did the work on their own time.

Congressional Republicans have been investigating the propriety of the database, which the White House says it designed in 1994 in part to help the Clintons keep track of contacts with supporters. More than 350,000 names are kept on the database, which was created at a cost to taxpayers of at least $638,000.

The controversy erupted anew yesterday after Truman Arnold, the DNC's fund-raising chief in 1995, told the Los Angeles Times that his staff used the database to keep track of "disaffected" contributors, and ensure that they were given more attention from the White House.

Such use would be potentially illegal, and would violate guidelines that the White House issued to users. Arnold yesterday declined to be interviewed, instead issuing a statement in which he retracted his earlier statements. He said he is "not computer literate" and does not know whether the White House used the database when answering DNC questions about contributors.

The database was created from various sources, including lists of people who gave money to Clinton or the Democrats. It also includes the thousands of people who have attended holiday parties at the White House, or received White House Christmas cards. The list includes such information as Social Security numbers, and how often a person has received White House social invitations. In some cases, it denotes whether a person is a Clinton political supporter or DNC contributor.

At the time the database was created, the White House Counsel's Office warned that its information should be closely held.

"Generally, the White House cannot provide data from the database to a non-federal entity or individual," Cheryl Mills, a lawyer in the counsel's office, wrote in January 1994. Mills said White House aides should not share the computer data "unless the information is to fulfill an official purpose."

In a July letter to Rep. David M. McIntosh (R-Ind), then-White House counsel Jack Quinn said the White House staff were told that "providing information to any outside source, including any campaign committees, for unofficial purposes is an impermissible use."

White House officials sought yesterday to explain why there would be an "official purpose" in sharing database information with the DNC. The White House Social Office, Toiv said, often gets recommendations from the DNC about people who should be invited to state dinners. When the DNC was compiling its recommendations for a particular event, he said, party officials would sometimes ask the social office to see if a particular person had been invited to previous events, and the social office would answer by checking the computer. Since state dinners are official functions, there was nothing wrong with this practice, Toiv said.

First lady Hillary Rodham Clinton, speaking with reporters at a White House event yesterday, said: "I'm not aware of any specific uses, and I would doubt if I was the person who ordered it."

"I certainly thought the White House needed a computer database," she said, "but the design of it, the use of it, that was for other people to figure out. I didn't know anything about that."

Documents show she showed a continuing interest in the project. In a January 1994 memo to the first lady and top White House aide Bruce Lindsey, Marsha Scott, a White House aide who was in charge of creating the database, discussed her plans for getting "the highest quality design." She noted that the process of soliciting bids for the software would be time-consuming and "also be open to public scrutiny and inquiry." No bids were solicited, according to sources familiar with the project.

In early 1995, Hillary Clinton called for a demonstration of how the database operated, another memo shows.

Estimates for the cost of the project have varied. One internal document puts the price tag at $1.7 million.

The database was designed to be a comprehensive list of names, including political supporters, elected officials and corporate and community leaders. Information about an individual's political participation was included in a separate field, with descriptions such as "Early Supporter-Financial," "Early Supporter-Top Twenty" and "DNC trustee."

McIntosh said yesterday he wants his staff to interview Truman Arnold and other former and current DNC officials to determine exactly how the database was used. "When I see all these categories, like " '92 Early Supporter' "—that looks to me like things we have at our campaign headquarters, not something we are allowed to have in our congressional offices."

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FRIDAY, JANUARY 31, 1997

The New York Times
FRIDAY, JANUARY 31, 1997

New Fund-Raising Issue: White House Visitors' List

By TODD S. PURDUM

WASHINGTON, Jan. 30 — A White House computer database, begun by the Clinton Administration to keep track of official visitors and supporters, has become the latest question raised about the Democratic Party's fund-raising practices, with a former party finance chairman quoted as saying he routinely used information from it to identify potential donors.

Since the database is maintained at taxpayer expense, White House lawyers have ruled that information from it — including visitors' birth dates, phone numbers and dietary preferences — can only be used to aid President Clinton in his performance of Government duties, like compiling invitation lists for White House state dinners and the like.

A White House spokesman, Barry Toiv, said today that access to the database, which was established in 1993 and disclosed last year by The Washington Times, was tightly controlled and that it had never been used as a fund-raising tool, "only for official purposes."

But the former finance chairman of the Democratic National Committee, Truman Arnold, is quoted in interviews with Time magazine and The Los Angeles Times this week as saying he used the White House database to insure that major donors were rewarded with perks like invitations to the White House, and to determine what events various donors had been invited to in an effort to sort out those due for better treatment.

"It was most helpful to us because we were looking to the disaffected," Mr. Arnold, a Texas oil executive who did not return telephone messages today, is quoted as telling The Los Angeles Times. "That database helped us to see who had been invited to what."

In a statement released by the Democratic committee this evening, Mr. Arnold said his aim as the party's finance chairman for most of 1995 was to "practice good social graces" in an effort to generate contributions.

A party spokeswoman, Amy Weiss Tobe, also said that party officials had not used the database itself and that "an occasional confirmation by D.N.C. staff of the past attendance by individuals" at White House events was "completely appropriate."

In a lengthy and sometimes contentious briefing at the White House today, Mr. Toiv, the spokesman, said the Democratic National Committee had only been allowed to ask for information from the confidential database when compiling lists for the White House social office of recommended guests for official functions.

"The database was not used by the White House for any sort of fund-raising capacity," he said.

Denials that a database was used for politics.

On taking office in 1993, Clinton aides expressed surprise and frustration at what they regarded as the outmoded state of computer equipment used by the Bush Administration, and the database was created in part at the urging of Hillary Rodham Clinton, to keep track of supporters by consolidating various other lists already in used.

In an interview with a small group of reporters today, Mrs. Clinton acknowledged that she wanted a modern system to track White House social invitations but said that "the design of it, the use of it, that was for other people to figure out — I didn't know anything about that."

In fact, White House documents provided to Congressional investigators suggest that Mrs. Clinton took a detailed interest in the system, inspecting the software in February 1995 and suggesting the addition of certain information to the database, according to memos made available to The New York Times by Congressional Republicans.

One memo, written by a White House aide, Erich Vaden, on March 2, 1995, said Mrs. Clinton had asked to have the "Miles Rubin rapid response list" added to the database.

Mr. Rubin, a businessman, was an early Clinton supporter in 1991, but the First Lady's spokeswoman, Marsha Berry, said she did not know what that meant, and referred questions to Mr. Toiv. He said he did not know whether Mrs. Clinton had asked for such a list but that in any event, it was never added to the database.

After two days of barely restrained partisan debate, the Senate Governmental Affairs Committee voted along party lines today to approve a $6.5 million for a yearlong investigation into campaign financing abuses by both parties. The committee's Democrats objected to the amount of money, asserting that it was more than needed for Whitewater and Iran-contra combined and almost as much as for the Congressional investigation into Watergate.

Senator John Glenn, an Ohio Democrat and the ranking minority member of the committee, had proposed an appropriation of $1.8 million for the first year with the option to add money later if needed.

TONY SNOW

Political temptations

The buzzards have begun to circle the Clinton compound in Washington, lured by the nose-curling aroma of decomposing ethics.

As if prompted by a celestial trumpeter, the administration's gates have started falling down in unison: First come Travelgate and Filegate, which expose the abuse of power and possibly illegal deployment of Internal Revenue Service agents as a secret police force.

Next, Whitewater, which challenges the Clintons' claims to altruistic innocence. Indogate (or Lippo-suction) tantalizes scandalphiles with the possibility that the president auctioned off national security while converting the Commerce Department into a processing center for global graft.

Now come allegations that administration employees violated the Hatch Act — a law that forbids political activity by most federal employees — during the 1996 presidential campaign. According to documents released last Friday, officials in the White House and executive-branch departments actively promoted the president's re-election bid while still at their government jobs. Presidential aides say the work was legal because activists didn't promote the president until they had put in their 40 hours that week for Uncle Sam. Critics snarl, noting the administration has no records to back the claim.

Sen. John McCain signaled his impatience with the growing list of embarrassments by asking the Justice Department to appoint an independent counsel to the investigate the campaign-year antics of the White House and the Democratic National Committee. The New York Times seconded the motion last Tuesday in unusually fierce and piquant terms.

This imbroglio sorely tries right-wingers' souls. Republicans would love to put the president and his wife on a political spit and roast them indefinitely. But conservatives have complained for years about outside prosecutors, noting that independent counsels measure their success by the number of bodies they send to the Big House rather than the quantity of enlightenment they deliver to the American public.

Nobody questions Mr. McCain's motives. But a healthy proportion of the people who demand special prosecutors seem more concerned with moral showmanship than morality. Like Pharisees, they try to enhance their standing by sullying other people's reputations, saying, "This looks bad to me, so it must be illegal."

Consider the Great Coffee Scandal. Mr. Clinton hosted more than 80 coffees in the White House last year for groups of rich and influential Americans. Fund-raisers for the Democratic National Committee attended many of the chats. The White House insists nobody solicited money directly, and that happy coincidence accounts for the fact that invitees later contributed tens of millions of dollars to the Democratic Party.

Let's put this in perspective. Mr. Clinton isn't the first president to fling open the Executive Mansion doors to moguls, and the DNC isn't the first organization to lay an arm on such guests. The president's aides may have covered up the confabs not because they were illegal, but because they were tacky.

As Jane Mayer points out in the Feb. 2 edition of the New Yorker, Democratic money-grubbers turned the Clinton presidency and the White House into Access R Us. The party distributed pamphlets in 1995 and 1996 listing the "price" of such things as a dinner with the president, a day at the White House — complete with trips to the swimming pool and tennis courts — and a highly prestigious evening in the Lincoln Bedroom.

Surely, we have a right to know whether Mr. Clinton has more in common with Minnie Pearl than Thomas Jefferson. But bad taste isn't necessarily a breach of public trust. If Democratic Party officials broke the law, the Justice Department can investigate without having to appoint an outside (and presumably Republican) Savonarola.

As for the White House's attempt to mobilize minority voters, preliminary documents indicate the administration was probing the limits of the Hatch Act, just as Newt Gingrich and his lawyers explored the boundaries of their agreement with the House ethics committee. If Republicans buy the speaker's claim he was investigating the law in order to obey it, they ought to grant the president similar consideration — unless they have evidence to the contrary.

Bill Clinton inspires great passions in Americans, and his most ardent haters put the darkest coloration on everything he does. In a funny way, this works to his benefit. When Haters of Bill fail to produce promised evidence that the president is the incarnation of all evil, Mr. Clinton emerges not as a man nicked by scandal, but as a leader vindicated.

Today's Pharisees are proving the old Republican argument: The independent-counsel statute invites abuse — and every questionable application of the law makes possible more gruesome future assaults on presidents and the presidency.

Tony Snow is a nationally syndicated columnist.

The Washington Times
FRIDAY, JANUARY 31, 1997

1/31/97

Businessman at 3 White House Coffees Has Checkered Past (Washn) By Glenn Kessler amd Ken Fireman (c) 1997, Newsday

WASHINGTON Farhad Azima, a businessman with far-flung interests and a checkered past, represents himself as simply a person who likes to mingle with presidents.

''He's been friendly with administrations for the past 16 years," said Azima's lawyer, Jeffrey Fried. ''He enjoys that. He absolutely enjoys it ... He's gone through a very interesting and dynamic life. He just feels he can help the society by communicating with them (presidents)."

Azima pursued that interest with gusto during the recent presidential campaign, snaring invitations to three White House coffee klatches with President Clinton in a 10-month period while contributing $95,000 to the Democratic National Committee.

Those contributions are now being reviewed by the DNC, a spokeswoman said Thursday night.

The review is prompted by his business history, which includes a failed bank, a bankrupt air leasing company and a connection to the Iran-Contra affair through an airplane that was used to ship arms to Iran according to Azima, without his knowledge.

By any accounting, the Iranian-born airplane-leasing executive was given a rare opportunity. Of the more than 1,000 non-White House or non-campaign guests who were invited to the 103 coffees, few made it to the White House twice and only a handful were accorded the honor of more than two coffees.

Coincidentally according to Azima he also began making large contributions to the Democratic National Committee very close to his White House visits. According to Federal Election Commission records, until the White House began holding coffee sessions, Azima had last given money to the DNC in October 1988, skipping the 1992 campaign entirely.

But on Sept. 27, 1995, he gave $25,000 to the party and attended his first White House coffee Oct. 2.

He followed up with a $5,000 contribution Oct. 13, a $20,000 contribution Oct. 23 and a $10,000 contribution Dec. 22.

Azima was back at the White House's ornate Map Room for another coffee with the president March 28, 1996.

He sent yet another check to the DNC, for $10,000, May 7.

On Aug. 1, he delivered a $25,000 check to the DNC and on Aug. 6, he was back at the White House sipping coffee with the president and other businessmen.

The White House has portrayed the coffees as a way for the president to hear a wide range of views on a diverse set of issues. Indeed, Azima's coffeemates included executives involved in telecommunications, film-making and oil even George Steinbrenner, owner of the New York Yankees. A cadre of Democratic fund-raising officials also was present, but officials deny that the purpose of the coffees was to solicit campaign funds.

White House and Democratic officials Thursday could not explain why Azima was invited to three coffees in less than a year.

Amy Weiss Tobe, a spokeswoman for the Democratic National Committee, which invited Azima to the White House, said the DNC was examining Azima's contributions to the party as part of a broad review of any donors about whom questions had been raised by the press or party officials. ''He's been a supporter of the party," she said. ''We like to thank our supporters." But she insisted that there was no connection between Azima's donations and the invitations. ''There is no entry fee for White House event s. If people attend a DNC-sponsored event and decide to donate afterward, we welcome that. But there is no connection."

White House Special Counsel Lanny Davis also declined to comment specifically about Azima, but said: ''In general, the president has indicated that he wants improved standards for who is appropriate as a guest at a White House event, and the White House counsel and others are evaluating how to do that most effectively. We're not going to comment about a specific individual until we have more information about specific allegations, if any, that might exist against him."

Azima said he visited the White House repeatedly when Clinton's Republican predecessors, former Presidents Reagan and Bush, occupied it. Azima said that he may contribute mostly to Democrats now but that he gave money to Republicans back then. (In 1996 he also gave $1,000 to Clinton's challenger, Bob Dole.)

''I've been in and out of the White House for 16 years," Azima said Thursday in a telephone interview from London. ''Reagan, Bush, now Clinton."

Azima was a director of and stockholder in the Indian Springs State Bank of Kansas City, Kan., which went bust in 1984 amid charges that its president, William Lemaster, had made large amounts of unsecured loans and other improper deals before dying in a car crash. Azima also received hundreds of thousands of dollars in loans from the institution. The loans went to his principal company at the time, Global International Airways.

The Federal Deposit Insurance Corp., which had stepped in to clean up the mess left by Indian Springs' failure, sued Azima and several other directors, alleging that their fraud and negligence contributed to the bank's collapse.

Azima and his lawyer, Fried, say the suit was eventually settled out of court with no damages paid and no admission of responsibility. Azima portrays himself as one of the victims of the bank failure, not a perpetrator. ''I invested in the bank, and I lost a hell of a lot of money," he said.

Fried said his client's losses on the Indian Springs investment exceeded $600,000. He acknowledged that Azima had $320,000 in outstanding loans at the time of the failure, but said they were secured by $330,000 he had on deposit at the bank.

Asked about the propriety of Azima receiving loans from a bank he helped run, Fried said: ''It's not a conflict of interest if you abstain from voting on it ... I'm not a banking attorney, but I've witnessed too many situations where those loans are granted ... I'm sure he abstained."

By the time Indian Springs failed, Global itself had filed for bankruptcy and was attempting to reorganize. In 1987 its creditors sued Azima, alleging that he had hidden more than $500,000 in assets from them and the federal bankruptcy court. According to court records, the court agreed and issued an injunction in 1987 barring Azima from disposing of any of Global's assets without the court's permission.

Both Azima and Fried said they had no knowledge of that dispute. ''This is totally unfamiliar to me," Azima said.

Azima's link to the Iran arms affair was through a shipment of 23 tons of armaments to Iran July 4, 1986, from an airfield in Yugoslavia. Press accounts at the time said the shipment was part of a broader pattern of secret U.S. arms sales to Iran in return for the freedom of U.S. hostages held in Lebanon, and that one such hostage, the Rev. Lawrence Jenco, was freed less than three weeks

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Senators Take Party Line in Funding for Campaign Probe (Washn) By Charles V. Zehren (c) 1997, Newsday

WASHINGTON Republicans and Democrats on the Governmental Affairs Committee agreed Thursday on the scope of their investigation into illegal or improper campaign fund raising and spending practices.

But Chairman Sen. Fred Thompson's hopes for a cooperative tone collapsed as the panel voted 9-7 along party lines to provide $6.5 million in funding for the inquiry. Democrats failed by the same vote to limit the spending to $1.8 million the price tag for the defunct Whitewater Committee.

The Republicans did agree, however, to broaden the focus of the investigation beyond possible illegal foreign contributions to the 1996 Clinton presidential campaign. It will include congressional campaigns, foreign contributions, trading access and favors for contributions, conflicts of interest and misuse of government offices, federal employees mixing fund raising with official business, misuse of tax-exempt groups to raise campaign money, whether contributions by corporations and labor groups are truly independent, and large ''soft-money" contributions to parties.

The contentious meeting came as controversy over Clinton fund raising continued to escalate. A day after the Los Angeles Times reported that the Democratic Party used a White House database listing Clinton supporters attending White House social events to raise campaign funds, presidential aides scrambled to explain the activity and Senate Majority Leader Trent Lott, R-Miss., said the Senate will hold up confirmation of Alexis Herman as labor secretary while Republicans study her involvement in political affairs at the White House.

Elaborating on prior denials, Deputy White House press secretary Barry Toiv said former Democratic National Committee Finance Director Truman Arnold and party officials received some limited information from the computer system. But Toiv said the administration gave the information to the Democratic National Committee so that it could tell the administration which political supporters of the president should be invited to White House events, not to help the party raise money. Arnold defended the activities of his office ''on my watch" from February to October 1995. Thompson's Senate Government Affairs committee must submit a detailed outline of the investigation and its cost to the Senate Rules Committee Friday.

Riadys acted on their own, official says

Alatas works to minimize damage to ties

NEWSWEEK

Indonesian Foreign Minister Ali Alatas, 64, is facing one of the more delicate assignments of his nine years in office — limiting the potential damage to U.S.-Indonesia relations caused by contributions to the Democratic Party from Indonesian tycoon Mochtar Riady and his son, James. Mr. Alatas discussed the case with Newsweek magazine's Ron Moreau in Jakarta. Here is part of that interview:

Question: Do you think this controversy will damage Indonesian-American relations?

Answer: I would hope not. Why should it? We have always stressed that these contributions made by Riady are strictly his personal business. They are not in any way related to the Indonesian government.

We never asked him to do that, and we never felt that we needed someone else to do our regular contacts for us. We have good relations with the United States.

The two presidents have met several times. They call each other by phone when there is a matter of importance. They meet at APEC [the Asia Pacific Economic Cooperation forum] and at other occasions. So why should we need Riady to give campaign contributions?

Q: So he was acting on his own?

A: That should be made very clear. We were not informed at all. We knew nothing about it until the news broke that he had made campaign contributions.

Q: Then he was simply a loose cannon?

A: He's "a friend of Bill Clinton's." He can claim that he knew the president personally, that he had business there in the United States. So, for whatever reason, he may have assumed that the campaign contributions would be a good thing. I don't know. I can't fathom what his motives were.

Certainly it's not an Indonesian government thing. I rather resented the fact that some U.S. press reports insinuated that Riady did it for the Indonesian government. It is simply unfair the way certain American papers are making insinuations about an "Indonesiagate." Perhaps it's "Riadygate," but not "Indonesiagate."

Q: So Indonesia gained nothing from the Riady contributions?

A: No. If there is an impact on the country, it's negative.

Q: Do you think the Clinton administration will have to be more cautious, even tougher, in its future dealings with Indonesia as a result of the Riady affair?

A: I certainly hope this will not happen. Once again, the Indonesian government was not involved. There was no attempt by the Indonesian government to influence the American president or government.

We don't even know if they can be influenced anyway. So why should this affair be influencing in a negative way Indonesian-U.S. relations?

Q: What can Indonesia now do to limit the diplomatic damage?

A: With the new U.S. government in place later this month, I look forward to working closely with Secretary of State Madeleine Albright, with the other new members of the Cabinet, just as I have worked very closely with Warren Christopher.

He was a man we in ASEAN [the Association of Southeast Asian Nations] felt we could closely cooperate with. We are sure that with Ms. Albright, whom I knew at the United Nations, we can continue to make our relations closer and more productive.

We are happy with the relations that now exist, but there are, of course, a few things that cause some strain. But mostly that involves issues in the American Congress rather than in the government.

Q: You don't expect a more critical line from Mrs. Albright?

A: I don't know what her policy approach will be. As I said, we have established a way of approaching the issues of human rights, East Timor and labor, issues of concern to the United States. I believe this approach will continue to be satisfactory to both sides.

