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ANOTHER QUESTION RAISED BY CLINTON ON LAND DEALINGS

WHEN HE KNEW IS AT ISSUE

Clinton, in Extended Rebuttal,
Defends Wife and Aides on
Handling of Whitewater

By DOUGLAS JEHL

Special to The New York Times

WASHINGTON, March 7 — President Clinton today defended his wife and his White House against accusations of interfering in the Whitewater investigation, but he quickly found himself facing new questions about his knowledge of the inquiry's earliest stages.

After a stormy weekend watching from Camp David as his Administration came under attack for its handling of the Whitewater case, Mr. Clinton held a White House news conference today on relations with the former Soviet Union — but he clearly expected to be asked about Whitewater and was prepared to offer extended comments.

He emphasized that the case was different from past investigations of the White House, especially Watergate, which drove President Richard M. Nixon from office. "No one has accused me of any abuse of authority in office," Mr. Clinton said. "That's what Watergate was about."

Effort to Counterattack

As part of a calculated effort to "take the offensive," Mr. Clinton pounded the lectern as he came to the defense of his wife, Hillary, who has been criticized in recent days for her role in the Clintons' investment in the Whitewater Development Company, an Arkansas land venture, and its ties to an Arkansas savings and loan that was taken over by Federal regulators.

"I do not believe for a moment that she has done anything wrong," Mr. Clinton said. "If everybody in this country had a character half as strong as hers, we wouldn't have half the problem we've got."

But Mr. Clinton left his aides scrambling to put out a new brushfire, which he started when he acknowledged during the news conference that shortly after it was made, he had been told about a request by Federal regulators for a criminal investigation into the savings and loan, Madison Guaranty, which is at the heart of the Whitewater matter.

Focus on White House

That statement made it clear for the first time that Mr. Clinton learned about the sensitive request before it became public, and raised the question of whether he gained the knowledge improperly. In recent days, attention has focused on internal White House discussions about the inquiry, including a series of conversations between White House and Treasury Department officials. The disclosure of those conversations last week forced the resignation of Bernard W. Nussbaum, the White House counsel, and prompted the independent counsel, Robert B. Fiske Jr., to issue subpoenas to six senior members of the White House staff.

White House officials said they also expected other aides to Mr. Clinton to receive subpoenas from Mr. Fiske, perhaps including the chief of staff, Thomas F. McLarty Jr., who has acknowl-

Clinton Raises Whitewater Issue Of When He Learned of Inquiry

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edged being told in advance about one meeting under scrutiny.

With the White House trying to meet a Thursday deadline to turn over subpoenaed documents to Mr. Fiske, Democratic leaders of the House of Representatives agreed to meet with Republicans to discuss their demands for a Congressional inquiry into Whitewater.

But Mr. Fiske asked lawmakers not to hold such hearings, saying they would interfere with his own investigation. Mr. Fiske may have been seeking to avoid the kind of problems faced by the prosecutors in the Iran-contra affair, when a court dismissed two central cases on the ground that Congressional hearings had tainted the evidence.

And as the White House began to sift through the documents already subpoenaed by Mr. Fiske, Government officials familiar with the sweeping terms of his request said it was likely to yield information about previously undisclosed contacts within the Administration about the inquiry into Madison Guaranty.

Joel I. Klein, the deputy White House counsel, is to meet with Mr. Fiske on Tuesday to discuss how the documents will be turned over to the special counsel. Hundreds of White House officials, including the President and the First Lady, have been asked to reply to Mr. Fiske's request for "any and all documents" relating to discussions about the inquiry, a senior White House official said today.

The way the Whitewater case has come to overshadow all other business was played out at today's news conference, where the guest, President Eduard Shevardnadze of Georgia, could only look on as Mr. Clinton was questioned repeatedly about the land deal.

Asked by the first reporter he called upon when he had first learned of the investigation, Mr. Clinton responded with a long and carefully worded statement saying that he had first been told of it "sometime in October."

Mr. Clinton said he did not remember who had told him about the investigation or exactly when in October he learned of the request the Resolution Trust Corporation made on Oct. 8. But he acknowledged that he had been told that the request for a criminal investigation named his gubernatorial campaign as a possible beneficiary of illegal action by Madison Guaranty, whose chairman, James B. McDougal, was a partner with his wife, Susan, and the Clintons in Whitewater, an investment intended to develop vacation homes in Arkansas. Part of the investigation has focused on whether Madison improperly allowed overdrafts by Whitewater.

Such requests for investigation, known as criminal referrals, are regarded as highly confidential by the Justice Department and the R.T.C., which is an independent agency. The vague chain of events sketched by Mr. Clinton today meant that he learned about a criminal investigation that could involve him and his wife either before a formal decision was made to proceed with it or when the investigation was in its very earliest stages.

The best recollection of Mr. Clinton and his top aides, the official said, was the President was told about the request only after reporters began to ask the White House about it. But the official, who insisted on anonymity, said Mr. Clinton's murky memory about the conversation made it impossible to speak more authoritatively about it.

A senior White House official said today Mr. Clinton had returned to Washington from Camp David on Sunday night angry at the criticism he had read and heard about the White House's handling of the case. The official described Mr. Clinton as particularly sensitive about the buffeting taken by his wife, who managed the Clintons' finances at the time the couple invested in the Whitewater venture.

Mrs. Clinton began her own counter-offensive last Friday during an interview with Elle Magazine. The publication released excerpts of her remarks today.

In the interview, she said that she is treating the fresh allegations of misconduct as politically motivated.

"I know nothing bad happened," she said. "And that's what everybody's going to know, as they should know now,

An effort to
douse a brush fire
creates another.

since they have yet to come forward with anything other than the wildest kind of paranoid conspiracies.

"But I am just not interested in falling into the trap that the fomenters of all this want us to, which is to become isolated and on the defensive and diverted," she said. "I'm not going to let that happen."

She said that efforts to question her role in the Whitewater matter were aimed at undermining her. "If one thing doesn't work, these folks shift gears and try something," he said. "It's so transparent to me."

As Mr. Clinton's aides joined in the effort to fight back, Dee Dee Myers, the White House spokeswoman, tonight welcomed Mr. Fiske's request that Congress postpone any investigation of the Whitewater matter. "We want a good, solid and thorough inquiry, and we don't want to do anything that would interfere," Ms. Myers said.

At a briefing for reporters today, however, a senior White House aide refused to rule out the prospect that Mr. Clinton would invoke executive privilege or attorney-client privilege to avoid having to surrender documents sought by Mr. Fiske.

If Mr. Clinton should invoke executive privilege, the issue would almost certainly have to be resolved by the courts. In ruling on President Nixon's effort to invoke executive privilege to withhold the Watergate tapes, the Supreme Court in 1974 said that there was a legitimate constitutional basis for a President to withhold from Congress or the courts the contents of conversations with Presidential aides.

Bringing Another Presidency and Inquiry to Mind

By R. W. APPLE Jr.
Special to The New York Times

WASHINGTON, March 7 — His own travails in the Whitewater affair have nothing in common with the Watergate scandal that drove Richard M. Nixon from office 20 years ago, President Clinton insisted today at a news conference in which he fought his political corner as tenaciously as Mr. Nixon ever did.

News Analysis

"We're not covering anything up," he said. "We are opening up."

Had the Clinton White House been as forthcoming as the President suggested it had, Mr. Clinton might have had no reason to dispute the parallel.

In that case, the focus would have remained on the Whitewater transactions themselves, long ago and far away, which are hard to follow and lacking in evident drama. The whole thing might have dried up. But now the spotlight has shifted from the Ozarks to Washington, and words like "subpoena" and "cover-up" have caught public attention. There is now no chance that things will quiet down this year, and that they will do so next year.

A shift in focus, which also happened in Watergate, is of much greater importance this time than two decades ago. The original accusations against Mr. Nixon related to actions during his term as President, but those against Mr. Clinton predated his election in 1992. Suspicions of a cover-up, however, have taken investigators right into current White House activities.

The two cases have obvious differences. Watergate involved gross abuses of power, including the misuse of the F.B.I. and the C.I.A., among other agencies. Whitewater, on the record to date, has produced nothing approaching that.

Grudging Responses

It is certainly true that Bill Clinton did not dig in his heels as hard or as long as Richard Nixon did. So far, there is less evidence of an effort to block investigators. But Mr. Clinton and his staff did not react to the first set of Whitewater disclosures, or the second or third, by "opening up."

For weeks the White House resisted the appointment of an independent prosecutor. It admitted only in December that crucial documents had been released in July from the files of Vincent Foster Jr., the Clinton aide who was himself, and given to the Presi-

The Meetings In Question

President Clinton today acknowledged that he was briefed some time last October on the decision by the agency overseeing failed savings and loans to ask for a criminal investigation by the Justice Department into the failure of Madison Guaranty Savings and Loan in Arkansas, a request that named the Clintons as possible beneficiaries of illegal actions. While Mr. Clinton said he did not remember who briefed him or when, the meeting was one of a series that have recently come to light concerning the referral by the agency, the Resolution Trust Corporation.

Sept. 29, 1993 Jean Hanson, the Treasury Department's general counsel, meets in the office of Bernard W. Nussbaum, the White House counsel, to warn him of the R.T.C.'s plan to ask for a Justice Department investigation.

Oct. 8, 1993 R.T.C. formally asks the Justice Department to look into the matter.

Oct. 14, 1993 A meeting is held in Mr. Nussbaum's office to

discuss how to handle inquiries from news organizations about the status of the Whitewater investigation. In addition to Mr. Nussbaum, the meeting includes Mark D. Gearan, the White House director of communications; Bruce Lindsey, a senior adviser to Mr. Clinton; Ms. Hanson; Josh Steiner, now chief of staff to Treasury Secretary Lloyd Bentsen; and Jack DeVore, then Mr. Bentsen's press secretary.

Oct. 31, 1993 First press reports of the R.T.C. referral appear.

Feb. 2, 1994 Deputy Treasury Secretary Roger C. Altman, also the acting head of the R.T.C., meets with Mr. Nussbaum, Ms. Hanson, Harold M. Ickes, the deputy chief of staff, and Margaret A. Williams, Hillary Rodham Clinton's chief of staff. Mr. Altman acknowledges the meeting before a Senate committee on Feb. 24, saying he held the briefing to give the White House a "heads up" on how the R.T.C. would proceed on potential civil claims arising out of Madison's failure.

dent's private lawyer. For a time, Bernard W. Nussbaum, the soon-to-depart White House counsel, said Mr. Clinton might refuse to yield Whitewater documents on grounds of attorney-client privilege.