We always said that we welcome our friends talking to us about things they feel concerned about, including human rights. We listen when other governments want to speak to us. If we think some of the views deserve further action, we will do it.

What we reject are the public posturing, hectoring and lecturing by some foreign governments on human rights, often without any foundation in fact. This is counterproductive. With the United States, I think we have established a good pattern of talking about these issues frankly but quietly.

Q: President Suharto recently said that Indonesia must strengthen its lobbying effort in Washington. What did he mean?

A: What he meant was that Indonesia's lobbying effort should be enhanced with Congress, because it is in Congress where often many misunderstandings arise. He meant lobbying in the sense of conveying our points of view, our version of events and developments that are causing misunderstandings with the Congress.

We will do this through normal diplomacy and our American friends. We have some dear friends among the major American corporations that do business with Indonesia. But we don't have a special public relations firm. We mostly do it by ourselves.

Q: Given the potential damage, has President Suharto or the government privately rebuked the Riadys in any way?

A: No. I'm not aware of any such thing. Certainly James Riady is keeping a very low profile. He is not answering questions or making any statements.

• *Distributed by New York Times Special Features.*

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FRIDAY, JANUARY 31, 1997

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Divider Title: **Jan. 30, 1997**

Comptroller of the Controversy

Bank Regulator Eugene Ludwig's Role in Clinton Fundraising Still Isn't Clear

By Clay Chandler and Michelle Singletary
Washington Post Staff Writers

Call it a new twist on the administration's policy of "don't ask, don't tell."

When Comptroller of the Currency Eugene A. Ludwig showed up for coffee with President Clinton and a gaggle of high-powered bankers at the White House last May, he says he didn't recognize everyone in the room and he didn't ask their names.

And, he said, White House officials didn't tell him that the session was sponsored by the Democratic National Committee and included two of the DNC's most prominent fund-raisers, Don Fowler and Marvin Rosen.

Seven months later critics have denounced the session, contending that it entangled Ludwig in a unseemly political triangle: Ludwig is beholden to Clinton for his job; Clinton is beholden to many of the bankers who attended for donations to the DNC and his campaign; the bankers are beholden to Ludwig as the nation's top banking regulator.

Ludwig, 50, one of Clinton's Rhodes Scholar pals and a classmate at Yale Law School, declared the meeting inappropriate last Friday when the White House disclosed the names of those who participated. Clinton, in his news conference Tuesday, said the meeting was a "mistake."

The degree to which Ludwig bears responsibility for that mistake remains unclear.

Some congressional Republicans have questioned Ludwig's statement that he did not recognize the DNC participants at the White House meeting. Those who know Ludwig, however, describe him as a smart lawyer who knows that in his job he must keep politicians at arm's length, and say they find his plea of ignorance plausible.

"This is a man of unquestionable integrity," said Walter R. Fatzinger Jr., Washington area president for First Maryland Bancorp, who has known Ludwig for 15 years.

Other bankers, though, are more skeptical. "It is in the realm of possibility" that Ludwig didn't recognize the DNC operatives in the meeting, "but the Democratic circles in this town are small," an official with a major banking industry association said. "I guess we will have to give him the benefit of the doubt."

To hear aides tell it, Ludwig goes to extraordinary lengths to avoid any association with DNC officials or, for that matter, anyone involved in raising money for the party.

"Given the climate of the times and the need to be concerned about legality, his standard policy is not to go to any DNC events—period," Ludwig's spokesman, Lee Cross, said yesterday. "He routinely rejects invitations to speak at fund-raising events. He didn't go to the Democratic convention last year. He doesn't give political speeches."

A more complicated question, however, is

See LUDWIG, D5, Col. 1

LUDWIG, From D1

whether Ludwig should have been suspicious of a connection to Clinton's campaign when he discovered that so many bankers were in attendance.

"If you go into a meeting with that many people . . . I don't know that in that circumstance he should have thought of asking the identities of each one," said John Collins, an attorney and specialist in banking law at the firm of Steptoe and Johnson.

"If there are 15 or 20 people in the Oval Office, I could see how Gene's attention would be directed to the president," echoed Paul Equale, chief lobbyist for the Independent Insurance Agents of America Inc., which has been critical of Ludwig's efforts to give banks more insurance sales powers. "It's very possible Gene didn't focus on the fact that there were people from the DNC. I don't think he would lie about it.

At a meeting yesterday with Washington Post editors and reporters, Frank P. Bramble, president and CEO of First Maryland Bancorp, argued that even if Ludwig had recognized DNC officials at the session, it would have been rude for him to storm out of a meeting headed by the president.

"This guy is as straight an arrow as you will find," Bramble said of Ludwig.

An encounter between Ludwig and Clinton at the Renaissance Weekend in December 1993 also led to ethics questions. In a memo responding to a special counsel's subpoena request, Ludwig said Clinton asked him to "provide advice and counsel on any of the legal regulatory issues" related to Whitewater.

Ludwig's agency had no jurisdiction over the Arkansas savings and loan that was owned by Clinton's partner in the Whitewater land development. But the exchange provoked criticism because Ludwig sits on the board of the Federal Deposit and Insurance Corp., which has pursued civil claims in connection with the failure of another savings and loan owned by the partner.

"I was a bit surprised," Ludwig told the Reuter news service in an interview after his memo was made public. "I had this sort of 'gulp' reaction."

White House lawyers insist that Ludwig "misunderstood" Clinton's query, and that the president had asked only for names of people knowledgeable in banking and real estate who might be able to explain Whitewater to the public in simple terms.

Ludwig has stayed away from subsequent Renaissance weekends, the elite networking sessions the Clintons have attended for years.

A few weeks before the Renaissance encounter, Ludwig sent top White House aides copies of Freedom of Information Act requests related to the Whitewater affair that news organizations had filed with the FDIC. He later said he passed the documents along only to "be sure the administration knew the story wasn't going to go away."

A lawyer once with the firm of Covington & Burling, Ludwig generally has earned high marks as comptroller for pushing deregulation in the banking industry without compromising the fundamental stability of the banking system. But his aggressive support for the Community Reinvestment Act, a Clinton administration-backed law aimed at lending bias, has angered many bankers.

The Washington Post

THURSDAY, JANUARY 30, 1997

Republicans Question DNC Dinner

Fund-Raiser Follows Clinton Disclaimer

By Peter Baker
Washington Post Staff Writer

President Clinton said he saw no contradiction in pledging to "clean up the system" of campaign finance in the afternoon and then headlining a $1 million Democratic fund-raiser in the evening. After all, he declared, the group hosting the event would be "quite consistent" with the new rules he hopes to enact.

As it turns out, the group may be consistent. But its event was not.

Most of the money collected by the Democratic National Committee's business council at its Tuesday night dinner at the Sheraton Carlton Hotel came in the form of $15,000 corporate "soft money" donations that are considered annual membership dues. Under current federal law, such gifts are unrestricted, but they would be outlawed under the bipartisan legislation Clinton has promised to push through Congress.

"The business council, the group that is having this fund-raiser tonight, is one that would be quite consistent with the McCain-Feingold bill, were it to pass," Clinton had said during a news conference earlier in the day, referring to a proposal sponsored by Sens. John McCain (R-Ariz.) and Russell D. Feingold (D-Wis.).

Republicans were quick to call attention to the apparent contradiction between the president's words and deeds yesterday, issuing a statement juxtaposing his quote with the provisions of the Clinton-backed bill.

White House press secretary Michael McCurry yesterday offered a lawyerly distinction, saying Clinton meant only that the party's business council would still be raising money even if the legislation passes.

"Some of the giving from last night's event wouldn't occur because it would be corporate money . ... but you'd still have events in which individuals could contribute pursuant to the party contribution limits," McCurry said. "And I suspect that they would want to continue to have something like the business council, which has been around the national committee for a long time."

The fund-raiser was the first by the DNC since the November election and came at a time when the party and Clinton are under pressure to explain a variety of improprieties involving huge foreign-generated donations.

The DNC last week voluntarily imposed some limits on its fund-raising, including a ban on gifts from noncitizens and a $100,000-per-year cap on "soft money," actions that Republicans have declined to match. Clinton used his nationally televised news conference Tuesday to concede that in the past "mistakes were made" and to press the case for the McCain-Feingold bill, which would limit special-interest money and prescribe voluntary spending limits.

About 70 financial benefactors heard Clinton speak later that night. Seats cost $10,000 apiece for individuals or $15,000 in corporate contributions and the DNC reported that about 60 percent of the proceeds came from the corporate checks.

Chairman Wants $6.5 Million For Campaign Finance Probe

By Helen Dewar
Washington Post Staff Writer

The Senate's probe into campaign financing abuses got off to a shaky start yesterday as Democrats complained about the ground rules and balked at a $6.5 million funding plan for the investigation, forcing new efforts to reach a compromise.

While both sides struggled to maintain an aura of cordiality, the sparring—including a clenched-jaw Democratic response to a Republican's suggestion that the probe could produce "another Watergate"—showed how taut the nerves are, even before the investigation gets underway.

By the end of their two hours of haggling, Republicans and Democrats on the Senate Governmental Affairs Committee, which will conduct the campaign financing probe, indicated they wanted to work out their differences without provoking more partisan rancor.

Committee Chairman Fred D. Thompson (R-Tenn.) had hoped to win quick approval of a committee budget for this year, including $4.5 million for regular business and $6.5 million for the campaign financing probe, for which Thompson said he wants to hire 80 investigators and support personnel.

But Democrats complained that the investigation budget was too high and argued that Democrats would be put at a disadvantage from the start because of rules allowing the majority party twice as much money and staff as the minority party.

They also wanted specific assurances that the inquiry would target campaign financing corruption of all kinds rather than focusing exclusively on last year's presidential campaign and, by implication, on the mounting allegations of Democratic fund-raising excesses on behalf of President Clinton's reelection campaign. Several said they wanted the scope to be broad enough to include inquiries into congressional campaign abuses. They also wanted specific assurances about rules for Democratic participation in the inquiry.

Thompson repeatedly assured Democrats that he would not limit the panel's focus to the 1996 presidential campaign, disputing Democratic arguments that he had previously characterized the probe as limited in this fashion. But he offered few other guarantees and rejected the Democrats' request for a termination date for the investigation and hearings.

Although he could have pushed the budget through on a party-line vote, Thompson said he did not want to start out the investigation on a "divisive note." Instead, he delayed a vote and scheduled another meeting for today so the committee's Republican and Democratic staffs could work in the meantime to iron out problems dealing with the investigation's scope and rules for Democratic participation.

When a colleague suggested that Democrats should trust Thompson to protect their interests, Thompson laughed and, paraphrasing President Ronald Reagan's comment about arms control practices of the Soviet Union, said, "Trust but verify, I think they're saying."

The proceedings hit their roughest patch when Sen. Ted Stevens (R-Alaska) said "we're dealing with another Watergate" and noted that Republicans did not seek to broaden the probe of President Richard M. Nixon to include allegations against former president Lyndon B. Johnson.

Democrats seethed, but within a few minutes Sen. Arlen Specter (R-Pa.) moved to calm things down by saying it would be "a big mistake" to start the inquiry by comparing Clinton's problems to Watergate. Thompson also tried to calm the waters, saying he thought Stevens was talking about the scope of the inquiry, not the nature of alleged offenses.

While Democrats complained that the proposed budget for the committee's inquiry was two or three times the cost of the Whitewater investigation in the last Congress, Republicans said it would be in line with the Watergate and Iran-contra probes. A Congressional Research Service study listed the costs as $6.9 million for Watergate, $6 million for Iran-contra (in both houses) and $1.8 million for Whitewater, all in inflation-adjusted terms.

The Washington Post

THURSDAY, JANUARY 30, 1997

Keep campaign reform legal

By Mitch McConnell

"Offense is the best defense" is a cliche and a frequently employed political tactic. Diversion, skillfully applied, also can have great utility in politics. President Clinton is hoping both work for him in deflecting attention from the waves of campaign finance scandals lapping up on the White House lawn. That is why Mr. Clinton strives to become campaign finance reform's No. 1 fan.

Mr. Clinton's newfound zeal for campaign finance reform is transparent and dangerous. The McCain-Feingold bill around which he belatedly rallies is a convenient fig leaf. It is also a tremendous threat to political freedom, as it would restrict political speech and participation. The president's party hopes it will prevent collateral damage arising from the latest Clinton scandals. They contend, wrongly, that the campaign finance shenanigans making today's headlines merely illustrate a systemic problem solvable only through comprehensive "reform." Never mind that the foreign contributions and contribution-laundering reportedly done on behalf of the Clinton reelection campaign are illegal, under current law.

Mr. Clinton's "reform" agenda, while a clever diversionary tactic, is unconstitutional. It is that element which should disturb us most of all.

The Constitution's First Amendment is America's premier political reform. It should be the touchstone for campaign finance reform. But the McCain-Feingold bill and the president instead treat it as an impediment to be undermined, circumvented, even diminished. The McCain-Feingold bill, with its coerced campaign spending limits and restrictions on independent speech, is a square peg reformers try in vain to pound into the First Amendment's round hole. In tacit recognition of this, the Democrats' House and Senate leaders recently endorsed a constitutional amendment to narrow the First Amendment so that the unconstitutional (the McCain-Feingold bill) could, thus, become constitutional. Audacious, to say the least.

The Supreme Court has for years ruled, in no uncertain terms, that campaign spending is protected by the First Amendment because communication with voters costs money. Hence, spending limits are speech limits which Congress cannot constitutionally mandate. Congress must also tread lightly on the ability of private citizens and groups to participate in campaigns and affect elections via independent expenditures.

Regrettably, while striking down mandatory spending limits, the court ruled two decades ago that the government could pay candidates large sums from the U.S. Treasury in exchange for candidates' agreeing to forgo their First Amendment right to unlimited spending (i.e., speech). However, the spending limit system must be purely voluntary. That is the state of play in the billion-dollar presidential campaign finance system, where every major candidate except John Connally and the circa-1992 Ross Perot (in 1996, Perot's campaign received $30 million from the taxpayers) has opted into the taxpayer-financed spending limits program. Have the tax dollars limited spending or so-called "special interests"? No. Like a rock on Jello, the spending limits merely redirect the spending into other, unlimited, channels — including party and labor "soft" money. Spending limits promote subterfuge, which the 1996 Clinton reelection campaign may have taken to new lows (or highs, depending on your perspective).

Just as it seized upon the Keating Five scandal seven years ago, so does Washington's reform industry now exploit the emerging Clinton campaign finance scandal. The media-anointed reformers seek to complete a job they started 20 years ago — that is, to put (via the McCain-Feingold bill) the discredited presidential model of spending limits on congressional campaigns. It is an absurd proposition, but reform groups and politicians reap gains — including fawning editorials — from the battle. They are adept at massaging the press with snappy soundbites and voluminous "studies" to build a case for creating a bureaucratic regulatory regime of extraordinary proportion to micromanage and ration the speech of candidates and millions of private citizens. Why? Because, they contend that: 1) campaigns spend too much; 2) "legalized bribery" is rampant; and 3) special interests influence is pervasive.

The truth is, Americans spend far more on yogurt than political campaigns, bribery is illegal and the U.S. always has been and will be a teeming cauldron of "special interests." It is government that is pervasive. It is little wonder that virtually every American has a host of "special" interests in their government.

In his State of the Union speech, Mr. Clinton will call for campaign finance reform, specifically, the McCain-Feingold bill. He may be so audacious as to bemoan "special interest" influence, leaving unspoken his own culpability in rewarding contributors with White House access and nights in the Lincoln bedroom. It will take great restraint on the part of Congress and the country not to hoot and howl during this brazenly hypocritical call for systemic reform.

President Clinton can do much to restore confidence in the political process by cleaning up his own act. That is why on the subject of campaign finance I have two words of advice for the president: Reform yourself.

Sen. Mitch McConnell is chairman of the National Republican Senatorial Committee.

The Washington Times 1/30/97

Trust the voters, not the pols

To recover from the well-deserved thumping he has taken for his role in the Democratic Party's expanding fund-raising scandal, President Clinton has jumped on the bandwagon of self-styled good-government activists seeking to reform congressional campaign finance.

These reformers are, of course, the very sort of people largely responsible for creating the Rube Goldberg-like system we have today. Their principal objective is to limit as much as possible the role of money in the political process. They operate under the belief that money, by its very nature, corrupts the political system and, therefore, must be restricted at all costs, including trampling on the U.S. Constitution, if need be. Fortunately, others —most notably GOP Senator Mitch McConnell of Kentucky (who has an article on today's Op-Ed page) and most of the justices on the U.S. Supreme Court — view the role of money in the political process through the prism of free speech.

Good-government types bemoan the increase in the costs of campaigns and wail about the time spent by politicians to raise the money needed to run for office. To be sure, campaign costs have escalated. Between 1984 and 1994, the amount of money spent by candidates for the House and the Senate increased from $374 million to $726 million, almost twice as fast as inflation. And no doubt the final figures for 1996 will be higher.

But a large dose of perspective is in order. As George Will observed shortly after the 1996 elections, political commercials accounted for barely more than 1 percent of television commercials throughout the year. House Speaker Newt Gingrich points out that the $726 million spent on congressional campaigns in the 1994 election is only double the amount of annual advertising budgeted by the top three makers of antacid.

One reason politicians must spend so much time seeking contributions is because the 1974 campaign reformers limited the amount an individual may give to a candidate to $1,000 per election. To match 1974's purchasing power, today's $1,000 contribution would have to be raised to $3,200. Needless to say, the same erosion has occurred to the unchanged limits ($5,000 per election) for contributions from political action committees (PACs).

The president has endorsed the McCain-Feingold bill, named after Republican Sen. John McCain of Arizona and Wisconsin Democratic Sen. Russ Feingold. Ostensibly designed to create the beloved "level playing field," the legislation would virtually eliminate contributions from PACs and establish voluntary spending limits for congressional campaigns. Candidates complying with the limits would be given a limited amount of free broadcast time and reduced rates for additional broadcast time and postage. (The television stations will undoubtedly seek to shift these costs, and the Postal Service will either raise its rates for others, or the resulting deficit will be bridged by taxes, indirectly making the plan a backdoor effort at public financing.

Recognizing the link between political contributions and free speech, Sen. McConnell has a much better idea. To reduce the time and effort politicians spend raising money, he would increase the amount an individual and a PAC may contribute. To add a large dose of sunlight to the process, he would significantly expand, and require more timely, disclosure. In Sen. McConnell's world, enhanced disclosure would put everything on the table for voters to judge. Unlike the self-styled good-government types, he has faith in the ability of voters to judge whether or not a politician has been bought.

The Washington Times
THURSDAY, JANUARY 30, 1997

Democrats call for limits on Senate inquiry

By Brian Blomquist
THE WASHINGTON TIMES

Democrats yesterday stalled a Senate investigation of their party's fund raising, saying they will not agree to the $6.5 million needed to mount the inquiry until Republicans agree to put strict limits on it.

Democrats on the Senate Governmental Affairs Committee want Republicans to narrowly describe — in writing — the goals of the investigation. They also want more influence in the inquiry, and they want the subsequent hearings to end by next January.

"You are initiating an investigation and you are not sure what you are looking for," Sen. Richard J. Durbin, Illinois Democrat, said during a con-

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INQUIRY

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tentious three-hour committee meeting.

Sen. Fred Thompson, Tennessee Republican and chairman of the committee, asked the panel to approve a $6.5 million request to hire 80 persons for the investigation, in addition to the 64 workers already on staff. The request includes $365,000 for travel, $100,000 for consultants and $225,000 for contingencies.

Mr. Thompson called the request "very conservative." The Democratic National Committee, which helped finance the Clinton campaign, already has admitted accepting millions of dollars in illegal and questionable foreign contributions, which it returned after a string of critical newspaper stories in the final weeks of the 1996 campaign.

"We're talking about another Watergate," said Sen. Ted Stevens, Alaska Republican, who noted that the Senate Watergate Committee spent the equivalent of about $7 million in today's dollars investigating President Nixon in 1973 and 1974.

The $6.5 million request — on top of the committee's regular budget of $4.5 million — is more than three times the amount that has been spent investigating Whitewater.

The committee's Democrats, with the backing of the Senate Democratic leadership, objected. Mr. Thompson directed the panel's aides to meet last night to try to reach an agreement on the scope of the investigation. He has scheduled another meeting for this morning.

Committee Republicans, with a 9-7 advantage, could simply override the Democrats' concerns and vote for the budget request — and that might end up happening. But Mr. Thompson, who was GOP counsel to the Senate Watergate Committee, has stressed that he wants to pursue the campaign probe in a bipartisan way.

He said the panel's Democrats would be allowed to call their own witnesses and pursue their own inquiries if they found the GOP-led inquiry unacceptable.

Once approved by the committee, the budget request goes to the Senate Rules Committee and to the full Senate, where Democrats have the votes to sustain a filibuster. Top Democrats have hinted that they might block the request.