At every turn, the White House responses to inquiries from reporters investigating the matter have been late, incomplete and grudging.

There are other similarities between Watergate and Whitewater, starting with controversy over documents and whether they have been shredded.

Mr. Nixon liked to dismiss the Watergate scandal as "a third-rate burglary," long after it was clear that it was not the break-in but the abuses of power associated with it that constitu-

ed the biggest liability. Mr. Clinton, likewise, often says that the Whitewater episode is rooted in a small-time land deal 16 years ago in which he and his wife lost money.

Defending his wife as a woman who has a "moral compass as strong as anybody's in America," Mr. Clinton sounded every bit as defensive as Mr. Nixon used to sound in proclaiming the virtues of those who worked alongside him.

Two days after Mr. Nussbaum was cast to the wolves, Mr. Clinton found himself answering Whitewater questions at what was supposed to be a news conference on problems in Russia and other former units of the Soviet

Union. He said he had more important things to do than defend his conduct, and he asserted that "the American people will be outraged if anybody uses this as an excuse for not doing the people's business."

On April 30, 1973, the day he announced the departure of H. R. Halde- man and John D. Ehrlichman, among others, Mr. Nixon said much the same thing.

"It is essential," he said, "that we not be so distracted by events such as this that we neglect the vital work before us, before this nation, before America, at a time of critical importance to America and the world."

Pressure on Democrats

Mr. Nixon was never able to turn back, full time, to the business of governing. More and more revelations, some directly related to Watergate but most not, kept him on the defensive until he finally resigned. In Mr. Clinton's case, much will depend on what new disclosures, if any, lie ahead.

Democrats on Capitol Hill have maintained a more-or-less united front so far, refusing demands from Republican colleagues for an investigation even though they investigated similar episodes during the Reagan and Bush eras with considerable relish. But that front may be cracking under the pressure of charges that the Democrats are guilty of applying a partisan double standard.

Representative Dan Rostenkowski of Illinois, the chairman of the Ways and Means Committee, became on Sunday the first ranking Democrat on the Hill to suggest that he would consider the possibility of Whitewater hearings.

If disclosures keep coming, and especially if there are any further hints that the White House is trying to steer the investigation, some Democrats' partisan loyalties will surely give way to self-preservation. All of the seats in the House and a third of those in the Senate, after all, will be up for grabs this November, long before Bill Clinton faces the electorate.

Similar Reputations

Like Mr. Nixon, Mr. Clinton is vulnerable in a crisis of this sort because of the ambiguous reputation that preceded him into Presidential politics.

Both men have always been widely admired for their intelligence, their political skills and their grasp of complex public questions. But both have long been dogged by questions of trustworthiness. One brought the nickname "Tricky Dick" into the Oval Office, the other "Slick Willy."

The events of last weekend were sufficiently striking that top Republicans and Democrats have for the first time begun wondering aloud, discreetly of course, whether Whitewater could eventually become serious enough to cost Mr. Clinton a second term.

Early as it is, with so many more events to unfold before 1996, the damage is already substantial, if not necessarily to the President's standing with the public, then clearly to his ability to influence legislators. And if he is unable to push through his already beleaguered legislative proposals, ranging from health care reform to the reorganization of the welfare system, he could lose ground with voters.

The consensus so far, voiced by an influential Democratic senator: "A second term looks less routine, especially if the economy turns sour."

Special Counsel Opposes Senate Hearing on Case

WASHINGTON, March 7 (Reuters) — The special counsel in the Whitewater case, Robert B. Fiske Jr., today urged Congress not to hold hearings on President Clinton's investment in an Arkansas land venture, the Whitewater Development Company.

In a letter to both Senator Donald W. Riegle Jr., the Michigan Democrat who heads the Senate Banking Committee, and Senator Alfonse M. D'Amato of New York, the panel's senior Republican, Mr. Fiske said a Congressional inquiry would "pose a severe risk" to the integrity of his own investigation.

Republican pressure for a Congressional investigation has been growing, and Mr. Fiske told the Senators that he

was concerned that the Banking Committee would seek to interview people who were central to his criminal inquiry.

Congressional involvement also raised the possibility that people involved in the case might be granted immunity from prosecution and that "matters at the core of the criminal investigation" might be prematurely disclosed, Mr. Fiske said.

"For these reasons, we request that your committee not conduct any hearings in the areas covered by the grand jury's ongoing investigation," he wrote.

In a response to Mr. Fiske's appeal, Senator Riegle wrote: "It is my view

that the Banking Committee should defer to your request."

Senator D'Amato told Mr. Fiske in his reply that he was sensitive to the special counsel's concerns, but that the committee "has a duty to the American people to examine the facts."

The Senate majority leader, Senator George J. Mitchell of Maine, echoed Mr. Fiske's concerns, saying an inquiry by Congress would inevitably thwart the criminal investigation.

In the House, Representative Newt Gingrich of Georgia, the deputy Republican leader, asked for a meeting with the chamber's leaders to discuss the matter, saying that Congress's responsibility was "public trust and public right to know."

Nussbaum Cast as All-Star, in Another League

By DAVID MARGOLICK

Special to The New York Times

Even as Washington writes off Bernard W. Nussbaum, who was forced to resign on Saturday as the White House counsel, his once and future colleagues in the upper echelons of the New York bar, where he has 27 years' experience as a top corporate litigator, are rallying around him. Indeed, most say the sin that cost him his post is actually a point in his favor: his inability to adapt to what they regard as the back-stabbing ways of the nation's capital.

Promised anonymity, some of Mr. Nussbaum's many friends nonetheless concede that he brought certain liabilities to the White House job. In corporate litigation, they note, hand-holding with individual clients looms less large, disputes remain more private and the game, though still played with a hard ball, is largely about the law and almost devoid of the kind of politics that permeates Washington.

These friends also note that for the first time since he was the senior associate special counsel to the House Judiciary Committee during its Watergate investigation, when he first met Hillary Rodham, then on the committee's staff, Mr. Nussbaum was without the advice of his loyal colleagues at Wachtell, Lipton, Rosen & Katz. The firm is an intense and intimate place known for attracting some of New York's premier legal talent, rather than, as in the White House, people of varying abilities and agendas.

Washington Work Is Done

In a telephone interview from his White House office on Sunday night, Mr. Nussbaum said that he planned to return to his old law firm after he left the White House on April 5.

"I am proud to have been able to work in the White House as long as I did, but I've always known that the cornerstone of my good fortune was not in my job in Washington but in my friends and family in New York and elsewhere," he said. "My work in Washington is now done, and I look forward to coming home. And an important part of my home has always been Wachtell, Lipton."

"It was a marvelous experience," Mr. Nussbaum said of his White House tenure. "Very few people get a chance to play even a small role in history. I am happy that I had that chance."

The 57-year-old Mr. Nussbaum is well liked, even beloved, in the loftiest perches of the Manhattan bar. His forced resignation has prompted condolences from dozens of callers, among them Gov. Mario M. Cuomo and Mayor Rudolph W. Giuliani. If, fairly or not, he will be remembered as a bungler in the capital, he



Bernard W. Nussbaum working at his desk in his White House office shortly after announcing his resignation as counsel.

viewed among his peers in New York as a savvy and honest lawyer — too honest for his own good, too unwilling to point fingers at others, too willing to fall on his sword for his client.

Fiasco or Tragedy?

While Mr. Nussbaum's critics deem his one-year tenure a fiasco, his friends see the abrupt end of that tenure as a personal tragedy, the snuffing out of his lifelong dream of public service. Such was his excitement over the White House job, they say, that in the end it may have compromised his judgment and independence.

Mr. Nussbaum's supporters think the mistakes attributed to him in his handling of personnel and the Whitewater affair were not his fault, were made at his client's behest, were no big deal or were the product of a gaping cultural gap between New York and Washington.

"If Bernie made any errors at all, it was in devoting his enormous intellect too enthusiastically to representing the President," said Ira Millstein of Weil, Gotshal & Manges, one of New York's largest law firms.

Andrew Maloney, a former United States Attorney in Brooklyn and now a partner at the Manhattan law firm of Brown & Wood, said much of the criticism had resulted from Mr. Nussbaum "taking it on the chin for his client."

'Buy a Dog'

"If Bernie had one weakness, it was that he was a bit naive about life inside the Beltway," Mr. Maloney said. "There's that old expression, 'If you want a friend in Washington, go buy a dog.' Any decent, honorable man would have a problem moving in that kind of milieu."

Anyone who visited him at the White House or heard him during his periodic trips back to New York over the last year knew that Mr. Nussbaum, who grew up in a household of modest means on the Lower East Side, had avidly sought the White House job and had remained almost intoxicated by the realization that it was actually his.

Both that enthusiasm and an eagerness to remain ingratiated with his clients, his supporters say, may have prompted him to give President and Mrs. Clinton advice that they wanted — like opposing the appointment of a special counsel in the Whitewater matter. "There's a certain desperate quality to Bernie," said one prominent New York litigator, "and when you're needy, you sometimes lose your independence."

New Yorkers Need Not Apply

Another New York lawyer, Robert Morvillo, suggested that under current conditions nobody with a telephone number beginning with the area code 212 could handle the White House job. "You really need someone with a fine ear for the political process, someone very plugged into the ways of Washington," he said. "Right now, I wouldn't send anyone from New York."

Martin Lipton, a founding partner of Wachtell, Lipton, said the firm would welcome Mr. Nussbaum back. "Bernie is as street-smart and politically wise as any lawyer in the country," Mr. Lipton said in an interview. "But he is also totally honest, and because of his forthrightness and unwillingness to dodge and duck, he's ended up being the target of this."

Another of Mr. Nussbaum's New York admirers, Charles Stillman, predicted that the departing counsel's time in a town "filled with Gillells" ready to knee-cap their enemies would only enhance his reputation.

"Bernie will come back to the embrace of people who know him, who admire him, who care about him, and he'll get over this," Mr. Stillman said. "And if I'm a client, I want this guy to be my lawyer. He took a grenade for the President of the United States."

Clinton Rejects Likening Whitewater to Watergate

Republicans Accused of Fomenting 'Hysteria' on Issue

By Ruth Marcus and Ann Devroy
Washington Post Staff Writers

President Clinton yesterday rejected comparisons of the Whitewater affair to Watergate, strongly defended his wife's conduct, and accused Republicans of being "blatantly partisan" in attempting to gin up "hysteria" on the issue.

Clinton's comments came as the White House attempted to get beyond a weekend dominated by reports about the resignation of the White House counsel and the subpoenaing of six senior aides about a series of meetings on the Resolution Trust Corp.'s investigation of Madison Guaranty Savings & Loan, a failed Arkansas thrift with ties to the Clintons.

Yesterday, the Clintons and the rest of the White House staff found themselves sorting through the trash and reviewing computer messages in an effort to comply with special counsel Robert B. Fiske Jr.'s subpoena for all documents relating to those meetings.

Only good news for the White House yesterday was Fiske's letter to the House and Senate Banking committees urging them to hold off on hearings that would focus on Madison and Whitewater, the real estate investment company that the Clintons entered into with Madison owner James McDougal and his former wife.

Fiske expressed "strong concern" about the possibility of hearings and warned that such an inquiry "would pose a severe risk to the integrity of our investigation."

Senate Banking Committee Chairman Donald W. Riegle Jr. (D-Mich.), replying to Fiske, agreed that the banking committee "should defer to your investigation." But members of the House Banking Committee said they will proceed with a March 24 oversight hearing that Republicans intend

WHITWATER, From A1

to use to focus on the Madison criminal referrals.

The continuing impact of the Whitewater investigation and the subpoenas on the normal operations of the White House was evident at Clinton's news conference yesterday with Georgian leader Eduard Shevardnadze. Each of the U.S. reporters questioning Clinton asked about that subject, and none of the subpoenaed aides appeared in the East Room for the event.

Clinton said that neither he nor Hillary Rodham Clinton was briefed on the three meetings between senior White House officials and Treasury Department aides concerning the Madison investigation.

But he said that "some time in October" he became aware of the fact that the Resolution Trust Corp. had referred the Madison case to the Justice Department for possible criminal prosecution. The Clintons were not accused of any wrongdoing by the RTC, but were identified in the Oct. 8 referral as possible beneficiaries of improprieties at Madison. Clinton didn't remember when he knew or who told me about it, but it was just sort of presented as a fact, a decision that had been made

by the government," Clinton said. "And I didn't think much about it at the time. It was just something that I absorbed."

Although the president was aware of the referral before it was reported by The Washington Post on Oct. 31, Hillary Clinton learned of it by reading the newspaper, a senior official said yesterday.

The White House was first alerted to the referral on Sept. 29, when Treasury Department general counsel Jean Hanson told White House counsel Bernard Nussbaum that it was coming.

Administration officials said Nussbaum "swears he did not tell either Clinton" but did inform presidential aide Bruce Lindsey, who had taken the lead at the White House in handling inquiries about the case. Lindsey, officials said, "believes that he did not act on" the September information but "may have told the Clintons" about the issue in October after press inquiries began.

"Regardless of when they knew" about the criminal referral, George Stephanopoulos, senior adviser, said yesterday, "I am certain that the Clintons did not direct anyone to take any action based on that knowledge to interfere with the referral or interfere with the normal process at the Justice Department."

Clinton used the occasion of his news conference yesterday to try again to put the Whitewater investigation behind him, saying repeatedly that he simply wanted to "let the special counsel do its job." After resisting for weeks congressional calls for appointment of an independent counsel, the White House now desperately wants to avoid the even messier step of congressional hearings into Madison and Whitewater.

Clinton methodically listed what he said were the differences between the Whitewater investigation and the Watergate scandal two decades ago. He said that his White House, unlike Richard M. Nixon's, was not attempting a coverup; that he has not been accused of "any abuse of authority in office"; and that there is "no credible evidence" that he violated any laws during the 1980s, when the investment was made.

"So there is no analogy except any hysteria that they [Republicans] can gin up around it," he said. "There will not be a coverup, there will not be an abuse of power in this office."

Asked about the role of his wife, who has been singled out in some recent press reports as a major cause of the fix in which the White House now finds itself, Clinton responded with an emotional defense.

"I believe I'm a better authority than anybody else in America on my wife," he said. "I have never known a person with a stronger sense of right and wrong in my life—ever. . . . And I do not believe for a moment that she has done anything wrong."

Hillary Clinton was even harsher on the Republicans in an interview she gave to Elle magazine last Friday, as the subpoenas were being served. Hillary Clinton handled the details of the Clinton investment in the Whitewater land deal, and, as a private lawyer, was involved in helping Madison owner James McDougal win state permission for a new financing plan for his thrift. McDougal has said he hired Hillary Clinton and the Rose Law Firm of Little Rock and paid \$2,000 a month for its services representing the thrift before Clinton appointees at the state securities commission.

In the Elle interview, Hillary Clinton called the focus on Whitewater "a well-organized, well-financed attempt to undermine my husband, and by extension, myself, by people who have a different political agenda or have another personal and financial reason for attacking us."

She said those who raise questions about her role or that of her husband are engaging in "the wildest kind of paranoid conspiracies" and that the whole issue is being pushed by Republicans as part of a continuous effort to "find a way of undermining me. If one thing doesn't work, these folks shift gears and try something else. It's so transparent to me."

A senior official involved in the procedure of ensuring White House compliance with Fiske's subpoenas said that six White House lawyers are now involved in a massive process of overseeing the production of documents. "Individuals, hundreds of individuals, are being asked to certify that they have gone through all their files, computers, burn bags, trash and are either turning over relevant documents or have found no relevant documents."

The official said that all employees—not just senior aides—of the White House were ordered into the process. One of those involved said, "The situation here today was unbelievable . . . people sorting through trash, people unsure of who they could talk to about what, nobody knowing who to ask the questions of. . . ."

Officials said that Joel Klein, the deputy counsel placed in charge of the compliance, had told the officials subpoenaed that "there will be no coordinated defenses, you cannot compare stories, you cannot discuss this with one another." For that reason, the subpoenaed officials, White House Deputy Chief of Staff Harold Ickes, Hillary Clinton's chief of staff Margaret Williams and press secretary Lisa Caputo, Clinton senior adviser Bruce Lindsey, White House Communications Director Mark Gearan and Nussbaum, are under what one called "severe restraints" in discussing any aspect of Whitewater.

Although senior White House officials last week said they had searched their records and concluded no meetings beyond those revealed in The Washington Post had occurred, yesterday they withdrew that assertion. Said one, "Until the documents are all produced" in connection with the subpoena, "I cannot say. That inquiry is part of the document search."

The White House faces a string of potentially explosive legal decisions, aides acknowledge. The senior official said the White House is prepared to claim executive privilege for documents containing classified or other sensitive material but will not know whether such a claim regarding any documents will be made until the documents are produced.

"At this point, we haven't made any decisions" in that area, the official said.

Once all the documents are produced, the official said, a team of six White House lawyers "will review them and if executive privilege comes up," decisions will be made then, he said.

At both the White House and Treasury, the subpoenaed officials have retained their own personal lawyers, officials at both agencies said yesterday. Howard Schloss Jr. at Treasury said that officials there received memos similar to the ones at the White House to preserve paper and documents and that lawyers there are going through the same sifting process.

President Again Turns to Capital Insider

By Ruth Marcus and Dan Balz
Washington Post Staff Writers

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President Clinton is trying to persuade Lloyd N. Cutler to serve as White House counsel, turning to a well-known Washington figure who held the same job in the Carter administration to help quiet the uproar over White House ethics.

Administration officials said over the weekend that they were searching for a "Lloyd Cutler" type, and yesterday tried to make that wish become reality. Sources said late yesterday that Cutler and White House officials

were trying to work out the terms of his appointment.

If they can reach agreement, a formal announcement could be made as early as today. But even if Cutler, 76, decides not to join the administration, the effort to recruit him underscored the severity of the problems White House officials have created for themselves in their handling of the Whitewater affair.

Among the issues being discussed was Cutler's insistence that he be regarded as counsel to the office of the presidency and not Clinton's personal attorney.

If the negotiations are successful, Cutler

would replace Bernard Nussbaum, who submitted his resignation Saturday after an ill-starred tenure in which he was repeatedly criticized inside and outside the White House for lacking the kind of political judgment required of a lawyer in the counsel's post.

Cutler is one of the best-known members of the Washington legal community and a veteran of dealings with Congress and the press.

Cutler's arrival would mark the second time that Clinton has turned to a prominent

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'Gray Eminence' Sought for White House

COUNSEL, From A1

Washington insider to help bail him out of trouble. Last spring, reeling over a series of staff problems and legislative difficulties, Clinton recruited David R. Gergen, a veteran of three Republican White Houses, as a senior adviser.

Clinton, at a news conference yesterday, said he wanted "someone of unquestioned integrity and a lot of experience in dealing with the kinds of issues that have to come into the White House" and "someone who will inspire confidence in me and in you, the press, and most importantly, in the American people, that we are going the extra mile . . . to deal with all matters in the appropriate way."

Fifteen years ago, Cutler came to the aid of another Democratic administration, when then-President Jimmy Carter tapped him to replace Atlanta lawyer Robert J. Lipschutz, who was criticized for being over his head in the delicate job of White House counsel.

"We were in the process of trying to strengthen our staff and Lloyd brought his connections with the Hill and the Washington establishment," said Jody Powell, who was Carter's press secretary. "He was a real help."

Like Clinton and his wife, Hillary, Cutler is a graduate of Yale Law School. But in an administration of Baby Boomers and Twentysomethings, Cutler would be a grandfatherly figure. He was admitted to the bar six years before Clinton was born.

Over the years, Cutler has been described as "the ultimate Washington lawyer" and a "Washington gray eminence," the kind of man outsider Ross Perot turned to in 1992 to give him advice about government when he was beginning to think about running for president.

He has been an enormously successful lawyer in the firm

of Wilmer, Cutler & Pickering (where he is now "of counsel") and when he was practicing full-time had a long list of blue-chip corporate clients whom he guided through the legislative and regulatory shoals of Washington.

But Cutler also developed a sizable reputation for promoting liberal causes, for *pro bono* legal work and for developing an interest and expertise in governmental reform and ethics issues.