"We will be more than ready to support that funding resolution once we've had the opportunity to resolve these matters," Senate Minority Leader Tom Daschle of South Dakota said Tuesday. "But they have to be resolved to our satisfaction."

Committee Republicans, with a 9-7 advantage, could simply override the Democrats' concerns and vote for the budget request — and that might end up happening.

Mr. Stevens' comparison of the DNC fund-raising troubles to Watergate drew protests from Democrats, who said the president has done nothing illegal. They also demanded that the probe include Republican campaign finances from last year and previous elections.

"If there's something of that nature, then I am certainly unaware of it," Sen. John Glenn of Ohio, the committee's ranking Democrat, said in response to Mr. Stevens' remark. "If you have evidence, give it to me now."

Mr. Thompson has said the committee would indeed look at Republican campaign practices but the focus would be the large contributions funneled through Asian-Americans to the DNC from foreigners and foreign businesses.

The FBI has assigned a 25-agent task force to look into economic and national-security issues related to the DNC matter. The Federal Election Commission also is investigating it, and the House has its own inquiries.

Mr. Thompson said he is willing to speak further with committee Democrats about the scope of the investigation. He added that he would not agree to a deadline for hearings to end.

The Washington Times
THURSDAY, JANUARY 30, 1997

The Washington Times
THURSDAY, JANUARY 30, 1997

Huang received top-secret clearance after move to DNC

By Jerry Seper
THE WASHINGTON TIMES

John Huang was issued a "consultant top-secret" security clearance after he resigned as a Commerce Department official to take over as a fund-raiser at the Democratic National Committee, department records show.

The clearance means the former Lippo Group executive, now the focus of an FBI probe into possible economic-espionage and national-security concerns, held top-secret clearances for three years, although he worked at Commerce for only 18 months.

"We'd certainly like to know how that happened and why," said one congressional investigator looking into Mr. Huang's ties to a growing scandal over foreign-linked campaign contributions. "It is very curious, and perhaps even unprecedented."

The top-secret clearance, requested by Commerce Department executives, was issued by the Defense Industrial Security Clearance Office (DISCO) on Dec. 12, 1995 — after Mr. Huang left the department as deputy assistant secretary for international economic policy and before he re-

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HUANG

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ported to work at the DNC.

It remained in effect until Dec. 9, 1996, DISCO records show, although it is not clear how he used the clearance as a top DNC fund-raiser. It could have gained him access to classified meetings and documents.

Mr. Huang initially was issued a top-secret security clearance in January 1994, five months before he resigned as a top executive at the Indonesia-based Lippo Group, a multibillion-dollar investment conglomerate, to go to Commerce. He was a vice president at Lippo Bank in Los Angeles and resigned in July 1994 to take over as deputy assistant secretary at Commerce.

Commerce and DNC records are not clear as to when Mr. Huang actually left the government and began as a fund-raiser. The DNC said he started work on Dec. 4, 1995. Commerce said he left the department on Jan. 17, 1996.

A Commerce memo dated Jan. 31, 1994, said Mr. Huang was granted an interim top-secret clearance before his arrival at Commerce "due to the critical need for his expertise in the new administration for Secretary [Ronald H.] Brown."

The same reasoning was used in December 1995, when the assistant commerce secretary, Charles F. Meissner, asked in a "request for personnel action" that Mr. Huang be retained as a consultant despite his pending departure to the DNC.

Mr. Meissner said Mr. Huang would help in the transition period in finding a replacement and his "expertise" on the Asia-Pacific region would be vital to the department's commercial policy planning there. Records show the consultancy eventually was not approved, but the top-secret clearance was granted and remained valid for a year.

Congressional investigators want to know if there was concern at Commerce of a possible conflict of interest regarding Mr. Huang's role as a DNC fund-raiser while serving as a department consultant with a top-secret clearance.

They also are trying to determine if Mr. Huang was given classified information that may have been leaked to Lippo. Telephone records show that while at Commerce, he made and received dozens of calls from Lippo lobbyists and executives while he worked on sensitive trade missions.

Mr. Meissner was among 34 persons, including Mr. Brown, killed in an April plane crash in Croatia.

Mr. Huang, who became a U.S. citizen in 1976, is believed to have returned to California. He previously has denied any wrongdoing. As a DNC fund-raiser, he solicited $2.5 million from contributors with Asian business links, $1.5 million of which has been returned.

Meanwhile, Rep. Gerald B.H. Solomon, New York Republican and chairman of the House Rules Committee, yesterday asked Secretary of State Madeleine K. Albright for copies of letters written by Clinton supporters Ernest G. Green and Charles Yah Lin Trie to help a Chinese arms dealer, Wang Jun, get a visa to visit the United States.

Mr. Green, managing director at Lehman Brothers Inc. in Washington and a former Little Rock resident, and Mr. Trie, an Arkansas businessman, made significant contributions to the DNC and to Mr. Clinton after Mr. Wang met with the president in the Oval Office on Feb. 6, 1996.

According to Federal Election Commission records, Mr. Green gave $50,000 to the DNC on Feb. 7, 1996. Mr. Trie delivered $640,000 to Mr. Clinton's legal-defense fund within a month of the visit. The two men wrote letters of endorsement for the Wang visa, issued by the U.S. Embassy in Beijing.

At the time of the White House visit, Mr. Wang headed a Chinese arms company known as Poly Technologies Inc., which makes weapons for the Chinese military. The firm was under investigation by the U.S. Customs Service in a major smuggling operation, and it had been identified by agents as a supplier of 2,000 AK-47s to drug dealers and street gangs in the United States.

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Divider Title: **Jan. 29, 1997**

$50,000 gift follows visit to White House

Small DNC donor raises stakes after arms dealer friend meets with Clinton

By Jerry Seper
THE WASHINGTON TIMES

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One day after Chinese arms dealer Wang Jun visited President Clinton in the Oval Office, longtime Clinton supporter Ernest G. Green, who helped Mr. Wang get a U.S. visa, made a $50,000 contribution to the Democratic National Committee.

In the previous five years, Mr. Green, one of the "Little Rock Nine" who integrated Central High School after the 1954 Supreme Court decision in Brown vs. Board of Education, made only two contributions to the DNC: $3,700 in August 1994 and $250 in February 1995.

Mr. Green has made numerous appearances with Mr. Clinton over the years, and his civil rights role was the subject of a 1993 Disney Channel movie, "The Ernest Green Story." Mr. Clinton, when he was president-elect, attended a sneak preview of the film with Mr. Green in Little Rock.

Now managing director at Lehman Brothers Inc. in Washington, Mr. Green made the large DNC donation in separate checks of $20,000 and $30,000, both dated Feb. 7, 1996, according to Federal Election Commission records.

That donation followed by a day a DNC-arranged White House meeting between the president and Democratic contributors, including Mr. Wang — who was the Oval Office guest of Arkansas businessman Charles Yah Lin Trie, a longtime Clinton friend now at the center of a probe into $640,000 he gave the president's legal-defense fund a month after the Wang visit.

Mr. Green's Feb. 7 contribution was followed by DNC donations the next nine months totaling $7,500.

Mr. Trie and Mr. Green wrote letters of endorsement for the Wang visa, issued by the U.S. Embassy in Beijing.

Mr. Green, whose secretary was advised that The Washington Times wanted to speak to him about Mr. Wang's visa and the DNC donations, did not return numerous telephone calls.

Mr. Trie has not been available. His legal-defense contributions, delivered in March in two large envelopes, were returned after defense-fund executives said they could not establish their source.

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DONOR

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The donations included checks with signatures that matched those on other checks and money orders numbered sequentially but supposedly originating from people in different cities.

The contributions, the letters of endorsement and the timing of the Clinton-Wang meeting, along with a session the same day between Mr. Wang and Commerce Secretary Ronald H. Brown, have attracted the attention of House investigators looking into suspected irregularities in foreign campaign contributions.

Rep. Gerald B.H. Solomon, chairman of the House Rules Committee, asked Commerce Secretary Mickey Kantor this month for Mr. Brown's calendars, phone logs and "any notes or briefing papers" he made or received on his meeting with Mr. Wang. The New York Republican also is seeking information on "the names of all individuals who arranged" the meeting or took part in it.

House investigators looking into foreign campaign contributions involving the Indonesia-based Lippo Group have expanded their inquiry to include a review of Mr. Wang's interests, which exist under a holding company known as the Poly Group, according to Capitol Hill sources.

Investigators want to know:

- If contributions were sought or promised in exchange for Mr. Wang's White House visit.
- If there was any connection between the administration's failure to enforce American anti-proliferation laws and DNC overseas fund raising.
- If the Wang visit was part of a larger scheme to trade White House access for campaign donations.

The House probe also is trying to find out how the Wang visit is tied to an administration plan to court Asian-Americans, Hispanics, blacks and other groups by offering unprecedented access to the White House. That plan, made public last week, outlined a fund-raising and vote-getting effort to put donors with administration officials, including the president.

At the time of the visit, described by the White House as a "coffee" with DNC contributors, Mr. Wang was chairman of a Chinese arms company known as Poly Technologies Inc., although his visa application listed him only as an executive of a China-based investment firm.

Poly Technologies makes weapons for the Chinese military and at the time of the visit was under investigation by the U.S. Customs Service in a major smuggling operation. The company had been identified by undercover agents as a supplier of 2,000 AK-47s delivered to drug dealers and street gangs in the United States.

Mr. Wang was not charged in the probe, but investigators confirmed his name was "not unknown to undercover agents who had worked the case." One Poly Technologies executive, He Ping, son-in-law of Chinese leader Deng Xiaoping, was targeted — but not arrested — in the case.

Mr. Clinton has said it was "clearly inappropriate" for Mr. Wang to have been included among reception guests, but he had no recollection of meeting him and "nothing inappropriate came from it in terms of any governmental action on my part."

State Department records show Mr. Wang was issued a visa Jan. 22, 1996, at the U.S. Embassy in Beijing. On his application, he did not say where he intended to go, although letters of support written by Mr. Green and Mr. Trie said he was headed to Washington on business.

U.S. Immigration and Naturalization Service records show Mr. Wang entered the United States Feb. 1 and returned to China on Feb. 10. He has not applied for a second visa, INS records show.

The State Department, in response to questions by Mr. Solomon, said it was unaware of Mr. Wang's ties to Poly Technologies, believing he was an official of China International Trust and Investment Corp.

Poly Technologies, according to intelligence sources, also is suspected of brokering cruise-missile sales to Iran, which would violate the Gore-McCain Act. The administration, however, has never sought sanctions against the company for those sales.

Mr. Green was named by Mr. Clinton in March 1994 to head the African Development Foundation, a nonprofit government corporation established to provide self-help initiatives to the poor in Africa. He also served in the Carter administration as an assistant secretary of labor.

Mr. Trie, head of an international consulting firm, has visited the White House 23 times since 1993. He raised $350,000 for the DNC in 1996 and was named by Mr. Clinton to a presidential trade commission a month after his delivery of the legal-defense funds.

• *John Haydon contributed to this report.*

The Washington Times
WEDNESDAY, JANUARY 29, 1997

PRESIDENT REGRETS BANK REGULATOR ATTENDED COFFEE

CALLS AGAIN FOR CHANGE

But He Also Defends a Right to Meet With Donors, Then Heads to a Fund Raiser

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By ALISON MITCHELL

WASHINGTON, Jan. 28 — President Clinton acknowledged today that the White House should not have included the nation's senior banking regulator in a coffee session last spring where Mr. Clinton and prominent bankers discussed banking policy in the presence of the senior Democratic Party fund-raiser.

Speaking at the first news conference of his second term, Mr. Clinton repeated his calls to overhaul Federal campaign finance laws, and vigorously defended his right to meet with contributors.

"I never made a decision for anybody because they were contributors of mine," the President said.

As the subject of campaign finance came to dominate the news conference, Mr. Clinton defended political donations and his own appearance at a $1 million Democratic fund-raising event later this evening.

"I do not believe you will ever get the politics out of politics," he said at one point. "And that's not bad."

But he also said he shared the views of Eugene Ludwig, the Comptroller of the Currency, who said through a spokesman last week that he had not known that officials of the Democratic National Committee would be attending the President's coffee with bankers and that he regretted his own participation. The coffee, held at the White House last May 13, was arranged by the Democratic committee.

"It would have been better if he had not been there," Mr. Clinton said of Mr. Ludwig. "Regulators should not come to meetings that are sponsored — that have any kind of political sponsorship, I don't think." [Excerpts, page B6.]

Mr. Clinton's remarks differed from those of Lanny J. Davis, a special White House counsel, who said just four days ago that the coffee was pefectly proper. Mr. Davis said today that he did not know on Friday that Mr. Ludwig had not been informed about the sponsorship of the event.

The President's comments also marked the second time in recent months that he had expressed second thoughts about one of the many White House coffees he had last year for people who had contributed to the Democratic Party or were considered fund-raising prospects. Late last year Mr. Clinton said it was "clearly inappropriate" for him to have met with the head of a Chinese weapons trading company who attended a February coffee.

Both the Democratic Party and the White House have been fielding questions about fund raising since the party last year returned more than $1 million in questionable contributions raised by John Huang, then a party official. Congressional committees and the Justice Department are now investigating some of the party's fund-raisers and donors.

Anticipating the subject, Mr. Clin-

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ton called in his opening statement today for Republicans and Democrats alike to seize the moment and clean up the campaign finance system this year. He repeated that call in more poignant language as the subject of campaign financing returned time and again throughout the news conference.

"Surely we can use this opportunity to make something positive come out of this," Mr. Clinton said. "Every one of us who has participated in this system, even if we did it because we thought we had to do it to survive or to just keep up, has to take some responsibility for its excesses. And I take mine."

The President argued that campaign finance laws enacted in the 1970's, in the wake of the Watergate scandal, had initially worked well but had become outmoded at a time when "there has been an explosion in ways of communicating with people and an exponential increase in the cost of communicating." At another point, he said:

"It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently. Now, others — it's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system."

In his standard response to questions about special prosecutors, the President declined to say whether he believed that Attorney General Janet Reno should seek the appointment of an independent counsel who would take over the department's inquiry into Democratic fund raising.

Asked how his call for more stringent laws squared with his planned attendance later in the evening at a Democratic "business council" reception for 70 people that was intended to raise $1 million for the party, Mr. Clinton defended political giving.

"Under all conceivable campaign finance reform scenarios, it will still be necessary for the parties to raise some money," he said. "Neither party has the capacity to raise all their money from direct-mail campaigns and contributions of $100 or less."

The President argued that "a huge percentage — way, way over 90 percent" — of the money brought in by both parties was raised "in a perfectly lawful fashion."

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"The vast majority of the people who gave money to both the Democrats and the Republicans," he said, "were people who believed passionately in the course that those two parties were pursuing and the candidates."

In defending the White House coffees that he held with contributors and other supporters in the last two years, Mr. Clinton said that while he agreed that Mr. Ludwig should not have been present at the one with bankers, he saw nothing wrong with the participation of himself and Treasury Secretary Robert E. Rubin.

"I think it is an appropriate thing and can be a good thing for the President and for the Secretary of the Treasury to meet with a group of bankers and listen to them and listen to their concerns," he said.

The President reconsiders the line between fund-raising and governing.

Speaking more generally of his interaction with donors, Mr. Clinton said that contributors received from him only "a respectful hearing if they have some concern about the issues."

"But nobody buys a guaranteed result," he added. "Nor should they ever."

Mr. Clinton also said that he had not known until he read newspaper accounts that Webster L. Hubbell, his former Associate Attorney General, had been hired by the Lippo Group after he resigned from the Justice Department, under investigation for defrauding former clients and law partners in Arkansas. Lippo, a banking and real estate conglomerate based in Indonesia, has been a focus of the Congressional and Justice Department inquiries into Democratic fund-raising practices.

"I knew nothing about it — no, none of us did — before it happened," the President said. Mr. Hubbell subsequently pleaded guilty to two felony counts of fraud and tax evasion.

The White House and the Democratic National Committee today provided a few more details of the coffee Mr. Clinton held with the bankers last May, which Donald Fowler, the Democratic Party national chairman, and Marvin Rosen, the Democratic finance chairman, also attended.

Last Friday, a spokeswoman at the Democratic National Committee said that the guest list had been initially provided by Frank Newman, the chairman and chief executive of Bankers Trust, who was the Deputy Treasury Secretary during part of Mr. Clinton's first term. The spokeswoman, Amy Weiss Tobe, said Friday that Mr. Newman had provided the list to Richard Sullivan, the finance director of the D.N.C., who then submitted it to the White House.

Today Ms. Tobe said she had been in error and that Mr. Sullivan had not played a role in the arrangement of the meeting. She said that, according to Mr. Rosen, Mr. Newman prepared the list and then asked Mr. Rosen to "pass it along to the proper channels." The list was sent to the White House Political Affairs Office, according to D.N.C. and White House officials.

Mr. Davis said that the political affairs office turned the list over to the White House Office of Public Liaison, which revised the list and invited the guests "under the mistaken assumption that this was an official, not a D.N.C.-sponsored, event." He said it was the liaison office that invited Mr. Ludwig, the Comptroller of the Currency; Mr. Rubin, the Treasury Secretary, and John Hawke, the Deputy Treasury Secretary.

In his first comment on the meeting, Mr. Rubin said he did not recall whether he knew at the time if the D.N.C. was involved in arranging the session. "Nor do I recall any particular reaction on my part to the D.N.C. officials' " presence, Mr. Rubin said, in a statement issued by the Treasury Department. "Since I am not a regulator, their presence would not have been an issue."

Tonight, hours after his news conference, Mr. Clinton mingled at the Sheraton-Carlton Hotel with Democratic donors paying $10,000 per person or $15,000 per corporation. Gov. Roy Romer of Colorado, the new general chairman of the Democratic Party, noted its fund-raising controversy by joking that a night in the Lincoln bedroom was not much of a perk since Mr. Clinton insisted on talking all night to his guests.

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posed to the initial round of Israeli troop withdrawals and remained determined to keep most of the West Bank under permanent Israeli control.

But seven months in power has shown the Likud mainstream, including Prime Minister Benjamin Netanyahu, that a strong majority of Israelis believe in trading Palestinian-inhabited territory for a secure peace. Much of Labor, meanwhile, including some of the party's most prominent doves, now understands that without securing a consensus for peace there can be little prospect for successful negotiations on the critical issues that remain. These include the future of Jerusalem, Jewish settlements, security arrangements and the possibility of Palestinian statehood.

The joint peace guidelines announced on Sunday are based on three central principles. Palestinians should be able to establish their own self-

For the Likud participants, the guidelines represent the first explicit acceptance of eventual territorial partition. For those on the Labor side, the biggest step involves recognizing the permanence of settlements. There was no Palestinian participation in drafting the guidelines. But some of the provisions on Jerusalem reflect ideas informally worked out between Israeli and Palestinian negotiators when the Labor Government was in power.

The negotiating guidelines are not binding on either Labor or Likud. But the proposals, and the process that produced them, make it more likely that Israel can be united as it addresses the emotional issues deferred to the final round of peace talks. Setbacks to Mideast peacekeeping can come at any moment. But so can surprising advances. Few have been as important as the growing convergence of Labor's and Likud's positions on peace.

Too Little Leadership

President Clinton began his news conference yesterday with a healthy admission that he must accept at least part of the responsibility for last year's campaign-finance excesses. He also reaffirmed his support for bipartisan campaign-finance reform legislation introduced by Senators John McCain and Russell Feingold and Representatives Christopher Shays and Martin Meehan. But given several chances to establish himself as a bold leader in the drive for cleaner politics, Mr. Clinton fell short, ceding the field to Congress while offering a series of defensive rationalizations for his party's sleazy behavior.

Furthermore, in a startling choice of words, Mr. Clinton said that "way, way over 90 percent" of the money received by both parties had been legally raised. The clear implication of this lawyerly construction is that some of the Democrats' campaign money was illegally raised and that the President is being advised to prepare the public and himself for more revelations. This clearly adds to the pressure on his slow-moving Attorney General, Janet Reno, to name a special prosecutor. Ms. Reno has been saying over and over that she first needs "credible evidence" of criminality. What could be more credible than the President's own statement suggesting there was funny money in the campaign?

It was also healthy for Mr. Clinton to concede that the Comptroller of the Currency had no business attending a White House meeting with potential contributors from the banking industry and fund-raisers from the Democratic National Committee. But even here he missed a chance to erase unilaterally a major blot on his Administration by promising to quit using the White House as fund-raising bait. Instead he left the door open for more D.N.C. "coffees."

Mr. Clinton was indisputably right in saying that the valuable campaign reforms that emerged from Watergate over 20 years ago needed an overhaul to take account of an "exponential" increase in campaign costs. Presidential publicists keep saying he is interested in leading a "crusade" to do precisely that. But the man who sounded like a crusader yesterday was not Mr. Clinton but Senator Fred Thompson, former minority counsel to the Senate Watergate committee. He went to the Senate well yesterday to describe how he would run the hearings on financing abuses and to call on Mr. Clinton to help him get to the bottom of how the parties raised their money in 1996. It had the feel of a significant moment of transition. The President refused to wrap himself fully in the mantle of leadership on campaign reform. Mr. Thompson, a Tennessee Republican who bears the legacy of the last great cleanup, seemed ready to try it on.