Most recently, he was the lead attorney in the case against the constitutionality of the Washington state term limits statute and won the first round when a federal district court judge in Seattle ruled in his favor last month in a battle that is expected eventually to end up in the Supreme Court.

In recent years, he has been a frequent contributor to the op-ed pages of major newspapers. One of those articles, written in 1987, caused an uproar in liberal circles as he came to the defense of Robert H. Bork's nomination to the Supreme Court. He was one of Bork's strongest advocates during the fight that killed the nomination.

Last year, he promoted the nomination of Zoe E. Baird as attorney general, having been her mentor from their days in the Carter administration. Cutler appeared on ABC's "Nightline" to defend her even as the White House was preparing to withdraw her nomination.

Two months ago, he wrote an op-ed piece in The Washington Post praising the Clintons for being forthcoming on the Whitewater investigation and defending Attorney General Janet Reno for not immediately appointing a special counsel, saying it would be better for Congress to reenact the independent counsel law in the event that an outside investigation were needed. A few days later, Clinton called for Reno to appoint a special counsel.

GOP, Special Counsel At Odds Over Hearings

By Charles R. Babcock
and Kenneth Cooper
Washington Post Staff Writers

While a special counsel requested that Congress cancel its plans to investigate the tangled Whitewater affair, Republican congressional leaders yesterday suggested that hearings should be broadened to look at possible improper White House involvement in the probe.

Special counsel Robert B. Fiske Jr. warned leaders in a letter that congressional inquiries could interfere with his broad investigation into President Clinton's Arkansas land venture and ties to the failed Madison Guaranty Savings & Loan. Fiske also is investigating the July suicide of former deputy White House counsel Vincent Foster Jr.

Fiske has subpoenaed 10 White House and Treasury Department officials to give testimony to a federal grand jury in Washington Thursday.

Rep. Jim Leach (R-Iowa) said he intends to seek testimony from some of the same individuals at a March 24 Resolution Trust Corp. oversight hearing which Republicans plan to use to delve into the Whitewater matter.

"We've gone from possible illegal acts prior to assuming office to the possibility of illegal acts taken by a president while in office," Leach said.

Rep. Henry B. Gonzalez (D-Tex.), chairman of the House Banking Committee, said he will go ahead with the oversight hearing despite Fiske's request but will not allow Republicans to grill administration officials who have been subpoenaed by Fiske.

Those officials took part in meetings at the White House to discuss a confidential criminal referral from the RTC to the Justice Department that mentioned the Clintons' involvement in the mid-1980s with Madison, owned by their Whitewater business partner James McDougal.

"In view of the fact they have been subpoenaed, that would be a matter that is not vital to our RTC

hearing," Gonzalez said. "Those people will have to answer to the prosecutor."

Sen. Donald W. Riegle Jr. (D-Mich.), chairman of the Senate Banking Committee, told Fiske his committee should defer further hearings that touched on Whitewater and Madison. But Sen. Alfonse M. D'Amato (R-N.Y.), the ranking minority member of that committee, said he thought Fiske's request "may be a premature and overly broad remedy." He plans to meet with Fiske Wednesday to discuss the matter.

He said in an interview yesterday that Congress should question all of the officials Fiske has subpoenaed about the White House-Treasury meetings. "We can do it without giving them immunity," he said.

Leach, who is leading the House Banking Committee Republicans, said in an interview that he respects Fiske's role, but "a prosecutor cannot interfere with the oversight responsibility of the Congress."

Leach said this is especially true with recent revelations that White House officials, including the president, were told last fall about the RTC criminal referral.

Gonzalez told Fiske in a letter that he didn't intend to interfere in his work, but noted that Republican members "do not necessarily share my concern." He suggested Fiske advise "all parties on your views of whether they should respond" to GOP inquiries for documents and information.

In the meantime, members of both political parties issued broadsides yesterday, with Senate Minority Leader Robert J. Dole (R-Kan.) and House Minority Whip Newt Gingrich (R-Ga.) seeking to keep public attention on the issue while Senate Majority Leader George J. Mitchell (D-Maine) said hearings could thwart Fiske's probe.

Mitchell told reporters that court rulings dismissing Iran-contra charges against Oliver L. North showed congressional investigations "effectively preclude" criminal prosecu-



REP. JIM LEACH

... seeks to protect role of Congress

tions stemming from the same incidents. He called the GOP actions a partisan effort to embarrass the president.

Dole, meanwhile, called Whitewater "a case study in self-immolation. Omissions, misstatements of fact, 'negotiated' subpoenas, behind the scenes meetings... have all created the impression that there's something to hide."

Gingrich demanded that Republicans on other House committees be given power to subpoena documents related to Whitewater.

In his letters to the leaders of the two banking committees yesterday, Fiske said congressional investigations would "overlap substantially" with the grand jury's. He cited the dangers of congressional immunity, premature disclosure of documents or testimony that could allow witnesses to tailor their testimony. He said he was concerned too that hearings into the recently disclosed meetings between White House and Treasury officials "will inevitably lead to the disclosure of the contents of RTC referrals."

But Leach said that congressional inquiries often help, rather than hinder, criminal investigations. He noted that congressional investigators discovered the White House tapes in Watergate and that the first White House-Treasury meeting was disclosed at a recent Senate hearing.

Staff writer Helen Dewar
contributed to this report.

Coverage for Mental Illness, Drug Abuse Urged

Former First Ladies Betty Ford and Rosalynn Carter urged Congress to abandon outmoded ideas as it attempts to reform the health care system and to cover mental illness and substance abuse in the same way as physical illnesses.

"I don't believe any health program will be successful unless it addresses drug and alcohol dependency and mental illness," said Ford. "These programs are working and they are cost effective."

Carter said that the American people are "ahead of the Congress" in their views of mental illness and substance abuse. She cited a poll released yesterday saying that 62 percent of Americans support covering mental health and substance abuse the same as physical illnesses.

If the benefits need to be reduced to save money they should be reduced "across the board" rather than by discriminating against people who are mentally ill, Carter said.

"If you're sick, you're sick," she said at a news conference yesterday launching a two-day lobbying blitz by the former First Ladies. "If you're hurting, you're hurting. If you need care, you should be able to get care."

Mental illness can be defined and it can be treated, Carter said in a meeting with Washington Post reporters and editors. She said that numerous major corporations had found that covering mental illness and substance abuse saved money in the long run. Mental health treatment "is not a bottomless pit."

"If there are abuses, rout them out," she said.

Ford said she had "never found it comfortable to evaluate the role of another First Lady," but that she applauded Hillary Rodham Clinton for leading health care reform.

"She would be criticized no matter what she did," said Carter. "I think she is courageous to take it on."

The Clinton health care proposal phases in coverage for mental illness and substance abuse by limiting coverage in 1998 to 30 days' residential treatment a year. Some members of Congress have criticized such coverage as too costly and it is regarded as one of the most vulnerable elements of the Clinton plan.

Jim Hoagland

Old Boys At the CIA

Aldrich Hazen Ames, the spy with three last names, might not have run his scam as long as he did had he been plain Fred Jones or Billy Bob Smith. Then his fellow spooks might have been more suspicious when he drove up to work one day in a new Jaguar, fresh from his mortgage-free \$540,000 manse.

Let me rephrase that as a question: Does the still-unfolding Ames case reveal the Central Intelligence Agency as a mini-class system that has begun a decline into obsolescence and decay?

It is grandiose overstatement to refer to an intelligence agency as a class system, of course. What we are really talking about is an old boys' network—a network that also revolves around the central notions of a class system: inherited privilege and social solidarity.

Those notions permeate the case of Ames, the 52-year-old former head of counterintelligence for the Soviet Union and Eastern Europe at the CIA, now accused of having spied for the Kremlin. He was hired by the agency before even finishing college because of his father's good record there. He was, the old boys at the agency decided, OUF: One Of Us.

A sense of social solidarity may help explain why the U.S. intelligence community, which spends about \$30 billion a year to discover the world's most guarded secrets, failed to see a significant and suspicious change of behavior that occurred under its nose. There are some things OUFs are not expected to do.

CIA Director R. James Woolsey reportedly said as much when he informed CIA employees of Ames's arrest. A Washington Post account paraphrased Woolsey saying on closed circuit television that he found such a betrayal hard to comprehend "involving as it did both harm to the country and a violation of a spy's personal and professional obligations."

That is the mind-set that produced the failure



of the agency to follow Ronald Reagan's most famous dictum: Trust but Verify. The spymasters trusted Ames but did not verify his bank accounts. Indeed, the agency does not seem to have even asked to see them. (Reagan was president when Ames's alleged treachery began.)

Ex-director Robert M. Gates bristled on television when journalists suggested that failing to check Ames's finances may possibly have been an error. Congress did not order us to check employees' bank accounts, Gates said by way of explanation. The agency was uncomfortable about being too "intrusive" in the lives of its employees, he added.

I doubt that delicacy about intrusiveness really explains the agency's failure in the Ames case. I think the spymasters missed a crucial turn in their business, much as Philco stuck with radios at the dawn of the television era and IBM let its disdain for laptop computers undermine its corporate foundations.

The agency seems to have stuck with the idea that what OUFs don't do is spy for big money. Internal controls are designed to weed out or capture ideological turncoats or agents caught in the familiar KGB honeypot trap of compromising sexual situations that expose fallen agents to blackmail.

The CIA was run in a tweedy Ivy League fashion in its first decades and has remained deeply influenced by the Anglophilia of its founders. Ideology and/or sex were at the core of Britain's big spy cases. The CIA's first line of counterespio-

nage defense assumed, perhaps unconsciously, that the same would be true for American spies.

But times change. In the 1980s the Walker family, Ronald Pelton and other cash-short Americans got big bonuses for signing up with the KGB and selling their country secret by secret. In a world of satellite photography and the big ears of electronic surveillance, spies concentrated more and more on the commerce of turning each other's coats.

Seventy to eighty percent of a CIA covert agent's working hours is spent on one activity: trying to recruit his or her opposite number in the Kremlin's secret service. That estimate comes from several CIA field agents, all speaking with the same tones of frustration over this misplaced expenditure of time and effort.

This is marketplace activity, the buying and selling of careers and lives. In its last decade the KGB dominated this loathsome traffic. In contrast, the major Soviet defectors in that period came over not for money but because they saw the failure and inevitable doom of a bankrupt Soviet system.