The New York Times

WEDNESDAY, JANUARY 29, 1997

'Mistakes Were Made,' Clinton Says of Gifts

But President Sees 'No Pattern' of Corruption in Donations

By John F. Harris and Peter Baker
Washington Post Staff Writers

Saying that "mistakes were made" in the pursuit of campaign contributions, President Clinton told reporters yesterday that a top financial regulator should not have been invited to a coffee arranged by the Democratic National Committee for bankers who contributed to the party.

At the same time, Clinton defended his role in helping his party raise record sums by granting donors access to him, saying these people got nothing for their money other than "a respectful hearing if they have some concern about the issues."

Clinton said that most of the people contributing last year to both Democrats and Republicans—"way over 90 percent"—did so legally, and most of the abuses that exist would be corrected by a bipartisan campaign finance bill he has endorsed.

"So there is no pattern and practice here of trying to push our system over the brink into corruption," Clinton said at a 55-minute news conference dominated by the fund-raising issue. "What happens is there's a race to get as much money as you can to keep from being buried by the other people and to make sure you get your own message out. And, at the edges, errors are made, and when they're made, they need to be confessed and . . . we need to assume responsibility for them. And that's what I'm trying to do up here today."

Clinton for the most part left unspecified the errors he had in mind, and his use of the

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passive-voice "mistakes were made" phrasing left responsibility unassigned. He did say it was a mistake to have Eugene A. Ludwig, the comptroller of the currency, at a White House coffee for bankers because "regulators should not come to meetings . . . that have any kind of political sponsorship."

On other topics, Clinton said he is disappointed about the lack of improvement in China's human rights record but defended his overall strategy of engagement and cooperation with the Asian power. He said he was confident that "in the end" the Saudi Arabian government will provide full cooperation to U.S. officials in the investigation of last year's Khobar Towers bombing that killed 19 U.S. airmen.

Clinton touted several proposals for increased education spending that he said will be in the budget plan he releases next week. A proposed 25 percent increase in Pell grants for needy students will "open the doors of college education wider than ever before," he said.

On the budget, Clinton said he was optimistic that even Republicans who are critical of specific portions of his spending plan will not dismiss it out of hand. He said he is willing to discuss GOP ideas for cutting capital gains taxes, since it is such a high priority for them, and likewise added that he would consider charging higher premiums on wealthier Medicare beneficiaries. He pleaded with Republicans to show similar open-mindedness on his priorities, including restoring full welfare benefits for legal immigrants.

"I want to keep our powder dry and want them to keep their powder dry," Clinton said, adding: "And then what we need to do is to meet each other in good faith. This and all other issues can best be resolved by an early attempt to work through to a balanced budget agreement."

While Clinton was striking an upbeat tone on the budget, he was regularly put on the defensive over the fund-raising controversy.

He bristled when asked if he had any explanation why the Indonesia-based Lippo Group, whose associates were connected to many of the improper DNC contributions, hired his close friend, former associate attorney general Webster L. Hubbell, shortly before he went to prison for embezzlement.

Hubbell has refused to tell Congress why the Lippo Group put him on retainer after he resigned from the Justice Department; Republicans have questioned whether the money was intended to encourage Hubbell not to cooperate with investigations into the Whitewater affair. After first saying that no one at the White House knew Hubbell had been hired by Lippo, White House press secretary Michael McCurry corrected himself last week to say that Clinton's closest aide, White House deputy counsel Bruce Lindsey, was aware of Hubbell's hiring shortly after it happened.

But Clinton said "categorically" that no one at the White House knew beforehand and dismissed speculation that there had been any attempt to buy Hubbell's silence. "I can't imagine who could have ever arranged to do something improper like that and no one around here know about it," he said. "To the best of my recollection, I didn't know anything about his having that job until I read about it in the press."

"That's a pretty irresponsible charge to make without knowing [or] having some evidence of it," Clinton said. "And I am just telling you it's not so."

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Clinton has spent much of the last few months buffeted by one report after another of fund-raising irregularities, including instances of the president's offering highly prized access. Big-dollar contributors were offered overnight stays in the Lincoln Bedroom. Scores of informal coffees allowed donors private time with the president. And an article in New Yorker magazine this week reported that wealthy benefactors were invited for a "day at the White House" last June that included use of the tennis court, swimming pool and bowling alley.

Clinton disputed the magazine's characterization of the event, saying guests "were not charged a fee," although he agreed that many had raised large amounts for his campaign or party.

His statement that Ludwig should not have been asked to attend the bankers' coffee last May represented a turnabout for the White House, which defended the meeting as appropriate when it was first disclosed Friday. That session brought Clinton, Ludwig and Treasury Secretary Robert E. Rubin together with the chief executives from 17 of the nation's largest financial institutions. Ludwig said Friday that he had not been aware that it was sponsored by the DNC and would not have attended had he known.

"What we all got to be candid enough to say is no one is blameless here," Clinton said. "It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently. Now . . . it's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system."

Clinton's remark echoed a similar comment made by his predecessor in office, George Bush, regarding the Iran-contra affair. While still Ronald Reagan's vice president, Bush acknowledged in December 1986 that "mistakes were made" when White House officials diverted proceeds of arms sales to Iran to help fund the contra rebels in Nicaragua.

Addressing other issues, Clinton offered a mild assessment of Saudi cooperation in the investigation of the terrorist bombing last June. Last week, Attorney General Janet Reno and FBI Director Louis J. Freeh complained that U.S. investigators have been stymied by a recalcitrant Saudi government that has withheld crucial evidence.

Clinton asserted that the FBI remains "in charge" of the investigation, though he noted that the probe raises delicate questions about the sovereignty of another nation. "I'm confident that in the end they will do what I have been assured personally by the highest levels of the Saudi government they should do," he said.

Aides said the remark referred to a telephone call between Clinton and Saudi King Fahd earlier in the investigation, rather than any more recent contact since Freeh and Reno lodged their grievances.

The president likewise struck a diplomatic tone in addressing questions about China and human rights abuses.

He signaled disagreement with plans to crack down on civil liberties in Hong Kong after it passes from British control to China in July, but used careful, temperate language. China might regret the move not just because it is "wrong on its own merits," Clinton said, but because it might stifle the economic engine that powers the colony.

Moreover, he acknowledged that his policy of trying to engage China rather than isolating it politically and economically has not made much progress in producing a better climate for human rights. An annual State Department study due out this week reports that there are no active dissidents in China because they have all been exiled or jailed.

"I regret that we haven't had more progress there more quickly," Clinton said, "but I still believe that the policy we're following is the correct one."

As for another one-time adversary, Clinton said he had no independent information to contradict official Russian government reports that have minimized the significance of President Boris Yeltsin's health problems. He expressed his confidence that the two leaders will still be able to hold a planned summit in March to talk about strategic nuclear arms reductions and expansion of NATO.

Yet Clinton made sure to praise Yeltsin's "appropriate delegations" of authority to Prime Minister Viktor Chernomyrdin, who has a close relationship with Vice President Gore and is among the potential successors if Yeltsin steps down or dies. Chernomyrdin will meet with Gore in Washington next week.

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Federal Document Clearing House

Following is the transcript of President Clinton's news conference at the White House yesterday:

Before I take your questions, I would like to make a brief statement about the balanced budget that I will send to Congress next week.

This budget shows that we can meet two of our most crucial national priorities at the same time. It proves we can protect our children from a future burdened by reckless debt even as we give them the educational opportunities they need to make the most of the 21st century.

The budget finally moves us beyond the false choices that have held us back for too long, and shows that we can cut our debt and invest in our children.

The budget will help to renew our public schools. It will expand Head Start, help rebuild crumbling classrooms. It will double funding for public charter schools, giving parents more choice in how they educate their children.

It will increase funding for Goals 2000 by 26 percent. And it will help our students to reach high standards and master the basics of reading, writing, math and science.

It will also enable us to protect, excuse me, to connect our schools and our libraries to the information superhighway. The budget more than doubles our investment in technology to hook our children up to computers and the Internet. And it increases by a third our investment in partnerships with teachers and industries to develop quality educational programming and technology.

In short, the budget will connect our children to the best educational technology in the world.

It will also open the doors of college education wider than ever before. I'd like to take a minute now simply to outline our unprecedented commitment to higher education.

With this budget, national support for college education in the year 2002 will be more than double what it was on the day I first took office—going from $24 billion to $58 billion a year.

The budget will fully pay for a $1,500-a-year tuition tax credit, a HOPE scholarship for the first two years of college, to make the typical community college affordable for every American, and to achieve our goal of making two years of college education as universal as a high school diploma is today.

It will also allow a working family to deduct up to $10,000 a year for taxes for the cost of any college tuition or job training. And with our special IRA for education, most parents will be able to save for college tuition without ever paying a penny in taxes.

In addition, my balanced budget takes further steps to widen the circle of educational opportunity. It provides a 25 percent increase in funding for Pell Grants, the largest increase in the maximum scholarship in 20 years, so that over 4 million students will get up to $3,000 a year.

We'll make 130,000 more students eligible for these scholarships. And we will open the scholarships to 218,000 older, low-income Americans who want to go to college.

Second, under the balanced budget we will present, we will continue to reform our student loan programs to make college loans easier for students to get and easier to pay back. We will cut interest rates on loans to students while they're in school. We will cut loan fees for 4 million low- and middle-income students in half.

Fees on 2½ million more will be cut by 25 percent. Taken together, these two steps will save American families $2.6 billion over five years.

Third, we will increase funding again for work-study positions for students. That will take us over about a three-year period from 700,000 work-study positions to 1 million work-study positions per year.

And it will help us to meet our goal of getting 100,000 of those work-study students to participate as tutors in our initiative to make sure that all of our 8-year-olds can read independently.

To encourage community service, we will also provide tax incentives to encourage loan forgiveness for students who, after college, choose professions that give something back: people who use their education to work as teachers in homeless shelters, as doctors in remote rural areas.

All together, these proposals will move us much closer to our clear national goal—an America where every 8-year-old can read, where every 12-year-old can log on to the Internet, where every 18-year-old can go to college, where all Americans will have the knowledge they need to meet the challenges of the 21st century. I am very proud of this budget.

Finally, let me say a word about campaign finance reform. We all know we need to find a new way to finance our campaigns and to bring the aggregate spending levels under control.

Anyone who is involved in politics must accept responsibility for this problem and take responsibility to repair it. That is true for me and true for others as well.

Last week I met with Senators John McCain [R-Ariz.] and Russ Feingold [D-Wis.] and Representatives Chris Shays [R-Conn.] and Marty Meehan [D-Mass.]. They have introduced tough, balanced, credible bipartisan campaign finance reform legislation. I pledged my support to them. I pledge it again today. I pledge again to help them pass this legislation.

Any legislation we pass should be bipartisan, should limit spending and should leave the playing field level between parties and between incumbents and challengers.

This is our best chance in a generation to give the American people campaigns that are worthy of the world's oldest continuous democracy. I call on the members of both parties to work with us to get the job done. Helen.

Is Access for Sale?

What should the American people think of a presidential campaign in which a day at the White House is sold for $250,000 a couple and the Republican Party sells a season ticket of access to Capitol Hill for $250,000?

Well, first let me say I dispute a little bit the characterization there. I can't speak for the Republicans. They'll have to speak for themselves. But the people who were there on the day in question were not charged a fee. Some of them were our contributors; had contributed in the past. They had raised money for me in the past. Some of them had not.

And so I don't think it's quite an accurate characterization.

But I will say this, if you look at the money that was raised and spent—not only by the parties and their respective campaign committees in the Senate and House, but also by all these independent and apparently independent third-party committees—and you look at the exponential cost of the campaigns that are related to communications, surely we can use this opportunity to make something positive come out of this.

I mean, I think that all of us, as I said again, I'm, every one of us who has participated in this system, even if we did it because we thought we had to do it to survive or to just keep up, has to take some responsibility for its excesses. And I take mine.

But we have got to do something about it. And the only way we can do anything about it is, is to pass the legislation, the McCain-Feingold bill or some acceptable variation thereof.

Mr. President, with all the focus on the Democratic fund-raising right now, why are you attending a million-dollar fund-raiser tonight? What kind of, what kind of an image do you think this leaves? And why do these donors make these big-money contributions? What do they get in return?

Well, first of all, under all conceivable campaign finance reform scenarios, it will still be necessary for the parties to raise some money. And there is—neither party has the capacity to raise all their money from direct-mail campaigns and contributions of $100 or less.

The Business Council, the group that is having this fund-raiser tonight, is one that would be quite consistent with the McCain-Feingold bill, were it to pass.

And I frankly am very appreciative of the fact that these folks have been willing to come and help us, and that we have increased the ranks of, particularly, younger, more entrepreneurial people in the Democratic Party supporting us.

So I think it's an important thing to do. I don't think there's anything wrong with raising money for the political process. The problem is it is the volume of money, the amount of money, the times it takes to raise, the inevitable questions that are raised.

Now, I can tell you what they get from me. I don't know, you have to ask them what they expect.

What they get from me, I think, is a r[illegible] if they have some concern about the issues. [illegible] good thing when contributors care about the [illegible] have some particular area of expertise they wa[illegible] tribute.

But nobody buys a guaranteed result, nor should th[illegible] ever.

They should get a respectful hearing. The president should do what's right for the country.

Wolf.

Taxes and the Budget

Mr. President, your new budget that you'll submit next week to Congress, there will be tax cut proposals, including some of the education tax cut proposals you outlined today. But there also, presumably, will be some tax increases in the form of what you would describe as corporate welfare—getting rid of some of the tax breaks that big businesses have now.

Some Republicans are already suggesting that net-wise, your tax, your budget proposal will have a net increase in taxes as opposed to a net decrease. Is that a fair assessment . . .

No.

. . . of your budget?

I believe that's incorrect.

And let me say I also believe—and again I'm speaking from memory now, I have not discussed this with Mr. [Office of Management and Budget Director Franklin] Raines in the last several weeks, but I believe—that, number one, I believe it's incorrect that we do have a net tax cut.

Number two . . .

Increase?

No, we have a net tax cut.

Number two, I believe that virtually all of the corporate loophole closings that we have in this budget are ones that we had discussed with and reached at least minimal agreement on with the Congressional leadership back during the budget negotiations when we were having them last year.

I believe that to be the case.

And if it's not, I'll stand corrected, but I think that's accurate.

Yes, Gene.

Russian President Yeltsin's Health

Mr. President, [Russian President] Boris Yeltsin has been out of work for more than six months now because of his health problems. How has that affected your ability to do business with the Russian government? And a related question: How will Yeltsin's health problems affect the timing and location of the next U.S.-Soviet summit which had been set for March?

First let me make the most important statement I think I can make to your question, which is I have no private information that is inconsistent with the public statements of the Russian government on President Yeltsin's health. I have no reason to believe, based on any information I have, that his condition is any different from what the Russian government has said it is, first thing.

Secondly, I have been very impressed by the extent to which President Yeltsin made appropriate delegations to Mr. [Russian Prime Minister Viktor] Chernomyrdin during the period of his convalescence leading up to the surgery, and then in this period after the surgery when he developed his illness.

And the vice president and Mr. Chernomyrdin are going to meet pretty soon in their ongoing relationship. We have a huge, full agenda. And we have been given no impression by the Russians that we aren't still going to have the Yeltsin-Clinton meeting in the March timeframe.

I think it's very important. You know, we have to work through the NATO-Russia relationship in connection with expansion and other issues. We have a lot of other security issues. We have to deal with the START II [missile reduction] issues and where we go after START II. We have a lot of economic issues that are still to be resolved.

And so I think we'll go right on, and I expect to have that meeting in March. And I expect it to be an important one and, I hope, a successful one.

The Washington Post

WEDNESDAY, JANUARY 29, 1997

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...sident, in your inaugural address eight days ago, ...ed some quite lofty goals: for example, the educa... proposals you were speaking about today. But in the ... since, many questions in the press and in Congress ...ve focused on issues like campaign fund-raising.

My question is whether you are worried that the well is being poisoned even now for the realization of these goals before you can even get out of the gate, particularly on the issue of bipartisanship?

No. But all I can do is speak for myself. I have tried to conduct a presidency and regard my words in a way that would make it clear that I intend to follow through on my commitment to try to establish a working partnership and a dynamic center—not a stable, stale one, but a dynamic one—with people in both parties.

I think we will have to continue to work on that, as these—you know, just a few days ago, there were—when someone asked me if I thought that in the House the issue of the speaker would poison the well. And I didn't, and I don't. I don't think it has.

I just think that when matters come up that have to be dealt with, they need to be dealt with and disposed of. But the American people expect us to focus on how we can lift their lives and improve our conditions and move our people together and deal with the things that are before us. And I think if we do that and do it in a good faith way, we'll be able to go forward.

Now, I'm very encouraged—let me just say this—the most encouraging thing has been, to me, the way that my budget proposals have been received. Even in criticism, they have not been rejected outright.

You know, four years ago, when I came here, nobody in Congress took a president's budget seriously. They said all these budget scenarios, always rosy—the numbers are always cooked.

We now have four years in a row when I presented conservative budget figures, when we brought the deficit down by over 60 percent and when—now both sides are keeping their powder dry enough to create the possibility we can reach a balanced budget agreement.

So on balance, I'm still quite hopeful.

Saudi Arabian Cooperation With FBI

Mr. President, both your attorney general and the FBI director recently expressed concerns about the level of cooperation from Saudi Arabia into the investigation into the bombing that killed 19 American soldiers last year.

What's your assessment of their level of cooperation? And do you have confidence in the security of the U.S. men who are still on duty there?

Let me answer the second question first. We have worked very hard, as you know, since the Khobar incident to enhance the security of our armed forces personnel in Saudi Arabia.

In that endeavor, we have received the cooperation of the Saudi government. We have relocated a large number of people. We have done a-lot of work. We've invested a lot of money. So have they.

And we believe that there is no such thing as a risk-free world, but we believe that our armed forces are more secure today. And we feel good about that.

On the investigation, clearly from our point of view and our government, the FBI is in charge of that. They have sought the answers to some more questions. The Saudi government has assured us that from the very highest levels that they would get answers to those questions. And so I expect that to happen.

And that's all I can tell you at this time. The process is ongoing. The investigation is ongoing. The relationship is ongoing.

As you can imagine, this creates, an investigation of this kind raises all kinds of complex questions about cooperation against sovereignty, about what other interests of that nation might be in play. But I'm confident that, in the end, they will do what I have been assured personally by the highest levels of the Saudi government they should do.

So you're satisfied with the level to this date?

Well, it's still in process. We have to see if it comes out all right. But when, but we still have their further request for information that are ongoing. We'll see how it comes out.

China and Hong Kong

Mr. President, the Chinese have been making a lot of noise about clamping down on civil liberties in Hong Kong. How concerned are you about this? And will this upset our relationship in any way?

Well, it wouldn't help anything. I'm concerned about it, and I think the, we don't know yet what's going to happen. But the Chinese have basically said that it would be a part of China, but its system would be left intact.

And I think there may be some ambivalence about what it means to leave their system intact. And I think maybe some would assume that you could impose political uniformity on Hong Kong and leave its economic vibrancy intact. It really is in some ways almost a perfect open market, you know.

And I don't know if that's true or not. It's a complex society. I think anyone's who ever been to Hong Kong more than once—and I've been there on several occasions in my life—probably leaves with the feeling I had, that you could go there a thousand times and you might not ever understand it all.

It's a complicated society. And I'm not so sure that it can exist, with all of its potential to help China modernize its own economy and open opportunities for its own people, if the civil liberties of the people are crushed.

So I think it would be wrong on its own merits, but I think it might wind up being less useful to China. So I would hope very much that they would look for ways to maximize the continuation not only of the economic system but of the personal freedoms that the people of Hong Kong have enjoyed in making it such an economic engine.

Lippo Group Hiring of Hubbell

Mr. President, the Lippo Group hired your friend Web[ster] Hubbell after he resigned in a scandal from the Justice Department and just a few months before he went to jail for embezzlement.

So far no one has been able to determine what kind of work he was doing or why he was paid a sum reportedly in excess of $200,000. Does anything about this arrangement strike you as unusual or suspicious? And, given that there have been public suggestions this money was offered to encourage his silence before the Whitewater investigator, have you taken any steps yourself to assure yourself that this is not the case?

Well, first of all, I didn't know about it. To the best of my recollection I didn't know anything about his having that job until I read about it in the press.

And I can't imagine who could have ever arranged to do something improper like that and no one around here know about it. We did not know anything about it and I can tell you categorically that that did not happen. I knew nothing about it. None of us did before it happened. I didn't personally know anything about until I read about it in the press.

So I don't think, I think when somebody makes a charge like that there ought to be some burden on them to come forward with some evidence to substantiate their charge instead of saying we'll make a charge, see if you can disprove it. That's not the way things work and that's a pretty irresponsible charge to make without knowing, having some evidence of it. And I'm just telling you that it's not so.