The Ames case displays a third characteristic of the class system, even one as small as an old boys' network. A self-contained aristocracy is eventually corrupted or overwhelmed by money.

Treating espionage primarily as a marketplace activity exposed the OUFs of the CIA to the virus of betrayal through greed. If he is guilty as charged, Aldrich Hazen Ames became One Of Them, and a traitor to his professional class, for money.

Richard Cohen

A Smart-Dumb White House

A pal once referred to a mutual friend as "smart-dumb": smart most of the time but inexplicably dumb when it came to certain matters. It occurs to me that this phrase fits not only Bernard Nussbaum, the freshly departed White House counsel but most of the Clinton administration itself, 10 of whose senior officials were subpoenaed by the special Whitewater prosecutor. Not since Richard Nixon's time has Washington seen such a virtuoso display of smart people acting so dumb.

In more ways than Elizabeth Barrett Browning could count love, the Clintonians are smart as can be. But how can the same people, including President and Mrs. Clinton, be so confounded dumb when it comes to the Whitewater scandal? Just to gauge how inept they have been, consider this: I called Whitewater a "scandal," and you probably didn't even notice it. But no crime has been alleged, no laws have yet been proved broken and not a single administration official has been indicted. Only the Clintons could come up with the reciprocal of a victimless crime. In Nussbaum, Whitewater has produced a crimeless victim.

How did this happen? One possible explanation has to do with the nature of Bill Clinton. Unlike, say, Ronald Reagan, whose followers saw him primarily as a vehicle to advance conservatism, Clinton over the years has attracted virtual hordes. The vaunted FOB—Friends of Bill—more wedded to the man than to a specific political ideology. Their loyalty is fierce. When it comes to the First Family, they lack perspective, the distance to make pragmatic political decisions. In contrast, Treasury Secretary Lloyd Bentsen knew precisely what to do when he heard that Treasury officials had, without his

knowledge, briefed White House aides on a Whitewater-related issue. He called in the Government Office of Ethics.

Loyalty, when it is blind, can be synonymous with stupidity. It admits no cynicism. It sees conspiracies where they do not exist. In the case of the Clinton loyalists, they tend to blame the press or the Republican opposition for having illegitimate agendas when, to more neutral observers, the questions being raised are appropriate and obvious. This us-against-them mentality may date to the New Hampshire primary, when Gennifer Flowers surfaced and questions were raised about how Clinton avoided the Vietnam War draft. In both cases, the Clintonians fumed against the press, little noticing, it seemed, that their man was giving less than credible explanations.

Whatever the reason, it has long been apparent that the Clintonians have a far different view of the president from that of the American people or, for sure, the Washington establishment. In this regard Nussbaum was typical. He defended the First Family's interests as if he were an attorney representing an ordinary client. He failed to understand that what matters most in this town, if not in America, is candor—at least the appearance of it. Nussbaum would not turn over Whitewater-related files in the office of the late Vincent Foster. Legally, he might have been on sound ground. In public relations terms, though, it looked as if he were stonewalling.

If there is a single area in which the inside and outside perceptions of Clinton differ, it is character. The evidence for that can be gleaned by watching the late-night talk shows, where Clinton jokes are a staple. Clinton insiders, though, not only don't find those jokes

funny, they simply can't comprehend them. They don't understand, either, why Clinton's "never inhaled" answer about smoking marijuana seems to say something about him as a politician. It's remembered not only because it's funny but because it's telling.

The stark difference in perception helps explain the initial decision by the Clinton White House to bypass the Washington press corps. "You know why I can stiff you on the press conferences?" Clinton told a dinner of radio and television correspondents in February 1992. "Because Larry King liberated me from you by giving me the American people directly." Later, Clinton modified that approach, but it's clear the old distrust lingers. Neither he nor those around him could draw back to see themselves as the press and others did.

Nussbaum's departure does not end matters. At the meetings in which Treasury officials briefed the White House on the progress of its Whitewater-related investigation, he was not alone. Others were there, and still others must have heard about them—including, one would suspect, one or another of the Clintons. (Mrs. Clinton's chief of staff, Margaret A. Williams, attended one of the meetings.)

At the White House, it has somehow been forgotten that while no one doubts Bill Clinton's smarts, his integrity and character are a different matter. The way Whitewater has been handled ought to have made the president ask himself a question or two not just about Nussbaum but about some other members of his staff as well. The first is: If they're so smart, how come they've acted so dumb?

And the second is: How come they're still around?

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Heavy Froth for Shallow Water

The Republicans think they have died and gone to Heaven. Life has come round again for them. The moment of their most excruciating humiliation, Watergate, is being replayed before their eyes. The White House is asking other agencies for inside dope about "criminal referrals"; an exhilarating whiff of Iran-contra-type paper shredding is in the air. Hillary Clinton's high-gloss image is being mauled—she is depicted as a shredder and a shrew who puts her legal reputation above her husband's political survival.

There is even further cause for glee: In the rushing muddy waters of Whitewater, there is the intoxicating possibility that the blame for Republicans' most expensive blunder, the S&L debacle, can be diluted a little. Madison Guaranty Savings & Loan, mother ship of the misbegotten Whitewater development, is going to become the most investigated thrift of them all, and pretty soon you may hear Republicans chatting easily about "a bipartisan scandal."

Sen. Alfonse M. D'Amato (R-N.Y.), who had a near-death experience with sleaze charges, has been retrofitted with a halo and lectures his colleagues by the hour about conflict of interest and other subtle points of morality. The Washington Times is printing long screeds about Watergate parallels. New York Times columnist William Safire, an alumnus of the Nixon White House, fulminates against the outrageous impropriety of the president's (newly resigned) counsel, Bernard Nussbaum, acting like the president's lawyer, having forgotten that *his* president, Richard Nixon, used the attorney general of the United States for his mouthpiece when the going got tough in Watergate.

It's payback time, no question. It's slaver and subpoena time, too. Robert B. Fiske Jr. has come roaring out of his special counsel's office to hand officials summonses to 10 administration people who attended three White House meetings where inside information about "criminal referrals" in the Madison probe were held at the behest of someone trying to be helpful.

The most imposed upon of them may be Lisa Caputo, Hillary Clinton's press secretary. Her crime was to have taken a call from a helpful Resolution Trust Corp. flak who warned her to expect some press questions.

The Subpoenaed Ten spent an anguished weekend explaining to their parents and their children that they had

neither been arrested nor were they headed for jail. President Clinton may come in time to thank Fiske for this bit of grandstanding. If Fiske is going to be that assertive and hard-nosed, even with people who took telephone calls, he could lessen the clamor for congressional hearings. The screeching and cackling is deafening on the Hill, but maybe someone will remember that Hill airings can lessen the chance of getting to know more about what went on, and also just about end any hope of successful prosecutions. Maybe someone hot on the trail will stop and remember the Iran-contra hearings, which made the principal culprit a Senate candidate.

And possibly, when they cool down a little, they will take another look and notice that whatever he or she or both Clintons did at Whitewater, it is not impeachable. Impeachment is reserved for presidents who commit high crimes and misdemeanors in their great office. The Clintons probably can't admit that what looks awful in Washington is routine in Little Rock, but the fact is that chagrin could be the ultimate punishment. It is not likely that Nussbaum's many blunders will lead to prosecution. Ineptitude is not listed in the U.S. Code.

Besides getting a new counsel, the president might hand out passion-for-anonymity pills to his babbling staff. And he might suggest to Hill Democrats that they occasionally speak well of the first family, as Sen. Daniel Patrick Moynihan (N.Y.) did on Sunday. Although he has needled the president without mercy about health care and welfare reform, on "Face the Nation" he gallantly unfurled a timely tribute to the beleaguered first lady. On a visit to a Brooklyn hospital, he said, "she lit up the room."

Clinton is in the fight of his life—as he so often is. He has to be patient and strong. Nobody can help him. Hillary, who bailed him out of previous messes, is benched this time. He must weather heckling and baiting. He must keep his head and his temper. He has to get Whitewater out of the White House before his presidency gets mildewed. Lucky for him, he was not elected as a role model or a moral authority. But the Republicans, for the moment are pretending he was, and they won't let go.

Clinton Says He Was Told in Advance RTC Wanted Criminal Probe of Madison

By MICHAEL K. FRISBY
And BRUCE INGERSOLL

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — Raising new questions about whether the White House may have meddled in an investigation of Madison Guaranty Savings & Loan, President Clinton said he was told about a criminal referral in the case before the action was made public.

Mr. Clinton's disclosure provides the first evidence that he, as well as his staff, obtained advance warning of the Resolution Trust Corp.'s decision to request a criminal inquiry into whether funds from Madison Guaranty may have been improperly diverted into his gubernatorial campaigns or into Whitewater Development.

Speaking to reporters, Mr. Clinton said yesterday that at sometime in October "I became aware" that the RTC was referring questions about Madison funds for further investigation. "I don't remember when I knew about it or who told me about it," Mr. Clinton said, "but it was just sort of presented as a fact, a decision that had been made by the government. And I didn't think much about it at the time."

The president's remarks come on the heels of other disclosures last week that top Treasury Department and RTC officials met three times with White House Counsel Bernard Nussbaum and other White House officials to discuss the Madison case. The RTC is an independent regulatory agency and its investigations are supposed to proceed in confidence.

Mr. Nussbaum resigned under pressure from his job last weekend after the unusual meetings were reported by the media. He and the other officials who attended the meetings have been subpoenaed to appear on Thursday before a grand jury here investigating the Whitewater affair.

Last night, Mr. Clinton appeared to be on the verge of picking veteran Washington attorney Lloyd Cutler, 76, to succeed Mr. Nussbaum as White House counsel. Mr. Cutler served in the same capacity for former President Carter and was hailed as a strong choice by Democrats. "He's calm, collected and experienced," said Bert Lance, another Carter aide. "He will have the best interest of the president and the presidency at heart." Mr. Cutler couldn't be reached for comment last night.

Mr. Cutler's choice would be the second time that Mr. Clinton reached out to the Washington establishment for help at a time of distress. Last spring, he picked media guru David Gergen to bring order into the White House.

The president apparently was apprised of the RTC action sometime after the first meeting Sept. 29, when Treasury General Counsel Jean Hanson told Mr. Nussbaum that the RTC was asking the Justice Department to investigate. A senior White House official said this discussion occurred at the end of a meeting on a different topic.