White House Coffees

Back on this issue of fund-raising. You've talked about it maybe in general terms, but specifically last week the White House put out a list of coffees. It showed that at one coffee that included the comptroller of the currency, the secretary of the treasury, there were people who—bankers who had contributed something like $325,000. You attended that coffee. There was another coffee with another regulator of the Consumer Product Safety Commission. Something like $500,000 was contributed by people who were at that coffee.

And I wondered if in retrospect you had any feelings about, number one, regulators being at political coffees, and also your own participation. Obviously you're not going to be doing this again for your own reelection, but is this something that you have decided you will continue doing? And what have you come to in your own mind on this issue?

I have a different opinion about my participation and the regulators participation. First let me tell you about the, I can only comment on the first instance you mentioned, the bankers meeting.

I think it is an appropriate thing and can be a good thing for the president and for the secretary of the treasury to meet with a group of bankers and listen to them and listen to their concerns and, if they have certain issues, to explore those issues.

I can tell you categorically that no decision ever came out of any of those coffees where I or anyone else said this person is a contributor of ours, do what they ask us to do. But I think those meetings are good. I think the president should keep in touch with people. I think he should listen to people. I never learn very much when I'm talking and I normally learn something when I'm listening. So I think that they're good.

In retrospect, since the DNC sponsored it I do not think the comptroller of the currency should have been there.

I agree with Mr. [Comptroller of the Currency Eugene] Ludwig. And he should have been told who was sponsoring it, and it would have been better had he not come. I agree with that.

But I think there's a distinction to be made between the president meeting with people, listening to them, and then, at least, if they raise some serious issues, having them looked into. But I never made a decision for anybody because they were contributors of mine. I don't need that.

But I do think it's important to listen to people. But you're right, I mean—or he was right. It would have been better if he had not been there. Regulators should not come to meetings that are sponsored—that have any kind of political sponsorship, I don't think.

Do you intend to keep going with these coffees?

I don't know. But I can you tell you that I, well, I intend to keep going with coffees. I don't know whether they'll be sponsored by the DNC or whether we'll just bring them in through our own regular offices.

But I also had lots and lots and lots of coffees over the last four years that had nothing to do with the DNC, where a lot of people came—were not contributors or even active supporters of mine, but they were from different walks of life around the country. And I found them very helpful, where I just sit down and talk for four or five minutes, and then listen for an hour or so, and maybe ask questions based on whatever people had to say to me.

I think it's an effective way for the president to hear firsthand how the operations of the government or developments in the country are affecting people. So I think that the coffees themselves are a very good device. But I do believe, particularly if sponsored by a political party, it's not appropriate for the regulator to be there.

Balanced Budget Amendment

A number of Democrats in Congress oppose a balanced budget amendment to the Constitution unless the government promises to stop spending surplus Social Security funds, borrowing them and spending them. Would you, though you oppose an amendment, you will propose a balanced budget. Will you stop using surplus Social Security funds?

Well, the using, the funds that are collected on Social Security are going to be invested in some way. When you say using, what they do, they cover the deficit by basically being sold for government securities.

Social Security is not therefore in effect separated from the government. But those securities will come back with interest to the government later on. And, by then, what will have to happen is when we start running short of money, 20 years or so from now, the government will have to have been on a balanced budget for some years by then so that when the bonds are repaid, they can be used to pay Social Security.

We couldn't right now, neither the Republicans nor I and the Congress, could produce a balanced budget tomorrow that could pass with, if you said the Social Security funds cannot be counted, if you will, as part of the budget.

But let me say—you raise an interesting question, however, and this is why I don't favor this amendment.

I've given the Congress a plan to balance the budget. I've made it clear that we will work with them to meet the Congressional Budget Office budgetary projections, and we're going to do this. And now, they know that I have credibility, because we've worked on it for four years and we've done almost two-thirds of the work.

When you amend the Constitution, you do it forever.

No one can foresee the circumstances that will come up generations from now or 50 years from now or even 10 years from now. And the way I read the amendment, it would almost certainly require—after a budget is passed, if the economic estimates turn out to be wrong—the executive branch—the president, the Treasury Department—to impound social security checks or to turn it over to courts to decide what to do be done.

And it would put us in a position, in my view, of doing things that are counterproductive. You know, we—the Congress is set to vote on this, the House is—against a background of four years of stable growth and four years of declining deficits.

But we don't know what external factors in the world might be brought to bear on our country in the next 10

or 15 years that might have terribly counterproductive impulses if we were cutting aid to children and raising taxes in the teeth of a big recession or we were impounding Social Security checks or something of that kind.

I just think that, you know, the Congress has an obligation to think of what could happen here in the future and ask themselves whether they really want to straitjacket the United States. What we ought to do is follow prudent policies, balance the budget and go forward. But we shouldn't compromise what might happen 10, 15 years from now with an amendment to the Constitution.

I think it's bad economic policy and bad policy. And I think we're going to wind up with some decisions in the courts and some decisions on social security and aid to kids and other things that future generations won't be very grateful to us for, just because it seems so popular now because we haven't balanced the budget since 1969.

Could I just follow up on one thing. There are a number of reform plans around that would give people part of their taxes back to put into private accounts. If it was only part of their taxes, and some sort of safety net was preserved, would you favor some private accounts out of Social Security tax money?

Well, first of all, I would favor nothing that would compromise the integrity of the system.

Secondly, even the Social Security Advisory Commission couldn't agree on that. So I can't make a decision on that to support something like that without knowing more about it.

There are two different options, you know, that were recommended—or three different ones—and I just, I think that what we need to do, as I've said before, we need to make some changes in Social Security to lengthen its life a little bit. We don't want to start getting in trouble in 2019. It ought to have a longer lifespan than that.

And we ought to do it through a bipartisan process that is either like the one that was done in 1983 or that at least consults all the people who will be affected by it.

And I think, if we start now, we can make modest changes that won't be too burdensome to anybody that will secure Social Security for another 50 years, and I think that's what we ought to be doing.

The District of Columbia

Mr. President, I wonder if we could just shift the focus briefly to something you've become much more interested in lately—the troubled capital city here.

The District of Columbia congresswoman has reintroduced her wide-ranging tax-cut plan today, which offers relief on the federal level for everybody, and the working poor would indeed be eliminated, as you know. She is also saying today that she wants your help on this and she thinks that her tax plan should be included in your new D.C. recovery plan, that the one cannot work without the other, and that time is fast slipping out for the capital city, that action needs to be taken soon or we're going to go down the tubes.

Well, let me say I believe that we should have a three-point plan. One is the thing that Congresswoman [D.C. Delegate Eleanor Holmes] Norton and I agree on, that we should have the federal government assume those things that are now burdening the District of Columbia that in every other place in the country those costs are borne by state governments, not local governments.

You can't expect any city to function and be successful if they have to pay the state's cost as well as the city's cost, raise taxes when people can go right across the Potomac River or right up the road into Maryland and have the same costs borne in a different way.

So I, I think that responsibility shift is important.

Secondly, I think the federal government needs a more disciplined effort to see what else we can do within the resources we now have to help D.C. in law enforcement and education and transportation right across in housing and homelessness.

Thirdly, I think there needs to be an economic incentive in the form of tax relief. Now I haven't seen what Congresswoman Norton introduced today. My, the last time this came up, the folks at Treasury and OMB thought that, that the proposal was more costly than we could afford. But I intend to make one and I think it will be a significant incentive for people to invest in D.C. and to help to grow the economy here.

I think that's a very important component, so I agree with her on the general point.

I just have to see the specifics before I can make a commitment.

China and Human Rights

Your annual human rights report is about to come out this week. It's reported that it will say there are no active dissidents in China. They're either all exiled or they're in jail. Does this mean that your policy of constructive engagement has failed to get the kind of results you wanted to get on China's human rights behavior?

It means that we have not made the progress in human rights that I think, that I had hoped to make. Yes. But it does not mean that if we had followed a policy of isolating ourselves from China, when no one else in the world was prepared to do that, that we would have gotten better results.

And I think, I still believe over the long run being engaged with China, working with them where we can agree—which helps us on a whole range of security issues that directly bear on the welfare of the American people like the problems on the Korean Peninsula—and continuing to be honest and forthright and insistent where we disagree has the greatest likelihood of having a positive impact on China.

Keep in mind the time horizon here for how we judge them has to be broadened a little bit.

They tend to look at things on a long-time horizon. They're going through some significant changes themselves within their country—economic and political changes. And I believe that the, the impulses of the society and the nature of the economic change will work together along with the availability of information from the outside world to increase the spirit of liberty over time.

I don't think there is any way that anyone who disagrees with that in China can hold back that—just as, eventually, the Berlin Wall fell. I just think it's inevitable. And I regret that we haven't had more progress there more quickly. But I still believe that the policy we're following is the correct one.

Appointing an Independent Counsel

Mr. President, some lawmakers on Capitol Hill still think it would be a good idea to appoint an independent counsel to investigate some of the campaign fund-raising that occurred last year. And at the same time, if—what's your latest thinking on that?

And at the same time, if I may, you often decry what you call a cynicism that you believe is pervasive in Washington. But given the amounts of money that were raised last year, the way they were raised and some of the explanations for the way they were raised, isn't the public entitled to a little bit of healthy skepticism if not cynicism about the entire process?

Well, to answer your first question, I'm going to take [former senator] Bob Dole's advice because that's a decision for the attorney general to make.

And to answer your second question—yes healthy skepticism is warranted.

But keep in mind, I would say to the skeptics, the vast majority, the huge percentage, way over 90 percent, the vast majority of the money that was raised by both the Democrats and the Republicans was raised by, in a perfectly lawful fashion, completely consistent with the requirements of the law.

The vast majority of the people who gave money to both the Democrats and the Republicans were people who believed passionately in the course that those two parties were pursuing, in the candidates and what they were trying to do, and to the House committees and to the Senate committees.

The problem is that the margins create great problems because of the sheer volume of money that is being raised today.

As I said before, it's too much money, it takes too much time to raise, it raises too many questions. And the cynicism is well-founded and the skepticism is well-founded.

If it becomes cynicism then it removes the incentive on the part of the Congress to pass campaign finance reform. Because, cynics will say it won't make any difference anyway.

If you look at the present campaign laws, I think you can make a compelling case. I know I heard this point made but I believe it to be true. I believe when these reforms arose out of the Watergate thing, back in the mid '70s, I think that worked pretty well for several years. I believe the elevated the reputation of politics and I think the reforms worked pretty well.

What happened is no system in a world changing like ours can be maintained indefinitely because the economy changes and, particularly, look at how your work has changed. I mean, you've got, when you travel with me, you carry those little computers around and you run these pictures up on computers and you send them from the planes somewhere else. I mean, just think of all the things that have changed.

This system has [illegible]. During that 20 years, these ways of communicating will [illegible] increase in the cost of communi[illegible]

And a system which, I would [illegible] worked pretty well from after it was [illegible] going forward, yes, frankly, it had [illegible] events.

So cynical, no; a healthy skepticism, you should always be skeptical. But we need to change system. It's got to be, it's just outdated.

Welfare Reform

Mr. President, what specific mechanisms do you plan on working with the private sector in terms of creating welfare, more welfare jobs and for people who are on welfare?

Primarily, two. One, I will offer a special tax incentive. And there's a story about it today, I think, in the New York Times—a special tax incentive.

It'll be a 50 percent credit for up to $10,000-a-year in pay for people who are clearly, provably hired from welfare and put in a new job.

Secondly, we have given the states—and there was a story, I think, in The [Washington] Post today talking about how a lot of the states are trying to push this down to the community level. That's good. That's not bad. That's good, as long as they give the communities the means they need.

What, the second thing is that every community should know that the employers in that community, if they hire people from welfare to work, can get what used to be the welfare check for at least a year to use as an employment and training subsidy.

Why? The welfare rolls have gone down 2.1 million in the last four years. It's the biggest drop in history. I think a fair reading of it would say about half of this decline came from an improved economy and about half of it came from intensified efforts to move people from welfare to work.

Now, I don't have any scientific division. But anyway, there is some division there.

The rest of the people that are on welfare now by-and-large are people who will be more difficult to move from welfare to work and have stay there. So I think, you know, we're going to have to give some incentives.

But if it works, and if every community in the country would set up an employment council and turn this into a family and an employment program, like Kansas City has, and every, all employers have those two incentives, I think we'll be able to meet the requirements of this welfare reform bill in a way that will be good for the people on welfare and good for their kids.

Mr. President, the chairman of the House Ways and Means Committee over the weekend laid down some markers for what he things would create a few chances for your budget to be alive on arrival on the Hill.

On welfare, one of the things he mentioned was increased spending for legal immigrants. And he said he hoped you wouldn't insist on it. How do you deal with that in your budget? And will you continue to insist on it?

Well, let me say, I like Mr. [House Ways and Means Committee Chairman William] Archer [R-Tex.] very much.

We've had a good relationship. And I appreciate what he said about me meeting him halfway on Medicare.

But there have been reports in the last couple of days about Republican governors with high immigrant populations coming back to their Republican congressional leaders and saying please reconsider this.

I have to, my budget will contain funds and proposed changes consistent with the promises I made when I signed the welfare reform bill and when I campaigned to the American people on this issue. I believe that the bill is counterproductive in the way it treats legal immigrants who, through no fault of their own, wind up in desperate circumstances. And in other ways that I think are not good for families and children.

some changes and I hope that when through here that again, I hope this will be the budget issue. I would ask our the Republican side and the Democrats who passionately about this as I do, to keep our pow- Let us make our case on the merits.

Let them hear from the Republican governors in states like Texas and New York that have these huge immigrant populations of good people that are making great contributions to this country. That are working like crazy and making this a better place. And listen to the practical impact of the law that's now there on the immigrant population. And I'm not sure we can't get some changes. I'm very hopeful that we can and I'm going to give it my very best effort.

Skeptical of Administration

Follow-up on Jim Miklaszewski's question. The people are not just skeptical or cynical about politics or about campaign finance. They are more specifically cynical and skeptical and suspicious of this White House, of this administration, partly because of the way information has trickled out, the way memories have been stubborn and sometimes revised at the last moment—at an opportune moment, it would seem. And I'm wondering what's new about the White House now and the way you handle delicate information and what you want to tell the people about it.

First of all, I want to tell the people when you get asked hundreds of questions it's not possible to remember the answer to every one. I think some of these people make honest mistakes. And I read things in your reports all the time that aren't quite factually accurate, but I don't you deliberately did it. It's impossible to do, but we're living in an society that is deluged in information so I think that what we all got to be candid enough to say is no one is blameless here.

It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently. Now, others—it's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system. Now, what should they believe about us? Well, first of all, I got the Democratic Party to make some unilateral changes in its fund-raising policies and asked our friends in the Republican Party to do the same and offered to completely get rid of the so-called "soft money," the larger contributions, if they would.

Secondly, we're out here working hard as a party, as a White House, and me personally as president to pass the McCain-Feingold bill, which would put an end to these problems and modernize this system.

So I think that's quite important.

Now, I do not believe you will ever get the politics out of politics. That is, and that's not bad. I think, you know, people who fight for candidates and who help them and who help parties will be people that, that the people who represent them want to hear from and want to maintain access to. I don't think there's anything wrong with that. That's the way the system works, and I don't think anyone should imply that your first obligation once you get elected is to stop talking to the people that helped you get there.

But I think that we've got to improve the system. And I understand why the cynicism is there.

But again I will say I'd ask you to look, way, way over 90 percent of all the people who gave money and way over 90 percent of all the people who gave, of all the money that was raised, is clearly consistent with the law in both parties, as far as I know.

I mean, I have not—I can't really speak for the Republicans, but I'd be astonished if that were not so. I would be astonished if it were not so.

So there is no pattern and practice here of trying to push our system over the brink into corruption.

What happens is there's a race to get as much money as you can to keep from being buried by the other people and to make sure you can get your own message out, and at the edges, errors are made. And when they're made, they need to be confessed, and they need to be, and we need to assume responsibility for them. And that's what I'm trying to do up here today.

But I can't say, Devon, in response to your question that I know that any of these people who gave insufficient answers to you did it in a deliberate or deceptive way, because a lot of times, people just ask questions and they don't have all the answers, and they're trying to cooperate and don't do such a good job.

Health Care Reform

The National Coalition on Health Care has issued a wonderful report. It's the largest consumer organization on the subject. They say that of 58 million people, 60 percent of those people were against the present health system as being totally inadequate and they don't have faith in it.

Now, we heard last year a lot of stuff about how people were satisfied with the most wonderful health care system in the world. Well, apparently that's baloney, according to this report.

And a lot of talk being done about preserving Medicare, but Medicare won't do it. It won't go all the way to take care of the people in this country. And this report shows that they simply cannot meet the big bills of hospitals and doctors.

Aren't you going to try again this year with [first lady] Hillary [Rodham Clinton] to devise a good health—national health care program for this country?

Well, I, I read that report, and I found it very interesting. But I think what that report was saying—and again, I don't want to read between the lines, all I did was read a news column on it—but I can tell you what I got out of it. And then let me respond to your question.

What I got out of it was: People said, well, I may feel good about my doctor or my local hospital, but I'm worried about the security of this system.

I'm worried about whether if, if managed care controls everything, whether I'll lose any control over important decisions affecting my life.

I'm worried about whether if I lose insurance here, that I can take it there. And what I think we have to do is to recognize that our society—and I think we've played a role in it here, but I think the whole system deserves credit for it—we've done a much better job in holding down inflation in medical care and bringing closer the general rate of inflation. There's some indication it's going up again, but I hope we can keep it down.

But we—and we have done a better job of some other things, like ending the 48-hour delivery rule and all that. But we have not—or the 24-hour delivery. But we have not done enough to increase access to affordable care for people who don't have coverage, to deal with the problem that there are still a lot of children in working families that are poor who aren't covered and to deal with the fact that there are people who are unemployed—and even though we just made it legal for them to carry their insurance with them, when the Kennedy-Kassebaum bill passed last year—they can't afford to do that.

So in my budget, we will have, in effect, an unemployment health insurance plan to help people, families who have insurance, keep it when they're employed. And I intend over the next four years to work very hard to try to find other ways, as I said, in a step-by-step way, to allow people affordable access to this system. It will never be completely stable for everyone, anyone, until everyone at least has affordable access to it.

Middle East Peace Talks

Mr. President, Mr. President, both Israel and Syria seems willing and ready to come to the negotiating table and they both want American diplomacy as an honest broker. [Israeli] Prime Minister [Binyamin] Netanyahu will come to Washington next month. How will you act together to energize this track and reach comprehensive peace in the Middle East, which is clearly a top priority of your administration?

Well, Prime Minister Netanyahu, [Palestinian leader] Chairman [Yasser] Arafat, [Jordanian] King Hussein and [Egyptian] President [Hosni] Mubarak are all coming here in the next couple of months. And I must say again how much I appreciate the agreement reached on Hebron and the other understandings reached between Prime Minister Netanyahu and Chairman Arafat and the fact that, so far, things seem to be being implemented in an appropriate way and going all right.

There will never be a comprehensive peace in the Middle East until we resolve this matter with Syria—between Syria and Israel—and that requires the willingness of the parties. What our experience has been—mine, the secretary of state, [former] secretary [Warren] Christopher and now Secretary [Madeleine] Albright and [U.S. special negotiator] Mr. [Dennis] Ross and our whole team has been there—that when both parties want to make peace, no matter how far apart they seem, we find a way to get there.

If they're not sure it's time to make peace, no matter how close it seems to an outsider, we don't seem to be able to bridge the gap.

So you can be sure that that will be a major focus of our discussion—whether we can find a way to work together.

Mr. President, your Medicare reform plan was criticized for relying too heavily on savings squeezed from health care providers. Why shouldn't Americans who can afford to pay higher Medicare premiums pay them?

Well, let me respond to the criticism. First of all, in my health care reform proposal I supported higher income, increases in Medicare premiums on higher-income Americans, but it was part of a comprehensive health care reform.

What I was attempting to do after meeting at some length with [Health and Human Services] Secretary [Donna] Shalala, who worked through these issues with me, the specifics of the Medicare reform, was to demonstrate that we could balance the budget, meet the Republicans halfway and put 10 years on the life of the trust fund without a premium increase.

If we're going to have a longer-term Medicare reform I never said that I would rule that out. But I didn't want to rule it in. I presented a budget that was consistent with my priorities and I'm prepared to meet with Senator Trent Lott [R-Miss.] and discuss that and other issues. But I presented the budget that I thought was the best budget to achieve our objectives.

When you are finished here, Mr. President, Senator [Fred] Thompson [R-Tenn.] is expected to go to the Senate floor to discuss his committee's investigation into these fund-raising issues. I'm wondering if you would like to say something to him regarding White House cooperation and the possibility of looking into Republican fund-raising as well?

I have instructed everybody here to fully cooperate with him. My new counsel, Mr. [Charles] Ruff, is going to meet with Senator Thompson and the appropriate people and we will be fully cooperative. I think that's very important.

And on the question of the Republicans, I just want him to be fair. I think it's very important to be fair and even-handed, because I am confident that any investigations will reveal what I said. That the vast majority of people who give, do so well within the law and with the best of motives. They really believe in what they're doing, on both sides. And what we need to do is find out whether there are any systematic flaws here that need to be addressed and address them.

But in the end I'm telling you, no matter what this hearing uncovers, in the end if you want to get rid of the, if you want to turn cynicism back into skepticism, you have to pass McCain-Feingold or some other acceptable campaign finance reform.

Homeowner Tax Cuts

Mr. President, in Chicago the day you gave your acceptance speech at the convention you unveiled a plan where, in which homeowners would not have to pay virtually any capital gains taxes. We haven't heard much about it since then and my question is: Is that going to be in your budget—that proposal—and will you go a little further if the Republicans want to do a little more on capital gains?

The answer is yes, my homeowner's exemption—capital gains exemption is in the budget.

Everything I talked about at Chicago is in the budget. And the capital gains issue has never been a particularly high priority with me, because I've never seen it demonstrated as a big engine of economic growth overall and because I thought the previous—and, as you know, this is nothing new—that the proposal that the Republicans made in their budget I thought was entirely excessive and would really almost squander money by having it be retroactive.

But what I've, I have tried to practice what I preach here. I want to keep our powder dry, and I want them to keep their powder dry. I will present a budget, but I know what my priorities are. I know what theirs are on the taxes.

And that what we need to do is to meet each other in good faith. This and on all other issues can best be resolved by an early attempt to work through to a balanced budget agreement.

Thank you very much.

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Drawing Lines on Campaign Fund Probe

Senate Democrats Want Length, Scope, Procedures to Be Clearly Defined

By Helen Dewar
Washington Post Staff Writer

Senate Democrats yesterday put Republicans on notice to expect trouble in winning approval for financing their investigation of campaign financing abuses unless they clearly specify its scope and duration, and ground rules for Democratic participation.

The warnings from Minority Leader Thomas A. Daschle (D-S.D.) and Sen. John Glenn (Ohio), ranking Democrat on the Governmental Affairs Committee, came shortly before committee Chairman Fred D. Thompson (R-Tenn.) presented the Senate with a broad outline of the committee's plans.

"To assure that the committee's investigation is fair, bipartisan and legislatively productive, it is vital that the Senate define the scope, procedures and duration of the investigation" in any funding authorization for the probe, Glenn said in a letter to Thompson on Monday.

"We will be more than ready to support that funding resolution once we've had the opportunity to resolve these matters," Daschle told reporters yesterday morning. "But they have to be resolved to our satisfaction."

In his address to the Senate, Thompson listed several broad areas of focus, such as whether administration officials observed legal barriers between fund-raising and official business, that appeared targeted mostly—but not exclusively—at allegations of Democratic fund-raising excesses. He said that the investigation will be pursued without regard to party and that Republicans will "in no way" limit Democrats' rights to investigate what they deem important. He did not say how long the inquiry might last and cautioned that its duration depends in part on White House cooperation.

While cordial in response, Glenn reiterated his call for more specific ground rules and suggested the scope be broadened to include several areas Thompson did not mention, including "misuse of charitable and other organizations" for political purposes—a clear reference to the recent ethics case against House Speaker Newt Gingrich (R-Ga.).

Glenn also said the probe should be aimed at reforming the campaign finance system as well as providing information about abuses. He said he is convinced that reform will not occur "until the pressure from the American people becomes overwhelming" and believes that "this investigation, if done right, could be the vehicle to create that pressure." But it will not occur "if the inquiry drags on into next year—an election year—when changing the campaign finance laws will be impossible."

After Glenn's speech, Thompson said he thought many of Glenn's concerns could be addressed, including consideration of congressional campaign abuses, but cautioned that priorities would have to be set. He said he would attempt to "flesh out" the scope of the probe but would not set a termination date for it.

In his letter to Thompson, Glenn called for "even-handed procedural ground rules" that would assure Democrats of contemporaneous access to evidence and the right to participate equally in depositions and interviews. They should also be assured of equal rights to obtain and present evidence and have sufficient personnel and resources to do so, he added. Under committee rules, the GOP majority currently has twice the Democrats' staff and funding, Glenn noted.

While the Thompson-Glenn exchange was assiduously collegial, it was not without its mishaps. Thompson, who was chief GOP counsel during the Watergate hearings in the 1970s, referred to President Richard M. Nixon's fight for executive privilege to avoid disclosure of Oval Office tapes in cautioning the Clinton administration against doing the same. But he inadvertently referred to "President Clinton" instead of "President Nixon," apparently without realizing his slip of the tongue.

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FBI Assigns 25 Agents to DNC Fund-Raising Probe

By Susan Schmidt
Washington Post Staff Writer

FBI Director Louis J. Freeh has assigned 25 agents to a Justice Department task force investigating possibly illegal campaign contributions to the Democratic National Committee, he told Congress this week.

Responding to a request from House Rules Committee Chairman Gerald B.H. Solomon (R-N.Y.), Freeh said he would assign more agents if warranted as the investigation of DNC fund-raising efforts by John Huang and others proceeds.

Last week Solomon asked Freeh to look into the activities of Huang and his former employer, the Indonesia-based Lippo conglomerate, with an eye to "potential economic espionage against the United States by a foreign corporation having direct ties to the People's Republic of China."

Solomon said he wanted the FBI to determine how Huang obtained a top secret security clearance in January 1994, five months before he became an employee of the Commerce Department and while he was still working for the Lippo Group. Huang later became the Democratic Party's principal Asian American fund-raiser. More than a third of the $3.5 million in donations he brought in has since been returned as a result of questions about whether it came from foreign corporations and individuals.

FBI Director Louis J. Freeh said the task force would investigate "complex issues involving significant economic and national security interests."

Solomon said he was not accusing Huang, a naturalized U.S. citizen of Chinese ancestry, of criminal activity. But he questioned Huang's access to U.S. intelligence information, including regular intelligence briefings on China, while at the Commerce Department and even before his arrival there, and questioned his frequent calls from Commerce to the Lippo Group. He also asked Freeh to investigate apparent discrepancies in the birth date listed on Huang's visa application forms and his government employment records.

He said he was concerned Huang "did not set aside his loyalties" to his former employer when he joined the Commerce Department as a deputy assistant secretary for international economic policy.

Freeh told Solomon in a letter dated Monday that the Justice Department task force would investigate "complex issues involving significant economic and national security interests" raised in connection with the campaign finance controversy."

"There will be no lack of diligence on the FBI's part to investigate all of these matters thoroughly and as promptly as sound investigative practices permit," he wrote.

Clinton: 'Mistakes were made'

Says campaign fund-raising errors didn't affect policy

- Defends China policy in news conference, 8A
- College proposals, 1D

By Mimi Hall
USA TODAY

President Clinton said Tuesday that "mistakes were made" in Democratic campaign fund-raising but that administration policy was never for sale.

"What they get from me ... is a respectful hearing if they have some concern about the issues," Clinton said in the first news conference of his second term, one dominated by questions about Democratic Party fund-raising.

But "nobody buys a guaranteed result — nor should they ever," he said.

Clinton also said it was improper for the nation's top banking regulator, Comptroller of the Currency Eugene Ludwig, to attend a White House coffee sponsored by the Democratic National Committee (DNC) last May with some of the country's leading bankers.

"It would have been better had he not come," Clinton said.

Some of the bankers later donated more than $300,000 to the DNC. Ludwig has said he would not have attended the event if he had known it was sponsored by the DNC.

Clinton said, however, that there was nothing inappropriate about his own attendance: "The president should keep in touch with the people."

Peppered with questions about the campaign-finance scandals that have plagued his administration since before Election Day, Clinton repeated his pledge to work with Congress to pass a campaign-finance reform bill sponsored by Sen. John McCain, R-Ariz., and Russell Feingold, D-Wis.

He also said he's ordered his staff to "fully cooperate" with Sen. Fred Thompson, R-Tenn., who is investigating illegal foreign contributions to Clinton's presidential campaign.

Speaking on the Senate floor Tuesday, Thompson criticized the Clinton administration for releasing information in "drips and drabs" and "only when forced to."

"A thorough, bipartisan investigation" will depend on the attitude of the White House, Thompson said. His investigation will look at whether:

- Both political parties or the presidential campaigns broke the law in 1996.
- Executive branch employees broke the law by engaging in politics.
- Administration policy or national security decisions were influenced by contributions.

Thompson has hired investigators and is expected to hold hearings in the spring.

Attorney General Janet Reno also is considering whether to name a special prosecutor to investigate Democratic practices. Clinton declined comment when asked if such a probe is warranted.

Jewell, CNN settle; paper sued

By Kevin Johnson
USA TODAY

Richard Jewell won another battle with the media Tuesday then declared war on an Atlanta newspaper and a former employer that he says libeled him when he was called a suspect in the July 27 Olympic park bombing.

CNN announced it was settling a dispute in which the former Olympic security guard charged reporters invaded his privacy and that of his mother, Barbara, by maintaining around-the-clock surveillance of their apartment.

CNN agreed to make an undisclosed payment to the Jewells. It was the second time in as many months that a major broadcast outlet has settled with the family. Last month, NBC paid out a reported $500,000 to settle a threatened defamation action.

Jewell was cleared in October after 88 days as a suspect.

CNN vice president Steve Haworth said Tuesday's deal is an "amicable resolution." It does not force the network to retract its coverage.

Jewell filed a lawsuit in Atlanta, naming the Atlanta *Journal-Constitution* newspaper, eight of its reporters, Piedmont College and its president, Roger Cleere. They are accused of making false and defamatory statements about Jewell.

Jewell once worked as a security guard at Piedmont. After the bombing, Cleere described Jewell as an "erratic" officer who wrote "epic police reports for minor infractions."

Piedmont attorney Wray Eckl declined comment. But *Journal-Constitution* publisher Roger S. Kintzel said charges against his paper were "without foundation."

▶ Media impact, 5A

Boom in triplet births has downside

By Kim Painter
USA TODAY

The number of babies born in sets of triplets or even larger broods has quadrupled since 1971, the government reports.

One in every 860 babies born in 1994 was what statisticians call a "higher-order multiple" — usually a triplet. That's up from one in 3,500 in the early 1970s, says study author Joyce Martin of the National Center for Health Statistics.

The total of such babies: 1,034 in 1971; 4,594 in 1994.

"You are much more likely to run into a triplet nowadays," Martin says.

Most of the increase occurred after 1980 and can be traced to two trends:

- Use of fertility treatments.
- Childbearing among women over age 30, who are more likely to conceive multiples.

The multiple-birth boom is filling many nurseries that otherwise might remain empty.

But there is a big downside.

Babies born in sets of three or more are almost always born earlier and smaller than singles: an average 7 weeks earlier and 4 pounds lighter.

And even with recent improvements in care, nearly one in 10 dies in infancy, Martin says. That's 12 times the single-baby death rate.

Risks are highest for quadruplets, quintuplets and larger sets. The report says 315 quads and 46 babies from sets of five or more were born in 1994. Stillbirths aren't counted.

Fertility specialists recognize the risks of multiple deliveries and are working to reduce their frequency, says Kenneth Ryan, a Boston doctor who chairs the ethics committee of the American Society for Reproductive Medicine.

"Triplets are not quite the (medical) disaster they used to be, but it's the higher order number you want to guard against," he says.

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Scandal dogs Clinton briefing

Fund-raising embroilment is topic No. 1

By Susan Page
USA TODAY

As he opened the first news conference of his second term Tuesday, President Clinton touted the budget the White House will release next week and outlined initiatives aimed at making college more accessible.

But when the questions began, the topics turned to less welcome territory: Democratic fund-raising tactics in last year's campaign and the Republican-controlled Congress' investigation into the matter during this year's legislative session.

Of the 21 reporters who posed questions, one asked about Russia and another about welfare reform. Two asked about tax policy.

But eight asked the campaign fund-raising controversy now swirling around the White House, more than double the number focused on any other single subject.

Yes, "mistakes were made," Clinton acknowledged, using the indirect formulation that gained notoriety during the Iran-contra scandal. No, the White House shouldn't have hosted a meeting of one of the administration's top banking regulators, Comptroller of the Currency Eugene Ludwig, and bankers who contributed to the Democratic National Committee.

"It would have been better had he not come," Clinton said.

No, he didn't think it was unseemly for him to attend a million-dollar Democratic fund-raiser at a Washington hotel a few hours after the news conference was over.

"I frankly am very appreciative of the fact that these folks have been willing to come and help us," Clinton said.

At the nationally televised news conference, which lasted nearly an hour in the East Room, Clinton in effect outlined his two-track strategy to address the various scandals that bedevil him while also pursuing an activist second-term agenda.

"I just think that when matters come up that have to be dealt with, they need to be dealt with and disposed of," he said.

"But the American people expect us to focus on how we can lift their lives and improve their conditions and move our people together and deal with the things that are before us. And I think if we do that and do it in a good-faith way, we'll be able to go forward."

After all, White House strategists say, Clinton has been forced to operate on both tracks since Gennifer Flowers' allegations nearly upended his bid for the Democratic presidential nomination in 1992.

"He's had five years of on-the-job training, ever since he first burst on the national scene, of dealing with scandal on the one hand and policy on the other," says political scientist Larry Sabato, author of *Dirty Little Secrets: The Persistence of Corruption in American Politics.*

Still, the need to respond to controversies from Whitewater to Paula Jones consumes what amounts to a parallel White House staff.

"It's a terrible drain of psychic energy and resources," says Will Marshall, president of the Progressive Policy Institute and a Clinton ally.

Clinton's scandals strategy:

▶ Parry questions about controversial fund-raising practices in the past by emphasizing his support for campaign finance reforms in the future. After acknowledging "mistakes," he added, "It's up to me to do what I can to clean up the system." He embraced a bipartisan bill sponsored by Sens. John McCain, R-Ariz., and Russell Feingold, D-Wis.

▶ Deny flatly the most serious allegation, that policy was shaped by contributors. "I can tell you categorically that no decision ever came out of any of those coffees (for contributors) where I or anyone else said, 'This person is a contributor of ours; do what they ask us to do,'" he said. All contributors could count on was "a respectful hearing."

▶ Focus on issues that affect voters' daily lives, such as education and health care, and emphasize his commitment to bipartisanship. "The most encouraging thing has been, to me, the way that my budget proposals have been received," the president said. "Even in criticism, they have not been rejected outright."

UNANSWERED ISSUES

The Clinton administration continues to be dogged by a variety of scandals.

▶ Whitewater: The president and first lady's investment in an Arkansas land deal when he was governor has led to scrutiny over whether Clinton provided political favors for his business partners in Arkansas. And a special prosecutor is investigating whether administration officials impeded the probe of the initial Whitewater land deal.

▶ Vince Foster's death: The death of the former White House deputy counsel and longtime Clinton friend has become a subject for conspiracy theorists, though it was ruled a suicide.

▶ Paula Jones' lawsuit: The former Arkansas state employee says Clinton, when governor, exposed himself and sought sexual favors from her in a Little Rock hotel room.

▶ Filegate: FBI security clearance records on people working in past Republican administrations were obtained by the White House director of personnel security.

▶ Travelgate: Questions have been raised about whether first lady Hillary Rodham Clinton influenced the firing of the White House travel office staff in 1993.

▶ DNC fund-raising: The FBI is investigating whether the Democratic National Committee improperly raised campaign funds from foreigners. Some question whether Clinton administration policy may have been influenced by large donations from those with foreign ties.

▶ Lincoln Bedroom guests: Top donors to the Clinton/Gore re-election campaign were allowed to spend the night in the Lincoln Bedroom in the White House. Critics say that is a new low in the tradeoff of access for political donations.

▶ White House coffees: New reports show that hundreds of top businessmen from across the country enjoyed special access with Clinton at coffees held during the year leading up to the presidential election last November. A number of the businessmen later donated to the Democratic Party.

▶ Clinton admits 'mistakes,' 1A
▶ Education proposals, 1D

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NEWS CONFERENCE EXCERPTS

Beyond questions about fund-raising and foreign affairs, President Clinton addressed several other topics at his White House news conference on Tuesday. Some of the give-and-take at the session:

Bipartisanship

Q: Mr. President, in your inaugural address eight days ago, you outlined some quite lofty goals: for example, the education proposals you were speaking about today. But in the days since, many questions in the press and in Congress have focused on issues like campaign fund-raising.

My question is whether you are worried that the well is being poisoned even now for the realization of these goals before you can even get out of the gate, particularly on the issue of bipartisanship?

A: No. But all I can do is speak for myself. . . .

Now, I'm very encouraged. . . . The most encouraging thing has been, to me, the way that my budget proposals have been received. Even in criticism, they have not been rejected outright.

You know, four years ago, when I came here, nobody in Congress took a president's budget seriously. They said all these budget scenarios, always "rosy" — the numbers are always cooked.

Welfare and jobs

Q: What specific mechanisms do you plan on with the private sector to create more jobs for people who are on welfare?

A: Primarily, two. One, I will offer a special tax incentive. . . . It'll be a 50% credit for up to $10,000 a year in pay for people who are clearly, provably hired from welfare and put in a new job. Secondly, the states are trying to push this down to the community level. That's good. That's not bad. That's good, as long as they give the communities the means they need.

The second thing is that every community should know that the employers in that community, if they hire people from welfare to work, can get what used to be the welfare check for at least a year to use as an employment and training subsidy.

Why? The welfare rolls have gone down 2.1 million in the last four years. It's the biggest drop in history. I think a fair reading of it would say about half of this decline came from an improved economy and about half of it came from intensified efforts to move people from welfare to work. . . . The rest of the people on welfare now, by and large, are people who will be more difficult to move from welfare to work and have to stay there. So I think, you know, we're going to have to give some incentives.

Social Security

Q: There are a number of (Social Security) reform plans that would give people part of their taxes back to put into private accounts. . . . Would you favor some private accounts?

A: Well, first of all, I would favor nothing that would compromise the integrity of the system.

Secondly, even the Social Security advisory commission couldn't agree on that. So I can't make a decision on that to support something like that without knowing more about it.

There are two different options, you know, that were recommended — or three different ones — and I just . . . I think that what we need to do, as I've said before, we need to make some changes in Social Security to lengthen its life a little bit. We don't want to start getting in trouble in 2019. It ought to have a longer life span than that.

And we ought to do it through a bipartisan process that is either like the one that was done in 1983 or that at least consults all the people who will be affected by it.

And, I think, if we start now we can make modest changes that won't be too burdensome to anybody that will secure Social Security for another 50 years.

Taxes

Q: In Chicago, the day you gave your acceptance speech at the convention, you unveiled a plan in which homeowners would not have to pay virtually any capital gains taxes. We haven't heard much about it since and my question is: Is that going to be in your budget and will you go a little further if the Republicans want to do a little more on capital gains?

A: The answer is yes, my homeowner's exemption — capital gains exemption — is in the budget.

Everything I talked about at Chicago is in the budget. And the capital gains issue has never been a particularly high priority with me, because I've never seen it demonstrated as a big engine of economic growth overall.

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Their way: Clinton, Gingrich are singing the same tune



Politics

By Walter Shapiro

HYPE & GLORY

Watching Bill Clinton struggle to justify his 1996 fund-raising practices at Tuesday afternoon's press conference, I pictured the president taking his cues from an even more polished performer — Frank Sinatra in his prime. Clinton's response to the spreading scandal can be summarized by this lyric from *My Way*, a great Sinatra ballad: *Regrets, I have a few. But, then, again, too few to mention.*

Since the eve of the 1994 elections, I have had the notion that Clinton and Newt Gingrich are one of those historical matched sets who will define politics in the 1990s. The parallel is John Kennedy and Richard Nixon, two young World War II veterans who entered politics at the same moment and who came to symbolize the cynical Cold Warrior chic of the 1960s.

Despite their ideological differences, Clinton and Gingrich, just three years apart in age, share personal attributes that may be generational. Both are nonstop talkers, convinced of the innate superiority of their intellects, who remain prone to public bouts of self-pity and the delusion that they are victimized by vicious conspiracies. And, as both men have dramatically demonstrated in the past few days, they are united in their inability to express remorse or to offer a sincere apology.

Gingrich's performance in Georgia over the weekend was so obtuse it bordered on the self-destructive. Censured by an overwhelming vote of the Republican House, the speaker still had the temerity to wail, "You people on the left can do anything you want and nobody seems to notice." (How Clinton wishes that were true).

Gingrich cannot utter a contrite sentence without immediately suggesting that he is a modern-day Capt. Dreyfus exiled to Devil's Island because of prejudice and the mistakes of incompetent lawyers.

Clinton at his press conference never descended to Newtonian levels of bathos. That's faint praise, since the only way the president could have matched Gingrich was to claim that all his campaign fund-raisers were really Republican moles. But Clinton did echo a classic Nixonian passive-voiced, buck-passing formulation when he claimed, "It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently."