Although it remained unclear exactly when the president was told, White House

officials said yesterday that Mr. Nussbaum informed Bruce Lindsey, an aide to the president, who was dealing with media questions related to the investigation of Madison and the Clintons' Whitewater real estate partnership with Madison's owner, James McDougal.

The White House official said that neither Mr. Nussbaum nor Mr. Lindsey told the president about the referral. The referral was made on Oct. 8, but it didn't become public until the end of the month.

White House aides also said Hillary Rodham Clinton was unaware of the referral until it became public, and that she didn't know about the contacts with Treasury officials until Deputy Treasury Secretary Roger Altman testified last week.

Mr. Clinton used his session with reporters yesterday to defend his wife. "I believe I'm a better authority than anybody else in America on my wife," he said. "I have never known a person with a stronger sense of right and wrong in my life—ever."

After the uproar over the meetings, the White House is taking great pains to stem the damage. Mr. Clinton's disclosure that he had advance knowledge about the RTC referral seemed to be part of a broader effort to get out as much information as possible. His remarks came as the deputy White House counsel issued guidelines for all White House staffers to keep any information that the special counsel investigating Whitewater may seek.

Mr. Fiske, the special counsel, yesterday expressed a "strong concern" about any congressional hearings into the Whitewater affair. The House Banking panel plans hearings starting March 24 to deal with the performance of the RTC, and Republicans have been promised a full day to call their own witnesses in that hearing.

In letters to House and Senate Banking Committee leaders, Mr. Fiske said that a congressional inquiry would "pose a severe risk to the integrity of our investigation," and that "inevitably, any such inquiry would overlap substantially with the grand jury's activities."

Republican leaders of the two committees—New York Sen. Alfonse D'Amato and Iowa Rep. James Leach—responded that congressional hearings are necessary and that Mr. Fiske's request may be premature and too broad. The Democratic chairmen of the two committees—Michigan Sen. Donald Riegle and Texas Rep. Henry Gonzalez—didn't challenge the special counsel's plea.

Mr. Fiske agreed to a meeting with committee leaders in Sen. D'Amato's office at 11:30 a.m. tomorrow, a spokesman for the senator said. Mr. Fiske declined to comment.

Any hearings are likely to bring up the question of document shredding at the Rose Law Firm in Little Rock. Contrary to statements from the firm, two couriers insisted that they had shredded files of

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White House lawyer Vincent W. Foster in late January.

One of the couriers, Jeremy Hedges, said in an interview yesterday that he and his colleagues were often dispatched to the Arkansas Governor's Mansion during the 1992 presidential campaign to pick up sealed envelopes from Mrs. Clinton, a Rose partner of Mr. Foster's. But Mr. Hedges and others said they didn't know what happened to the contents of the envelopes.

Mr. Hedges has appeared before a federal grand jury and recounted how he and another courier, Clayton Lindsey, found the contents of a box bearing Mr. Foster's initials—VWF—through the firm's shredder. Mr. Lindsey has been told by Foster aides to expect a grand jury summons to give his version of the shredding.

The firm says an old box of Mr. Foster's was being reused by a clerk in helping a lawyer change offices. "There were no Foster files destroyed," asserted Ronald Clark, the firm's managing partner, in an interview over the weekend.

But yesterday, neither Mr. Hedges nor Mr. Lindsey wavered in their recollections. "The files were his, definitely," said Mr. Hedges, 20, a college student. "The files were set up, organized in one manila folder after another, with tabs saying VWF searches, VWF correspondence and VWF pleadings."

"I don't want to call the firm a liar," he added, "but I think the probability [of the firm's version of events] is pretty slim." Mr. Lindsey, 19, corroborated Mr. Hedges's account. Mr. Clark didn't return calls yesterday for further comment.

The shredding, first reported by the New York Times—is of interest to investigators because Mr. Foster was the Clintons' personal attorney until his death last July. In a Feb. 16 appearance before the grand jury, Mr. Hedges said it occurred in late January. Mr. Fiske was appointed special counsel on Jan. 20.

The firm began the practice of shredding more than two years ago after Mr. Clinton entered the presidential race and the firm came under greater scrutiny from reporters and others, according to employees. But Mr. Clark denied the allegation of one employee that large amounts of potentially embarrassing documents were destroyed in "shredfests" after Mr. Clinton finished an encouraging second in the New Hampshire primary in February 1992 and won the New York primary in April. "No Whitewater or Madison documents have [been] or will be destroyed," Mr. Clark said this weekend.

The investigation of the discussion between White House and Treasury officials represents an expansion of the role of the Washington wing of Mr. Fiske's operation, led by Roderick Lankler. Mr. Lankler had planned to focus primarily on events relating to Mr. Foster's death. Mr. Fiske's staffers now are also trying to determine whether the meetings resulted in any attempt to obstruct Mr. Fiske's probe.

Meanwhile, the RTC plans to audit legal bills from Rose Law Firm. The firm worked for the RTC over several years and has come under fire for representing the firm.

apparently without disclosing it had previously represented the thrift. This month it was disclosed that Rose was reviewing the billing records of former partner Webster Hubbell, now a high-ranking Justice Department official. The RTC was a Hubbell client. The firm's managing partner didn't return phone calls yesterday.

—Albert R. Karr and Ellen Joan Pollock contributed to this article.

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Clinton comes out fighting

By Adam Nagourney
USA TODAY

AI

President Clinton, forced to respond to Whitewater, vigorously defended his wife, rejected comparisons to Watergate and blasted Republican attacks as "blatantly partisan."

"We're not covering up or anything — we are opening up," Clinton told reporters.

"If I did something wrong, it will come out in the special counsel. That's what the Republicans said they wanted. That's what most of your media outlets said you wanted."

Just hours after the president hammered congressional critics, special counsel Robert Fiske urged senators not to conduct a hearing into Whitewater — saying it would "pose a severe risk" to his probe.

Fiske's fears include grants of immunity, which caused overturned convictions in the Iran-contra case.

But House Republican Whip Newt Gingrich, R-Ga., a supporter of hearings, said, "As long as a committee does not offer immunity it does not in any way endanger a case."

House Speaker Thomas Foley, D-Wash., said he and leaders of both parties would meet to discuss hearings.

Clinton noted no one has "accused me of abuse of authority in office. That's what Watergate was about."

Pressed by reporters, Clinton for the first time faced a lingering question in the case — whether he had improper advance word that the Justice Department had launched an investigation of Whitewater.

Six White House aides, and four current and former Treasury Department officials, are to testify Thursday at least about three conversations they had last fall on the topic.

Clinton said he knew about two of them.

He said he learned in October that the case had been referred to the Justice Department, but could not remember when or from whom.

Meanwhile, Lloyd Cutler, a long-time Washington Democrat, was reported to be Clinton's choice to replace outgoing White House counsel Bernard Nussbaum, at the center of the latest charges. Cutler held the position under Jimmy Carter.

Parody hits right note with court

By Tony Mauro
USA TODAY

AI

The Supreme Court put in a plug for parody Monday, ruling that 2 Live Crew could not be stopped from making a rap version of the Roy Orbison classic *Oh, Pretty Woman*.

Acuff-Rose Music, which owns *Pretty Woman*, blanched at the rap version. It shares the same first line as the 1964 song, but then launches into lyrics about "big hairy woman" and "bald-headed woman."

2 Live Crew's version was on its *As Clean As They Wanna Be* album; Acuff-Rose sued, and won in appeals court.

But the high court Monday said that parodies are a "fair use" of an original, requiring no permission or royalties.

Parody "can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one," Justice David Souter wrote.

The case was a high-stakes battle in the music business:

► Artists ranging from Michael Jackson to Dolly Parton said they'll lose millions when parodies sap the market for their originals.

► Satirists including Mark Russell and the Capitol Steps said their lifeblood is quick, free access to tunes they transform into parodies.

"If Roy Orbison were living today, I don't think Roy Orbison would have a problem with it," said Luther Campbell, leader of 2 Live Crew.

In a cautionary note, the court said a total ripoff just "to get attention or to avoid the drudgery in working up something fresh" isn't protected.

That gives Acuff-Rose hope it will still win when the case returns to lower courts — which decide whether the parody harms the market for the original song.

"Neither side has won this case yet," said Acuff-Rose lawyers Sidney Rosdeitcher.

Post office to seek 32¢ first class stamp

By Sandra Sanchez
and Lori Sharn
USA TODAY

AI

The Postal Service today is expected to recommend increasing the cost of mailing a first class letter to 32¢ in 1995. The 10.3% across-the-board hike was voted Monday during a secret meeting of the Postal

Service Board of Governors, said American Postal Workers Union executive vice president William Burrus. A breakdown of increases for different mail classes is expected today in Washington. Postmaster General Marvin Runyon, on CNN's *Larry King Live* Monday, wasn't specific: "It's going to be less than the

rate of inflation... less than 35 (cents) and more than 30." The recommendation still must pass the independent Postal Rate Commission. The process could last 10 months. The increase could add \$5 billion in annual revenues to the cash-strapped agency, said Gene Del Polito of the Advertising Mail Marketing Associa-

tion, which represents 400 big business mailer companies. "This across-the-board increase (will) satisfy their need for immediate cash," said Del Polito.

The Postal Service is expected to lose \$1.7 billion in fiscal 1994 despite attempts to make it competitive by automating. "They have a very expensive, labor intensive system. They have to get the money somewhere," said Del Polito. New rates are expected to hold for two years, he said. Most increases last three years. Runyon has avoided one since 1991 — when first class rose 4¢ to 29¢ — by cost-cutting and trimming 48,000 positions during a 1992 reorganization.

Furor over the first lady



“I have never known a person with a stronger sense of right and wrong in my life — ever.”

Emotional president defends first lady

COVER STORY

Issue shows dilemma of changing role

TUESDAY, MARCH 8, 1994 • USA TODAY

What Hillary did do, **2A**
Whitewater nothing like Watergate, says aide, **3A**

By Richard Wolf and Patricia Edmonds
USA TODAY

A1

Just as Hillary Rodham Clinton stood by her man during the darkest days of the 1992 presidential campaign, President Clinton came to the first lady's defense Monday in podium-pounding fashion.

With flushed face and misty eyes, he said, “I have never known a person with a strong-

er sense of right and wrong in my life — ever. . . . I do not believe for a moment that she has done anything wrong.”