Mistakes were made. That's certainly a heartfelt admission. During his lengthy press conference discussion of Democratic buck-raking in 1996, Clinton never once uttered minimal words of remorse like "regret" and "apologize."

Somehow I sense that when Gingrich and Clinton were naughty as children, they never sobbed, "I'm sorry." Instead, their responses to childhood misdeeds probably ranged from "Let me explain" to "He made me do it."

Once again, my ire at Clinton is partly due to my own misguided hopes. The president, to his credit, is on the correct side of the campaign-reform issue. His motivations may range from self-interest (he's not running again) to placating the gods of history (a reform bill would add heft to his legislative record) to a hidden sense of guilt over the conduct of his own campaign (I'm stretching).

The president is both the most powerful advocate of campaign reform and a major obstacle to change. If each time Clinton preaches the gospel of campaign reform, he reminds voters of his own unrepentant culpability, then it will be impossible to cleanse the current corrupt system. A full-throated presidential apology, admitting the excesses that were committed in his name and with his tacit approval, would be a noble sacrifice in the cause of lasting reform.

But the problem, I fear, is that on some deep-seated level Clinton still doesn't get it. This passage from the press conference starkly illustrates the limitations of Clinton's world view: "I think there's a distinction to be made between the president meeting with people, listening to them, and then at least if they raise some serious issues, having them looked into. But I never made a decision for anybody because they were contributors of mine."

The president still believes that he is cloaked in virtue because he never said, "This person's a contributor of ours; do what he asks us to do." Major political givers are sophisticated enough not to expect an automatic rubber stamp in the White House as a reward for $250,000 donations. What they are after is the president's ear, a few moments to explain a regulatory problem or a provision in the tax code that is costing them money. A speedy decision from the government, even if the results are a mixed blessing, is far better than having a piece of paper sit on a bureaucrat's desk at the Department of Energy.

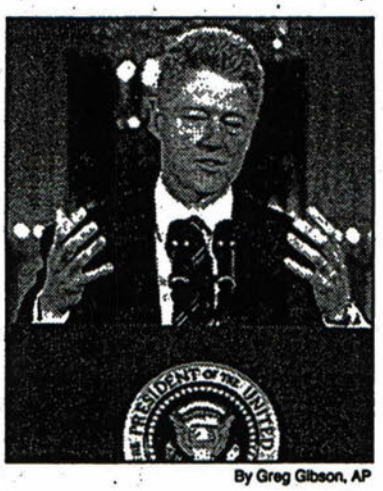
That's how access works, and that's what many big Democratic givers were buying. Too bad that after fours years in the White House, Clinton still has not learned that basic lesson about how Washington really works.

Walter Shapiro's column appears Wednesdays and Fridays. Past columns on USA TODAY Online at http://www.usatoday.com

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Politics & money: 23 years later, still pecking away


By Greg Gibson, AP

Few casual listeners would find much to disagree with in President Clinton's call Tuesday for cleaning up the excess of money in politics.

He admitted the Democrats had gone astray. Amen.

He noted the Republicans had done so, too. True enough.

He called on both parties to clean up the mess. And so they must.

But more revealing was Clinton's view of how much cleanup is enough and particularly his perception of the last major round of reform in 1974.

That was in the wake of 1972's excesses: fund-raising by the Nixon campaign at levels far above any seen before, secret accounts, illegal corporate contributions, other undisclosed contributions, and the Watergate burglary and coverup.

The '74 law limited individuals to giving $1,000 per candidate and $25,000 overall. It imposed limits on congressional campaign spending and set up public financing for presidential campaigns.

It looked like real reform — but only briefly. The spending limits were thrown out by the Supreme Court less than two years later. And special interests seeking access and influence quickly discovered the political-action committee as a way of getting around curbs on individual contributions.

Then Congress created a new opening in 1979 by exempting from regulation sums for "party-building." That widened to a $250 million soft-money flood in 1996.

Clinton went out of his way Tuesday to say that the '74 reforms had been effective, though eroded by the passage of 20 years.

Similarly, the reforms he is backing now would have a very limited effect.

The McCain-Feingold bill, which Clinton endorsed, would seek to ban political-action committees, end unregulated soft-money contributions and set voluntary spending limits for candidates in exchange for free TV time and postage discounts.

That's a start, but it risks the same kind of constitutional challenge that cut the heart out of the '74 reform law.

Unfortunately, it's probably all that's politically possible. McCain-Feingold was blocked by Republican leaders in Congress last year. Every other reform effort has been blocked by one party or the other.

More meaningful reform is under way in several states, like the new public-financing plan adopted by Maine voters last year. That's real campaign reform. But Washington isn't ready for it.

Voices: Has anything about the second O.J. Simpson trial changed your opinion?

Jurors in the O.J. Simpson civil trial have evidence unavailable to the jury that acquitted him of double murder in October. New information includes Simpson's testimony, photos of him wearing the type of shoes identified at the murder scene and a letter from his ex-wife. USA TODAY asked readers if their opinions have been affected by this trial.



President concedes 'mistakes' in fund raising

But he says donors got only his ear

By Warren P. Strobel
THE WASHINGTON TIMES

A1

President Clinton denied yesterday that he gave favors to wealthy political donors who were given special access to him and the White House, but he acknowledged that "mistakes were made" in Democratic fund raising.

At a White House news conference, the president at times accepted the blame for practices that are the subject of a rapidly growing investigation, and at times he blamed the system.

Mr. Clinton insisted that the donors who fueled his re-election campaign got no more than his ear when they mingled with him, political operatives and, sometimes, government regulators at exclusive White House coffees.

"Nobody buys a guaranteed result, nor should they ever. They should get a respectful hearing, and the president should do what's right for the country," he said at a session dominated by questions about the fund-raising scandal.

At times sounding contrite, Mr. Clinton took responsibility for participating in what he called an outmoded campaign-finance system.

The president described as clearly inappropriate an Aug. 23 Democratic National Committee-sponsored coffee he attended that brought together top bank officials and bank regulators, such as Eugene A. Ludwig, the comptroller of the currency.

"In retrospect, since the DNC sponsored it, I do not think the comptroller of the currency should have been there," the president said. "I agree with Mr. Ludwig, and he should have been told who was sponsoring it. And it would have been better had he not come."

Later, Mr. Clinton acknowledged that "mistakes were made" — the phrase President Reagan once used to describe the Iran-Contra scandal.

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CLINTON

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"It's up to others to decide whether those mistakes were made deliberately or inadvertently," Mr. Clinton said.

White House and DNC fund-raising practices will be the subject of extensive hearings by the Senate Governmental Affairs Committee, headed by Sen. Fred Thompson, Tennessee Republican.

In a floor speech yesterday, Mr. Thompson promised that the hearings, which may not start for several months, will investigate both Republican and Democratic practices. He urged the White House to cooperate with the probe.

Responding to charges that the White House has provided information to Congress only when pressed, Mr. Clinton said, "I have instructed everybody here to fully cooperate" with the Senate committee. He added that the new White House counsel, Charles F.C. Ruff, will soon meet with Mr. Thompson.

"I want to tell the people when you get asked hundreds of questions, it's not possible to remember the answer [to] every one," the president said. "I think some of these people make honest mistakes."

Mr. Clinton may have had in mind revelations last week that senior adviser Bruce Lindsey knew in 1994 that former Associate Attorney General Webster Hubbell had been hired by Indonesia's Lippo Group, which is at the center of the fund-raising investigation. White House spokesman Michael McCurry had said no one was aware of Mr. Hubbell's hiring.

The arrangement has raised questions about whether Lippo, which has donated heavily to Clinton campaigns, hired Hubbell to secure his silence before Whitewater investigators after he resigned from the Justice Department in disgrace.

"I can tell you categorically that that did not happen," the president said.

As to Mr. Hubbell's hiring, he said: "I knew nothing about it — none of us did — before it happened. And I didn't personally know anything about it till I read about it in the press."

The 55-minute session with reporters in the East Room was the first of Mr. Clinton's second term. His aides have pledged that he will hold more frequent press conferences than he did the past four years. Questions ranged from his upcoming budget to ties with Russia, China and Saudi Arabia.

Mr. Clinton opened with a description of education initiatives he will present to Congress next week in his budget and with another pledge to support a campaign finance reform bill sponsored by Sens. John McCain, Arizona Republican, and Russell D. Feingold, Wisconsin Democrat.

"Any legislation we pass should be bipartisan, should limit spending, and should leave the playing field level between parties and between incumbents and challengers," Mr. Clinton said.

The fund-raising practices being investigated by the Senate and a special Justice Department task force revolve around the activities of John Huang, who as a DNC executive led a campaign to raise money from Asian-Americans. The DNC has returned $1.5 million in contributions Mr. Huang solicited.

In recent weeks, mounting reports and documents have outlined a pattern in which wealthy contributors were invited to dozens of small kaffeeklatsches with Mr. Clinton and other such private events. Critics have described the activity as tantamount to putting the White House up for rent.

Repeatedly yesterday, Mr. Clinton seemed to describe himself as a victim of a system in which politicians have no choice but to raise millions of dollars to win elections.

"What happens is there's a race to get as much money as you can to keep from being buried by the other people and to make sure you can get your own message out, and at the edges, errors are made, and when they're made, they need to be confessed. ... We need to assume responsibility for them," he said. "And that's what I'm trying to do up here today."

He defended plans to address the Democratic Business Council, a multimillion-dollar fund-raising event last night.

"I don't think there's anything wrong with raising money for the political process. The problem — it is the volume of money," he said.

"I do not believe you will ever get the politics out of politics," Mr. Clinton said. "And that's not bad. And I don't think anyone should imply that your first obligation once you get elected is to stop talking to the people that helped you get there."

The president said that changes in communications since the 1970s have overwhelmed the campaign-finance system.

Reforms put in place after the "Watergate thing," he said, "worked pretty well for several years.... What happened is no system in a world changing like ours can be maintained indefinitely."

The Washington Times
WEDNESDAY, JANUARY 29, 1997

Thompson promises fair campaign probe

By Brian Blomquist
THE WASHINGTON TIMES

A1

Sen. Fred Thompson, chairman of the Senate Governmental Affairs Committee, said yesterday he will try to take a bipartisan approach as he oversees an investigation and hearings into campaign activities by President Clinton and the Democratic National Committee.

The Tennessee Republican stressed that if the scope of the probe is not acceptable to the committee's Democrats, they will be allowed to pursue their own investigation and call their own witnesses.

Mr. Thompson scoffed, however, at a suggestion by leading Senate Democrats that the committee's investigation should focus equally on campaign violations by each party.

"It is of extreme importance that our investigation and our hearings be perceived by the American people as being fair and evenhanded," Mr. Thompson said in a speech on the Senate floor.

"This does not mean that we must strain to create some false balance or that we have some sort of party quota system," he said. "It simply means we're letting the chips fall where they may."

The committee will hold hearings after three or four months of getting security clearances for committee staffers, setting up the operation and investigating the 1996 campaigns.

Democrats say the hearings should not go beyond December, but Mr. Thompson would not say when they will end. Much depends on White House cooperation, he said.

Mr. Thompson warned Mr. Clinton not to stonewall the committee or invoke executive privilege without legal justification — common complaints of congressional investigators who have looked into administration scandals the past two years.

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PROBE

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"We have seen what appears to be a grudging release of information in dribs and drabs and, seemingly, only when forced to," Mr. Thompson said.

With his imposing size, Tennessee drawl and familiar face from character roles in films and television, Mr. Thompson, 54, is sure to command attention when the hearings begin. Already he is considered a leading candidate for the GOP presidential nomination in 2000.

"I just want him to be fair," Mr. Clinton said during a news conference yesterday. "I think it is very important to be fair and evenhanded because I'm confident that any investigation will reveal what I said: The vast majority of people who give do so well within the law and with the best of motives.

"In the end, I'm telling you, no matter what this hearing uncovers, if you want to turn cynicism back into skepticism, you have to pass McCain-Feingold or some other acceptable form of campaign-finance reform."

Sens. John McCain, Arizona Republican, and Russell D. Feingold, Wisconsin Democrat, have proposed banning certain types of contributions and offering incentives for candidates to limit spending.

The DNC, which helped finance the Clinton campaign, has acknowledged accepting millions of dollars in illegal and questionable foreign contributions, which it returned after critical news reports in the final weeks of the campaign. Mr. Thompson said his committee will focus on the foreign contributions.

Senate Minority Leader Tom Daschle of South Dakota urged Mr. Thompson to "follow the money," especially the money raised by the GOP.

"Follow the half a billion dollars the Republicans raised in the last election cycle — twice as much as Democrats raised," Mr. Daschle said. "Follow the money when it comes to tax-exempt foundations. Follow the money when it comes to independent expenditures. Follow the money when it comes to inviting people into the committee rooms to write legislation."

Mr. Thompson said his committee will meet today to consider Mr. Daschle's request for more Democratic influence on the direction of the investigation and hearings.

Mr. Thompson has told the panel's ranking Democrat, Sen. John Glenn of Ohio, that he will be able to call his own witnesses and oversee a separate investigation if necessary.

"I don't think that is the best way to go," Mr. Thompson said. "But if they determine that something has a higher priority than what we think, they're totally free to take a look at it."

The Washington Times
WEDNESDAY, JANUARY 29, 1997

1/29/97

Clinton admits 'mistakes were made' with campaign fund-raising By William Neikirk Chicago Tribune (KRT)

WASHINGTON President Clinton conceded Tuesday that "mistakes were made" during fund-raising for his re-election effort, but he denied that campaign contributions from big donors had influenced any of his decisions.

During a wide-ranging news conference, Clinton also defended his China policy and predicted that liberty will spread in that Asian country with vast economic and technological changes.

"Just as eventually the Berlin Wall fell," he said, "I just think it's inevitable" that China's communist leaders will have to yield to an expanding "sphere of liberty."

The remark was the closest the president has come to an outright prediction that China's 48-year-old communist system would collapse under the weight of modern economic and political trends. The statement came two days before the State Department is scheduled to release its annual report on human rights practices in China and other nations, always a highly sensitive subject in Beijing.

But for most of the 53-minute news conference, his first formal post-inaugural session with reporters, Clinton sought to deflect the continuing controversy over campaign contributions by decrying the need to raise enormous amounts of money for political campaigns.

While acknowledging that big money fuels public skepticism about Washington, he sought to assure Americans that his administration is not for sale. "Nobody buys a guaranteed result" by contributing money, he said.

The president said that "in retrospect" the comptroller of the currency, Eugene Ludwig, should not have attended a fundraising "coffee klatch" at the White House last May that was also attended by bankers under Ludwig's regulatory supervision.

Ludwig's attendance was improper because the White House event was sponsored by the Democratic National Committee, Clinton said. Ludwig has since said he wasn't aware at the time that it was a DNC event.

Clinton did not mention that Treasury Secretary Robert Rubin also attended the coffee. The comptroller's office is part of the Treasury Department.

After an opening statement in which he urged support for his education initiatives, Clinton found himself inundated by fund-raising questions. He said officials in Washington "can use this opportunity to make something good come out of this."

He defended the use of the White House coffees to raise money, saying, "I think the president should keep in touch with people. I think he should listen to people. ... But I never made a decision for anybody because they were contributors of mine."

With the GOP preparing to hold hearings under the leadership of Sen. Fred Thompson, R-Tenn., Clinton said everyone should be candid in saying, "No one is blameless here; it costs so much money to pay for these campaigns, that mistakes were made here by people who either did it deliberately or inadvertently."

He said it was "up to others" to decide whether the mistakes were inadvertent or deliberate, adding, "It's up to me to clean up the system."

Clinton once again refused to comment on calls by some Republicans for an independent counsel to investigate the fundraising controversy. That's a decision for Attorney General Janet Reno, he said.

Clinton said he had instructed his staff to cooperate fully with the Thompson probe.

Asked what he wanted to tell Thompson, "I just want him to be fair. I think it's very important to be fair and even-handed because I'm confident that any investigations will reveal ... that the vast majority of people who give do so well within the law and with the best of motives."

Clinton said the public is justified in having "healthy skepticism" about campaign finance, but added that if turns into cynicism, then Congress will have less incentive to approve reform legislation.

The post-Watergate reforms in campaign finance worked well for several years, Clinton said, but their effectiveness has since been eroded. "No system in a world changing like ours can be maintained indefinitely," he said.

The president tried to draw a distinction between what is proper fund-raising and what is not. He saw no problem attending a $1 million fund-raising event sponsored by the Business Council, the elite of the U.S. business community, on Tuesday night.

Such an event would be legal under the campaign-finance reform law sponsored by Sen. John McCain, R-Ariz., and Sen. Russell Feingold, D-Wis., he said, adding that he was "very appreciative" of the help from such business leaders.

"What they get from me, I think, is a respectful hearing if they have some concern about issues," Clinton said.

"I think it's a good thing when contributors care about the country and have some particular area of expertise they want to contribute. But nobody buys a guaranteed result, nor should they ever. They should get a respectful hearing and the president should do what's right for the country."

With time rapidly approaching for his State of the Union address and presentation of his budget, Clinton indicated that he was flexible on a number of issues, from Medicare to tax cuts, in dealing with Republicans on Capitol Hill.

"I want to keep our powder dry; I want them to keep their powder dry," he said, calling for each side to "meet each other in good faith" to reach a balanced budget agreement.

Despite opposition from Republicans, he said he would insist on increased spending for legal immigrants under welfare legislation.

Although fund-raising dominated the lengthy news conference, the president spoke about several other matters in response to reporters' questions.

He said he hoped China would not crack down on the civil liberties of people from Hong Kong when it assumes control of the British territory on July 1. "I'm not so sure that it can exist with all of its potential to help China modernize its own economy and open opportunities for all its people if the civil liberties of the people are crushed," he said.

On Russia, he said he had no private information "that is inconsistent with the public statements of the Russian government on President (Boris) Yeltsin's health." He said he still expects to meet with Yeltsin in March.

Turning to the bombing of a U.S. military barracks in Saudi Arabia last year that killed 19 servicemen, Clinton said, "I have been assured personally by the highest levels of the Saudi government" that it would cooperate in getting to the bottom of who was responsible. Atty. Gen. Janet Reno and FBI Director Louis Freeh last week publicly expressed dissatisfaction with the Saudi investigation.

Clinton confirmed that he would seek approval for a tax credit for employers of up to $5,000 for each former welfare recipient hired. He urged local communities to set up employment and training programs to help those on welfare find a job.

And he disclosed that his budget, which will go to Capitol Hill on Feb. 6, will a contain a plan that would exempt most homeowners from capital gains taxes.

Sen. Thompson promises bipartisan investigation of fund-raising discrepancies By Mary Jacoby Chicago Tribune (KRT)

WASHINGTON Fred Thompson, the Tennessee Republican who will lead the Senate's probe of Democratic Party fund-raising irregularities, pledged in a floor speech Tuesday to also examine any questionable GOP practices from the 1996 presidential campaign.

"It is of extreme importance that our investigation and our hearings be perceived by the American people as being fair and even-handed," said Thompson, who is eyeing his own run for the White House in 2000.

"This does not mean that we must strain to create some false balance or that we have some sort of party quota system."

Thompson suggested that the questions surrounding high-pressure Democratic fund-raising practices, which have lead the Democratic National Committee to return more than $1 million in improper and illegal donations, would remain front and center.

"We must have a sense of priorities based upon the seriousness of the activities or allegations that come to our attention," he said.

Tuesday's speech was Thompson's first extended public description of how he envisions the investigation, which could begin as early as March.

He said he hopes to examine areas including:

Whether the 1996 presidential campaigns of Clinton and his GOP opponent, Bob Dole, accepted illegal contributions.

Whether the presidential campaigns operated independently of outside advocacy groups.

Whether Clinton policies were influenced by his contributors.

Thompson is an attorney and part-time movie actor who served as a GOP counsel to the House Watergate Committee that investigated Richard Nixon more than 20 years ago.

The Governmental Affairs Committee he is chairman of was selected to lead the fund-raising investigation in part because Republicans believed Thompson's folksy style and actor's baritone

would play well on television, in contrast to the abrasive manner of Sen. Al D'Amato, R-N.Y., who was chairman of last year's Whitewater investigation of the Clinton administration.

Sen. John Glenn of Ohio, ranking Democrat on the Governmental Affairs Committee, praised Thompson for his stated intention to act in a bipartisan manner.

But Glenn also said the probe should be expanded to look at a wide array of abuses of the campaign finance system, such as political activity by tax-exempt organizations, the collection of large ``soft money'' donations from corporations and individuals, and potential wrongdoing by members of Congress as well as presidential candidates.

Talk of campaign-finance reform leads to little action By Michael Tackett Chicago Tribune (KRT)

WASHINGTON Most people who paid $150 to attend inaugural balls in Washington last week had to be content with a cash bar and cold sandwiches served in plastic containers.

But one party was different. An A-list group of Democratic fund-raisers, donors, activists and elected officials were invited to the lobby of a former downtown department store, the prospective home of the Washington Opera, to celebrate themselves courtesy of the Democratic National Committee.