But it will take more than her husband's testimonial to ease concerns about Hillary Clinton's myriad roles: loyal wife, loving mother, acclaimed lawyer, activist adviser — and now, controversial player in the Whitewater land deal.

Until now, some have deemed her detractors sexist, too old-fashioned to see that a modern first lady can be an integral part of an administration. But the real problem, analysts say, is that she cannot be treated like any other aide — not by the president, the staff or the Congress.

And most important, they say: She cannot be fired.

“It points up the conundrum with respect to Hillary Rodham Clinton's position,” says Linda Chavez, a former Reagan administration official.

“Under normal circumstances, if you appoint somebody and they get involved in a personal scandal, they can resign, they can be removed,” Chavez says. “But you can hardly remove somebody who's the first lady.”

From health-care policy to personnel appointments, this first lady enjoys unprecedented clout in the White House.

And given her central role in Whitewater — by all accounts she was far more involved in the real estate investment than her husband — the talk in Washington circles has shifted from substantive debates over Hillary Clinton's health-care plan to scandals and coverups.

Monday, as her husband defended her — “Her moral compass is as strong as anybody's in this country,” he said — Hillary Clinton stayed out of the public eye.

No wrongdoing has been charged in Whitewater.

But Hillary Clinton's involvement is complex: She was active in the Clintons' 50% investment in the 230-acre property, on which they claimed a \$69,000 loss. She was a lawyer for Madison Savings & Loan, which failed and cost taxpayers more than \$47 million.

And *The Washington Times* reported that she had documents — whose contents were not known — shredded in 1992 at her law firm. The White House denies it.

She has reacted to the unfolding drama with judgments some have found politically flawed. She fought fiercely, some say, the idea of a special counsel to carry out an independent investigation. She fought turning over documents. And she fought to keep White House counsel Bernard Nussbaum on board after it was clear he would have to go.

“Maybe they'll fire Hillary,” went the quip at Washington office water coolers. But it would take a divorce, not a pink slip, to lessen her influence at 1600 Pennsylvania Ave.

And so, the question behind the quip: What happens when loyal spouse and top adviser are rolled into one?

The answer for the president is a double-edged sword. When the first lady is good, she is a wonderful spokeswoman — as when she cows a congressional panel or wows a community

forum with her cure for a troubled health-care system.

But when she is part of the problem, it's double trouble for the president.

Some critics warned of this from the start. The first lady, they said, should not be given a top policy role, such as shepherding her husband's top legislative priority — health care — on the hustings and Capitol Hill.

Paul Greenberg, editorial page editor of the *Arkansas Democrat and Gazette* in Little Rock, says Whitewater makes him “yearn for the good old days of Bess Truman and Grace Coolidge . . . spouses of a president who have stepped in and done important work. But they did not step in in their own right.”

Supporters, however, sing Hillary Clinton's praises, insisting she can take the heat without retreating to the White House mess. Her off-the-cuff dissertations on health care, for example, have become the stuff of legend; last September's primer for hundreds of lawmakers was labeled a “tour de force.”

But while some question her role, others sympathize with the pressure she has been under and insist the real Hillary Clinton — politically savvy, personally charming and a calming influence on the president — will win out.

One former first lady who felt the lash of changing political fortunes has urged this one to “just keep working.”

“I applaud her efforts,” says Rosalynn Carter. “Having been a first lady, you realize that there is some influence in that position, and I applaud those who take advantage of that.”

Hillary Clinton sounds like she's taking that advice. In an interview to be published in the May issue of *Elle* magazine, she asserts her innocence and lashes out at her critics.

“This is a well-organized and well-financed attempt to undermine my husband, and by extension myself, by people who have a different political agenda or have another personal and financial reason for attacking us,” she says.

“I know nothing bad happened,” she adds. “But I am just not interested in spending my days falling into the trap that the fomenters of all this want us to . . . to become isolated and on the defensive and diverted.”

Her reviews in the media mirror the decline, with a headline in the upcoming *Hillary Clinton Quarterly* putting it succinctly: “Can Hillary Be Saved?”

Quarterly publisher Frank Marafiotte ventures an answer. “There's a sort of hidden delight I think a lot of people are feeling about this woman's fall from grace. . . . Because of the way that she assumed the position of power and authority that she had, it made it easier for people to gloat to see her fall.”

But personal friends say Hillary Clinton is cool in the face of controversy. When Diane Blair picked up the phone Monday morning and heard the first lady, she was “relieved and glad . . . to hear a voice that was not so beaten down by it all that she's lost herself. I would think it would be hard to stay focused, but if anyone could do it, she could.”

Blair, a professor at the University of Arkansas, says the two caught up on family and talked briefly “about tough times.”

For her own part, Hillary Clinton is “reading and watching” the news about Whitewater, says spokesman Neel Lattimore.

But at the same time, Lattimore says, she's “keeping focused on what the administration is all about.”

Contributing: Richard Benedetto, Dennis Cauchon, Mimi Hall, Judi Hasson and Bill Nichols

WHITEWATER

By Adam Nagourney
USA TODAY

Administration officials face grand jury

The White House and Treasury officials subpoenaed to appear before a federal grand jury investigating the ties of President Clinton and Hillary Rodham Clinton to the Whitewater land deal and the failed Madison Guaranty Savings & Loan:

With key aides missing from their White House offices and others rummaging for documents in garbage pails, President Clinton fought Monday to answer questions about Whitewater — denouncing attacks on his wife, asserting the White House was cooperating, yet portraying it as an overheated partisan attack.

After weeks of bumbling, that left Clinton's closest advisers convinced the issue could seize his White House and derail his legislative agenda, Clinton moved in his most aggressive terms yet to respond to questions about a topic he and his wife have resisted talking about for more than a year.

His news conference represented a political strategy that is now running on a parallel track with the legal strategy by White House lawyers dealing with the investigation by special counsel Robert Fiske.

After strenuously resisting queries about his involvement in a tainted Arkansas land scheme called Whitewater, Clinton is now asserting he will cooperate with an investigation, he insists will turn up nothing.

He is indignantly defending the honor of his wife — eyes glistening, finger thumping — in a not-unfamiliar gambit Clinton has employed to previous attacks on the first family's Arkansas business dealings.

And he is seeking to dismiss the Republican attacks as politics-as-usual, notwithstanding the growing bipartisan tone of the political alarm bells.

"You're going to be confident in the way we handle this. There will not be a cover-up, there will not be an abuse of power in this office."

Against that backdrop, the White House is planning to attempt to proceed with business-as-usual this week, pushing ahead with planned speeches on health care today and crime Thursday.

"Once we have a counsel, once we've complied with the subpoenas, then we've once again pushed this out of the White House," said senior adviser George Stephanopoulos.

Counselor David Gergen, whose sudden public emergence on this issue reflects the depths of White House concern about the scandal (he even did *Nightline* Monday), said the key concern now was Clinton's legislative agenda.

"The most immediate danger, if we were to fall to the wayside and just close down, would be to the legislative agenda," Gergen said.

"People are raising the specter of Watergate," he said. "The only similarity between Watergate and Whitewater is that they both start with the same letter."

Still, for all the late-afternoon optimism by Clinton's inner guard, it is hard to overestimate the size of the task that now faces the president.

The atmosphere at the White House was testy and surreal Monday. In one office, a staffer cursed out CNN's anchor as he did a report in front of a pile of documents in a White House garbage bin.

The six White House advisers

PRESIDENT'S STAFF



AP

Bernard Nussbaum
White House counsel: Nussbaum resigned, effective April 5, after taking part in discussions with Treasury officials about the status of an investigation by the Resolution Trust Corp. into possible criminal wrongdoing in the failure of Madison.



AP

Harold Ickes
Deputy chief of staff: Since he arrived in January, Ickes has been coordinating White House damage-control efforts in the face of the widening probe of Whitewater and Madison. He met with Deputy Treasury Secretary Roger Altman in February.



AP

Bruce Lindsey
Senior presidential adviser: Has handled questions on the Clintons' role in Whitewater and Madison. Lindsey said he met with Treasury officials, but did not discuss the substance of investigations, but rather how to deal with reporters' questions.



AP

Mark Gearan
White House communications director: He confirmed White House officials got two briefings from Treasury officials last fall. He said the meetings were proper, held to discuss dealing with press inquiries.

FIRST LADY'S STAFF



AP

Lisa Caputo
Hillary Rodham Clinton's press secretary: Said she got a call last fall from an RTC official who told her about press questions on Whitewater and Madison.



AP

Maggie Williams
Hillary Rodham Clinton's chief of staff: She attended at least one meeting at which Treasury officials discussed Whitewater and Madison.

TREASURY STAFF



AP

Jean Hanson
Treasury Department general counsel: Reportedly told Nussbaum last fall the Clintons were named by the RTC as possible beneficiaries of questionable transactions at Madison, but were not accused of wrongdoing.

Joshua Steiner
Treasury Department chief of staff: He attended the second Whitewater meeting with White House officials.

Jack Devore
Former press secretary to Treasury Secretary Lloyd Bentsen: He attended one of the Whitewater meetings held with White House officials before he retired from the government Oct. 31.

Roger Altman
Deputy Treasury secretary: He disclosed he briefed White House officials in February about how RTC would deal with civil claims growing out of Madison's failure.

ers subpoenaed by Fiske — they are being questioned about possibly improper contacts between the White House and federal investigators — were nowhere to be seen.

The door to communications director Mark Gearan's empty office was open. Neither he nor adviser Bruce Lindsey, also under subpoena, attended the news conference Clinton had with Georgian leader Eduard Shevardnadze.

Meanwhile, officials offered gallows humor about going through garbage pails in search of any document with the word "Whitewater" on it, to comply with the subpoena.

The news conference with Shevardnadze was nothing short of surreal. Clinton alternated between intense questions from the U.S. press corps on Whitewater and questions on U.S.-Russian relations from members of the Georgian press, some of whose accents were so strong that Clinton had trouble discerning whether



By Danny Johnston, AP
FISKE: Has subpoenaed six White House advisers

they were speaking in Russian or English.

In a hint of what fate awaits the White House effort to return to normalcy, aides were forced to cancel without comment a briefing with senior economic adviser Robert Rubin that had been set for Monday afternoon to discuss next

week's job summit.