They dined on lamb, they drank Dewar's, they noshed on an early-morning breakfast buffet. Actor Richard Dreyfus was there, as were numerous senators, a pantheon of influence.

The lavish party, which cost several hundred thousand dollars, was an open display of the enduring power of money. It served as a reminder, at a time when the fund-raising practices of both Democrats and Republicans are under scrutiny, of how difficult it will be to change the way campaigns are financed.

For all the impassioned talk about limiting the flow of money into campaigns the topic dominated President Clinton's news conference Tuesday and despite investigations by the Justice Department and the Senate Government Operations Committee, it remains highly questionable whether Congress will actually pass reform measures.

``The odds at any given time are always against significant reform,'' said Rep. Jim Leach, R-Iowa, who long has favored changes in the campaign finance system.

``When push comes to shove, it has to be understood that the status quo benefits incumbents and incumbents write laws. And so, if there has been any single bipartisan act of the last couple of decades, it has been the leadership of both parties using a variety of techniques to stymie serious efforts at campaign finance reform.''

As one Democratic consultant put it: ``It is a system that may profess the need for change, but, somewhat arrogantly, operates in the same way.''

To be sure, pressure for reform is building, but it is only likely to succeed if the campaign finance issue reaches deeply into the country through a major scandal, and not just into Capitol Hill hearing rooms.

Sen. Russ Feingold, D-Wis., a principal author of campaign-finance reform legislation with Sen. John McCain, R-Ariz., acknowledged that his colleagues could be the greatest obstacle to changing a system that has been largely untouched since the Watergate-era reforms passed more than 20 years ago.

``The system we are trying to change is the system by which every single member of Congress is elected,'' Feingold said. ``Somehow, they see themselves as slitting their political throats.

``The second problem is there is just enormous political power aligned against us. Those who have the money and the ability to connect to the money and are not eager to give up their power. These are the people I call the Washington gatekeepers.''

McCain remains even less optimistic than Feingold. ``This is a system that keeps incumbents in office and incumbents are not going to want to change a system that does that,'' he said.

He readily concedes that the legislation would lose in a vote today, but he retains some hope for the future. ``The good news is that the heat is rising,'' he said. ``The bad news is that we are not at the point where my colleagues are ready to act.

``The only thing that is going to change this is a sufficiently large enough scandal, which I predicted would happen, that brings enough public pressure. Nothing short of that will do it.''

Leach said he originally thought change would come only when a White House imbued with ``great moral authority and a perceived scandal'' were in place.

Now, because both parties are held in relatively low repute over their fund-raising practices, and both Clinton and Republican House Speaker Newt Gingrich of Georgia have been hurt by investigations, Leach said, ``there is a chance that maybe the weakness of both Congress and the Executive on this issue today might make both institutions vulnerable to a public outcry for reform.

``I think there's a chance,'' Leach said, ``... As a general proposition, however, members of Congress can disagree with each other on public policy issues with great reason. When it comes to issues of survival which campaign-finance reform is considered personal political survival, mischief in the Congress is at its highest.''

Consider the 1994 midterm congressional elections, when a large number of new Republican members of Congress were elected on a platform of populist reform. The most controversial of them, term limits, failed dramatically. Campaign finance reform was never even seriously considered, and now most of those Republican freshmen have been re-elected, vesting them in the system.

And for all the attention given the Democrats' controversial fund-raising tactics last year, Republicans raised even more money from wealthy contributors.

Far from being cowed by the publicity and investigations, which include some criminal inquiries, many in the Democratic elite relished in the inaugural festivities with limousines to spirit them about town from the Mayflower Hotel and parties such as the one the DNC threw.

A party spokeswoman, Amy Weiss-Tobe, said that 3,000, including herself, were invited to the DNC festivities. She described the room for the affair as a ``gorgeous, soaring space.'' She said the DNC estimates the party cost at $250,000.

The space had been the first floor of the now shuttered flagship of the Woodward and Lothrop Department store chain, which the Washington Opera wants to renovate and open as its new showcase.

Another party official, downplayed the event as nothing out of the ordinary for a Washington party. At the same time, the official conceded that perhaps the DNC was sending a mixed message.

Especially, the official said, because the party is several million dollars in debt.

The Senate to consider Richardson's nomination as the U.S. ambassador to the U.N. By Merrill Goozner Chicago Tribune (KRT)

NEW YORK Rep. Bill Richardson made his name winning prisoner releases from the likes of Saddam Hussein, Fidel Castro and the North Korean government. Now he is about to take on something really difficult: taming the profligate ways of United Nations bureaucrats.

He'll still be in the hostage-release business, though. As President Clinton's nominee to be U.S. ambassador to the United Nations, Richardson will have to deal with Sen. Jesse Helms, R-N.C., point man in Congress' refusal to release $1.3 billion in U.N. dues until the world body makes some reforms.

He'll get his first chance at softening up Helms on Wednesday, when the Senate Foreign Relations Committee considers his nomination. Given Richardson's 16 years in Congress and a demonstrated ability to soothe some of the world's nastier politicians, his confirmation is virtually assured.

Richardson, whose mother is Mexican, hails from a northern New Mexico district that its residents liken to a mini-United Nations because of its large mix of caucasians, Hispanic-Americans and Native Americans. Throughout his career, he has demonstrated an avid involvement in the human rights side of foreign affairs.

But his skill at resolving the larger issues confronting the United Nations coming up with an effective reform program and redefining the world body's mission so it can win support from a skeptical U.S. Congress remains an unknown commodity.

His confirmation hearing Wednesday comes after a month of changes involving the world body. Earlier this month, long-time U.N. official Kofi Annan took over as secretary general, while former U.S. Ambassador Madeleine Albright, architect of his selection, became U.S. secretary of state. Officials around U.N. headquarters are quietly hoping the transitions mark the dawn of a new era for the United Nations.

For that to happen, though, the United Nations will have to change in ways that can win it public and political support in the United States. The Clinton administration and its designated ambassador have yet to say what those changes ought to be.

Friends of the United Nations say a program of mere budget-cutting leaves unanswered a host of pressing questions: How should the United Nations structure its peacekeeping missions, and when should it undertake them? How should it organize the Security Council for the post-Cold War era? How can it combine or eliminate agencies that are redundant or superfluous?

1/29/97

Clinton denies selling access to the White House to campaign contributors By Jodi Enda Knight Ridder Newspapers (KRT)

WASHINGTON At times defensive, at times contrite, President Clinton said Tuesday that ``mistakes were made'' during the drive to raise money for his re-election. But he said it was not his role to judge whether they were deliberate or accidental.

Clinton did concede, however, that it was wrong for a top banking regulator to attend a politically sponsored coffee with bankers last May at the White House though the president said his own attendance and that of Treasury Secretary Robert Rubin was appropriate.

During the first news conference of his second term, Clinton said he and everyone else in politics ``must accept responsibility'' for a campaign-financing system that has, by its very volume, ballooned out of control. And he renewed his appeal to Congress to pass a bipartisan bill that would rein in some of the money.

At the same time, Clinton defended himself against accusations that he has taken fund raising to a new height by selling access to the White House. Major contributors get a ``respectful hearing'' with the president, he said, ``but nobody buys a guaranteed result, nor should they ever.''

The administration last week released a list of more than 100 White House coffees arranged for the president by the Democratic National Committee and frequently attended by major contributors. Some of the nation's leading bankers attended one such coffee May 13, though not all of them contributed to the Clinton campaign.

``I think it is an appropriate thing and can be a good thing for the president and for the secretary of Treasury to meet with a group of bankers and listen to them and listen to their concerns and, if they have certain issues, to explore those issues,'' Clinton said Tuesday. ``I can tell you categorically that no decision ever came out of any of those coffees where I or anyone else said, `This person's a contributor of ours; do what they ask us to do.'''

Comptroller of the Currency Eugene A. Ludwig, a senior banking regulator, said last week he would not have attended the coffee had he known it was organized by the DNC. Until Tuesday, White House and Democratic officials have said that Ludwig's presence was appropriate.

Details of the coffees are only the latest revelations about a string of Democratic fund-raising practices that have come under scrutiny. The DNC already has returned $1.5 million in questionable contributions raised from foreign sources.

News of the tainted donations has spawned investigations by the House, Senate and the Justice Department. Shortly after Clinton's news conference Tuesday, Sen. Fred Thompson, the Tennessee Republican who will head the Senate probe, pledged to mount an impartial inquiry that will look into both parties' money-raising practices.

``Our work will include any improper activities by Republicans, Democrats or other political partisans,'' Thompson, chairman of the Senate Governmental Affairs Committee, said in a speech on the Senate floor. ``It is of extreme importance that our investigation and our hearings be perceived by the American people as being fair and even-handed. ... We must let the chips fall where they may.''

Thompson also said he would go to court, if necessary, to resist any effort by Clinton to invoke executive privilege in order to avoid disclosure of White House documents or to protect witnesses from questioning. The president told reporters he had instructed aides ``to fully cooperate with (Thompson),'' and said his chief counsel, Charles Ruff, planned to meet with the senator soon to discuss the case.

Clinton, meanwhile, is continuing to raise money. Just hours after his news conference in the East Room of the White House, he was scheduled to attend a $1 million fund-raising event with about 70 business leaders. The president justified the reception at a Washington hotel by saying that it would fall within the boundaries of the campaign-finance legislation he is backing.

Pressed on what might change in his White House, Clinton boasted that he had pushed the DNC to cap at $100,000 contributions that currently aren't limited and to stop taking money from foreigners living legally in the United States and from U.S. subsidiaries of foreign-owned companies, even though those practices are legal.

He said he would keep going to coffees, but that he didn't know whether they still would be sponsored by the DNC.

``I don't think there's anything wrong with raising money for the political process,'' Clinton said. ``The problem is, it is the volume of money, the amount of money, the time it takes to raise, the inevitable questions that are raised.''

Asked to comment on the sometimes inaccurate information the White House has provided on its fund-raising habits, Clinton responded that ``some of these people make honest mistakes ... .

``So I think that what we've all got to be candid enough to say is no one is blameless here. It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently,'' he said. ``It's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system.'' Clinton actually opened his news conference by appealing to Congress to accept the balanced-budget proposal he will unveil next week, including a plan to help lower- and moderate-income students pay for college.

Clinton proposed increasing the amount students can receive in Pell Grants from the current $2,700 a year to $3,000. The change would help the 3.6 million students now eligible for the grants and would make an additional 130,000 families eligible to receive them, he said.

But in anticipation of questions on campaign-finance issues, the president expanded his opening statement to call for a renewed bipartisan effort for reform.

In response to questions, Clinton also touched on a number of foreign-policy issues. He said he had no private information to contradict the Russian assertions that President Boris Yeltsin is recovering from heart surgery and pneumonia. He said he expected a summit with Yeltsin to take place as scheduled in March.

Clinton also said that, despite concerns raised by Attorney General Janet Reno and FBI Director Louis Freeh, he was confident Saudi Arabia would cooperate with the FBI investigation into the bombing that killed 19 American servicemen last year in Dhahran.

And, in light of an upcoming human-rights report outlining continuing problems in China, Clinton defended his decision to swap state visits with President Jiang Zemin. Noting that China is undergoing political and economic changes, Clinton predicted the world's most populous nation would be overtaken by events just as other Communist countries had been.

``I don't think there's any way that anyone who disagrees with that in China can hold back that, just as eventually the Berlin Wall fell,'' Clinton said. ``I just think it's inevitable. And I regret that we haven't had more progress there more quickly, but I still believe that the policy we're following is the correct one.''

Bipartisan group of House members wants to eliminate federal programs that aid companies By Steven Thomma Knight Ridder Newspapers (KRT)

WASHINGTON A bipartisan group of lawmakers Tuesday proposed cutting government subsidies to corporations a move that would do little to erase the deficit but does suggest that affluent Americans will be asked to bear some budget-cutting pain.

The proposals one for $11.5 billion in savings over five years and the other for a commission to recommend savings later are more symbolic than substantive as Congress and President Clinton start negotiating a way to balance the budget in five years.

They represent a tiny percentage of the deficit, estimated to total $793 billion over the same five years.

But turning the budget ax toward wealthier Americans means turning it toward more-powerful Americans, whose interest groups and lobbyists will make it difficult to enact the cuts.

``We've reformed welfare for those who don't have money or powerful Washington lobbyists,'' said Rep. John Kasich, R-Ohio, chairman of the House Budget Committee. ``Now it is time we did the same for those corporate welfare programs that aid the rich and powerful.''

Clinton Tuesday said he would propose closing some tax loopholes for corporations in his budget proposal next week, and reiterated that he is willing to consider increasing Medicare premiums for wealthier Americans.

The prospect of getting corporations to shoulder more of the burden drew together an unusual coalition of activists, ranging from consumer activist Ralph Nader to conservative anti-tax organizer Grover Norquist.

Nader noted that two companies with combined profits of more than $1 billion in 1995, Citicorp and US West, received subsidized help the same year from one of the federal programs, the Overseas Private Investment Corp. Nader estimates that more than 150 federal subsidies, grants and tax breaks for corporations add up to nearly $200 billion a year, almost double the current budget deficit of $107 billion.

But the coalition Nader joined Tuesday proposed eliminating just 12 of them, estimating that would save $11.5 billion over five years. It took aim at only direct subsidies, not tax breaks.

Among the ones targeted are the Market Access Program that

1/29/97

Farmers get reprieve from IRS
By Tom Webb Knight Ridder Newspapers (KRT)

WASHINGTON In a big victory for farmers and ranchers, the Internal Revenue Service on Tuesday backed off a controversial decision that could have increased their tax bills.

Bending to pressure from Congress, the IRS decided that farmers can continue the practice of deferring crop and livestock payments from one tax year to the next, without being hit up front with an Alternative Minimum Tax.

``This is good news for farmers,'' said IRS Commissioner Margaret Richardson.

Sen. Pat Roberts, R-Kan., who pushed for the change, said, ``I think we scored a victory.'' The IRS reversal, he added, ``sure is a relief to us.''

Deferring farm income is a common practice, because it lets farmers level out the notorious financial bumps between good years and bad ones. Until recently, farmers used so-called deferred payment contracts with the IRS' approval. Under such contracts, payments can be made months after crops are delivered.

``It is a very common method for farmers and ranchers to use,'' said Gary Hall, president of the Kansas Farm Bureau. ``Because of market volatility and Mother Nature, there's not a consistent income year in and year out.''

Last October, the IRS suddenly took another view, insisting that tax payments were due when the contracts were signed, not just when payments were made. That brought loud protest from members of Congress, who said the IRS was doing something lawmakers never intended.

Some 57 senators sponsored a bill to restore the old tax interpretation, and the Clinton administration also gave its blessing.

The IRS ruling applies to 1997 contracts, as well as providing ``audit protection for previous years' returns'' to farmers not already being audited, the IRS said in a statement.

``They should complete their 1996 returns as they have been doing in the past,'' Richardson said.

Now it's up to Congress to fix the problem permanently.

Kansas Farm Bureau's Hall said: ``As we now know, administrative interpretations can change at a whim. What we're looking for is peace of mind to have legislation'' that resolves it permanently.

List of `corporate welfare' programs group wants to eliminate Knight Ridder Newspapers (KRT)

WASHINGTON The following are the ``corporate welfare'' programs targeted for elimination by a bipartisan group of House members and interest groups, the industries helped by the program, and the estimated savings over five years.

Rural Utilities Service. Subsidizes loans to rural electric cooperative utilities. $190 million.

Market Access Program. Subsidizes advertising by food exporters such as M&M Mars, Dole, Ocean Spray and Sunkist. $347 million.

Animas La Plata water project. Subsidizes water supplies for farmers of low-value crops such as alfalfa in Southwest Colorado. $432 million.

Pyroprocessing Program. Reprocesses spent nuclear fuel, developing
a technology that will help companies including Westinghouse and General Electric. $100 million.

Appalachian Roads Commission roads program. Finances roads in 13 Appalachian states, helping contractors but showing little evidence of improving economic conditions as intended. $500 million.

Fossil Energy Research. Research into new ways of getting energy from oil, coal and gas. $1.37 billion.

National Forests roads. Built to allow timber companies and recreational users access to Forest Service land. $100 million.

Clean coal technology. Developing technologies to allow electric utilities to burn coal with fewer polluting emissions. $500 million.

Overseas Private Investment Corp. Provides loans, loan guarantees and political risk insurance to companies doing business in risky, developing countries, including such companies as McDonald's. $281 million.

The International Monetary Fund's General Agreements to Borrow. Helps developing countries pay off loans, often to American banks. $3.5 billion.

Enhanced Structural Adjustment Facility, IMF. Helps developing countries pay off loans to banks and other corporations. $150 million.

Highway demonstration projects. Allows members of Congress to get financing for single road projects in their districts. Helps contractors. $4 billion.

Clinton admits fund-raising mistakes made, but defends his actions By Kathy Lewis
The Dallas Morning News (KRT)

WASHINGTON President Clinton said Tuesday that campaign fund-raising ``mistakes were made'' last year, including a Democratic National Committee coffee for bankers at the White House that was attended by the nation's top bank regulator.

But Clinton defended his own attendance at the coffee and his practice of meeting with major donors at the White House.

``I think there's a distinction to be made between the president meeting with people, listening to them, and then at least if they raise some serious issues, having them looked into,'' Clinton said during a news conference.

``But I never made a decision for anybody because they were contributors of mine.''

Clinton vowed to continue holding White House coffees but said he did not know whether future ones would be arranged by the party. He renewed his call for campaign finance reform and said the vast majority of campaign donations to both parties have been ``perfectly lawful.''

He began the first news conference of his second term by outlining education proposals that will be in the budget he submits next week, but he fielded many questions on controversial Democratic campaign fund-raising practices.

``It costs so much money to pay for these campaigns that mistakes were made here by people who either did it deliberately or inadvertently,'' he said.

``It's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system,'' he said, citing newly adopted DNC procedures.

Late last week the White House released documents that showed 17 banking executives attended a White House coffee on May 13. Clinton, Treasury Secretary Robert Rubin and Comptroller of the Currency Eugene Ludwig met with the bankers, as did DNC chairman Don Fowler and finance chairman Marvin Rosen.

The disclosure spawned new criticism of Democratic fund-raising practices, which have been under fire since reports last fall that the party improperly accepted, and subsequently returned, more than $1 million in questionable contributions.

A White House spokesman on Friday called the bankers' meeting appropriate, but an aide to Ludwig said the White House invited him and he would not have attended had he known the DNC arranged the event.

``In retrospect, since the DNC sponsored it, I do not think the comptroller of the currency should have been there,'' Clinton said. However, he said it was healthy for him and Rubin to meet with the group of bankers and hear their concerns. He said ``categorically'' no decisions came out of any coffee he hosted.

Clinton said it is important for a president to stay in touch and that many of his coffees did not involve donors.

He said donors and others he meets with get ``a respectful hearing'' if they have a concern about an issue. ``But nobody buys a guaranteed result, nor should they ever. They should get a respectful hearing and the president should do what's right for the country,'' he said.

The president also said everyone who has participated in the political system must take some responsibility for its excesses ``even if we did it, because we thought we had to do it to survive or to just keep up.''

He vowed that White House officials would cooperate in providing information for congressional hearings on the fund-raising controversy. But Sen. Fred Thompson, the Tennessee Republican who will chair the hearings, expressed doubts.

``We have seen what appears to be a grudging release of information in dribs and drabs and, seemingly, only when forced to. We have seen the broadest claims of executive and attorney-client privilege in our history,'' he said.

Thompson, in a speech before the Senate, promised the hearings would include a look at improper campaign fund-raising activities no matter which party was involved.

On other issues:

Clinton said an administration report showing there are no dissidents left in China except those in jail means ``we have not made the progress in human rights I had hoped to make.'' But he said there is no indication a policy of isolating China would work better.

He said his private information about Russian President Boris Yeltsin's health is consistent with the Russian government's public

posed a "potential conflict of interest" for Lake as NSA. The discovery of the most recent purchase is "being weighed" as part of a DoJ probe into Lake's finances, but it is "unclear" what impact it will have on that investigation or on Lake's confirmation (Thomas, W. POST, 1/29). Lake made "at least" $2,500 buying and selling the stock in Williams Cos., a natural gas company. Lake's financial adviser apologized to his client in a letter for making the purchase, but Lake "still retains" the services of the "long-time adviser" (Kuntz/Greengerger, W.S. JOURNAL, 1/29). Bush CIA-dir. Robert Gates makes the "Case for Confirming Anthony Lake" in the W.S. JOURNAL (1/29).

SLATER: Trans. Sec-designate Rodney Slater is "likely to face some pointed questions" at his confirmation hearing 1/29, but "even Republicans do not expect those to derail him" from becoming the first black Arkansan to serve in a presidential Cabinet. Sen. Tim Hutchinson (R-AR): "I don't think there are any real problems for him. He'll be well received." Hutchinson will be among those introducing Slater to the Senate Commerce, Science and Trans. cmte. (Kiely/Lemons, AR DEMOCRAT GAZETTE, 1/29).

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