Meanwhile, the still relatively inexperienced White House seemed flummoxed on how to deal with Whitewater, with its twisted connections between government and private business and the often murky federal ethics law.

Officials insisted this was not as bad as the flare-up when they fired the travel office, in part because that was unquestionably a White House story and in part because one who works for Bill Clinton learns to deal with crisis. "This is no Travelgate," said Stephanopoulos.

Still, there was a sense that for all their best efforts, officials just did not have a grasp on things.

Aides remained confused. Questions about whether the subpoenaed White House aides would be required to foot their own legal bill were referred, straight-faced, to Marlin Fitzwater, press secretary under two Republican presidents.

The official who is oversee-

ing the White House cooperation with the subpoena — who gave a briefing under which his name could not be disclosed — was stopped short by what would seem to be a fairly obvious question: Would the subpoenas for information apply to documents drafted by Hillary Clinton, who is not a government official.

The belated answer: She'll comply.

Even Clinton's biggest boosters acknowledged things could well turn worse. Chief of staff Thomas "Mack" McLarty acknowledged hosting one of the meetings under investigation, and thus will himself likely be subpoenaed.

For all Clinton's interest in turning attention back to health care, the official running the health-care effort — Harold Ickes — is also under subpoena and now running the Whitewater response.

► What Clinton knew, 1A
► Congressional reaction, 2A

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The public is left to wonder: If there's smoke, is there fire?

By Richard Benedetto
USA TODAY

A woman was spotted Sunday in Phoenix proudly sporting a T-shirt that read "Impeach Clinton."

Of course, the smoldering Whitewater affair is still light-years away from that and could quickly fizzle out just as the Carter peanut warehouse bomb did some 16 years ago.

But people outside the Washington, D.C., beltway, although they still don't grasp the particulars of Whitewater, have begun to focus on the issue.

They remember that Watergate was at first dismissed as a "third-rate burglary."

And they recall that members of the Reagan White House implicated in Iran-contra engaged in lies and deceptions to protect the president.

So they naturally wonder if the wisps of smoke emerging from Whitewater — questionable staff meetings, allegations of document shreddings and charges of cronyism and conflict of interest — signal another smoldering fire that could seriously damage or destroy the Clinton presidency.

There's concern a wounded Clinton could set back attempts to change the health-care system, drag Democrats to defeat in November, and over the long haul, enable the GOP to reclaim the White House in 1996.

"It's not a serious political problem yet, but it may be just around the corner from being one," says Democratic pollster Alan Secrest. "Once people start hearing words like 'resignation,' 'subpoena,' 'shredding' and 'grand jury' it moves onto a broader stage."

Democratic consultant Brian Lunde says "people are not being judgmental yet, but they're getting curious."

Indeed, Whitewater, which for the past three months has been covered sporadically in the national media, has led the network news and graced front pages in recent days as appearances of a cover-up began to emerge.

The heavier exposure was fueled by accusations White House counsel Bernard Nussbaum improperly used his office to defend Clinton. Acting as if he were personal attorney to Bill Clinton, rather than legal advisor to the president, Nussbaum aggressively built walls to block prosecutors from looking into the case and held meetings with Treasury officials to learn what investigators were up to. He resigned under fire Saturday.

Some Democratic analysts continue to dismiss the brouhaha as just a lot of partisan carping by petty Republicans, envious because the economy is improving and Clinton is slowly but surely proving that Democrats can govern.

"It's full of sound and fury, signifying nothing," says Democratic pollster Mark Mellman.

Mellman says the public is having trouble understanding Whitewater, and tends to dismiss it as the usual mudslinging of which they've long grown tired. He says voters want Clinton to stay focused on problems — like crime, health care and the economy — and not be sidetracked by Whitewater.

But Republican pollster Neil Newhouse says Whitewater "is unlikely to go away soon," now that it's a media hit.

Kenneth Duberstein, the Reagan chief of staff who sat in a hot seat during the dog days of Iran-contra, says Democrats should heed the lessons learned in the Reagan and Nixon White Houses: "The White House has to be pro-active and leapfrog ahead rather than appearing to be continually reacting to the events or allegations of the day."

Beyond that, GOP consultant Eddie Mahe, who watched Watergate unfold while working in the bunker of the Republican National Committee, says the best thing the Clinton White House can do is make a clean breast of things:

"If they've really done nothing illegal, they should get everything out, open every window in the building and let in all the fresh air they can."



By Gary Cameron, Reuters
CLINTON: Declares that Whitewater is no Watergate

Term-limit backers ready for high court

By Debbie Howlett
USA TODAY

Limits on the number of terms a member of Congress may serve violate the U.S. Constitution, the Arkansas Supreme Court said Monday.

The ruling — the second time in a month a court has held term limits unconstitutional — offers the swiftest route to a showdown over the issue at the U.S. Supreme Court.

Any finding by a state's highest court that a law is unconstitutional may be appealed directly to the nation's top court.

And that's where term limit advocates will immediately go.

"I am confident the people will ultimately prevail before the Supreme Court," said Paul Jacob of U.S. Term Limits. "Politically, there's no question — the people want term limits and they want them now."

The Arkansas high court ruled that while citizens of a state may limit state elected officials to 12 years in office, they cannot limit the term of federal officials, including members of Congress, because the U.S. Constitution applies to them.

Judge Steele Hayes dissented, saying, "I start from the premise that all political authority resides in the people."

By a 3-2 ratio, Arkansas voters passed Amendment 73 in November of 1992, joining 14 other states in adopting term limits. As many as eight more states are likely to vote on the issue this year.

Soon after the vote, the state League of Women Voters sued. Monday's decision echoes a ruling last month by a federal judge in Seattle who said Washington's term limit law was unconstitutional. That decision — prompted by a suit filed by House Speaker Thomas Foley and others — is being appealed by term limit advocates to the entire 9th Circuit Court of Appeals and could take years to reach the Supreme Court.

ALSO IN WASHINGTON

Chicago largely undecided about Rostenkowski bid

A Chicago Tribune poll Monday showed a large number of voters undecided on next Tuesday's Democratic primary election for the seat of embattled Rep. Dan Rostenkowski, D-Ill.

He and state Sen. John Cullerton are close — Rostenkowski with 27% and Cullerton with 23%, ahead of four other candidates — but 32% of likely Democratic voters are undecided. The poll of 501 potential primary voters taken Feb. 27-28 has a four-point margin of error.

Shortly after his 1992 primary win in his closest-ever race, Rostenkowski's name surfaced in an investigation of a cash-for-stamps embezzlement scheme at the House Post Office. Chicago newspapers have reported he paid "ghost" employees, made personal use of public and campaign money, and paid his family rent for office space. He denies the allegations.

Rostenkowski, chairman of the House Ways and Means Committee, is seeking his 19th term. He is playing a key role in shepherding President Clinton's health-care bill. Clinton has not endorsed Rostenkowski but appeared with him in Chicago last week to push the bill.



Reuters
ROSTENKOWSKI: 27% support in poll

SNOWE TO RUN FOR SENATE: Rep. Olympia Snowe, R-Maine, said Monday she'll run for the Senate seat being vacated by Majority Leader George Mitchell. The move by the eight-term House member threatens Democrats with loss of a seat they considered safe until Mitchell's surprise announcement Friday that he won't run again. Democrats hold a 56-44 majority in the Senate but must defend 21 of the 34 seats up for election. Their likely candidate in Maine is Rep. Thomas Andrews.

GAY LAWSUIT: Civil liberties groups have filed suit to block the Pentagon from enforcing its new rules on gays in the military. The complaint was filed in New York by the American Civil Liberties Union and the Lambda Legal Defense and Education Fund on behalf of five gay men and one lesbian in the armed services. It contends the policy of "don't ask, don't tell, don't pursue" violates the Constitution's guarantee of equal treatment.

CLINTON'S JOG: President Clinton returned to a favorite jogging route on Washington's Mall on Monday for the first time since a man was arrested late last month for allegedly stalking out the path and plotting to assassinate him. Clinton, with a larger than usual security detail, jogged from the Capitol to the White House via Mall, a lengthy, grassy park in central Washington.

Foster's life, death in the spotlight

By Bill Nichols
USA TODAY

HOPE, Ark. — The day after deputy White House counsel Vincent Foster apparently shot himself last summer, President Clinton told his devastated staff: "No one can ever know why this happened."

But even as Foster rests in a quiet cemetery west of town here, Whitewater special counsel Robert Fiske is actively pursuing just that question.

Friends and family of Foster both in Hope, President Clinton's birthplace, and in Little Rock at first refused to believe the strong, successful attorney would take his own life.

Today, however, those close to Foster fiercely denounce suggestions of foul play or some sort of conspiracy.

Their scenario: Foster, in Washington at the behest of the Clintons — his closest friends besides wife Lisa — found himself bulletted by political attacks he had never encountered before, and, suffering from depression and a fierce sense of pride, simply snapped.

"There's not really any other logical explanation," says Mark Grobmyer, a friend and Little Rock lawyer. "If Vince

Investigation of investigation

White House
FOSTER: Found dead July 20

White House deputy counsel Vincent Foster died of a bullet to the head July 20 in a park by the Potomac River in Arlington, Va.

Special counsel Robert Fiske is investigating whether the death was properly ruled a suicide by the U.S. Park Police, which handled the initial probe of Foster's death.

Also in question: If it was proper for White House counsel Bernard Nussbaum to remove Whitewater documents from Foster's office before police investigators were permitted inside.

could come back and explain why he did it, I'm not sure that he could to anyone's satisfaction."

"How many people in their whole lives are ever asked to be the deputy counsel in the White House by the president?" says Little Rock attorney Joseph Purvis, Foster's boyhood friend from Hope.

"How do you say no? If you are ... a person with any kind of competitive fire or spirit you've got to try. The problem is that, for somebody like Vince, it was a trap."

Fiske, by his actions, apparently is not sure. And the clamor in Congress grows louder.

Said House Minority Whip Newt Gingrich, R-Ga., on CNN Sunday: "The fact that the independent counsel has brought in a homicide expert as one of his deputies and ... is reviewing the Park Police's entire investigation has to at least say that there's a lot there that's weird."

Weird is not how Foster has been described. He was an accomplished lawyer, partner at Little Rock's Rose firm with

Hillary Rodham Clinton and Associate Attorney General Webster Hubbell. He rose fast, dazzled his colleagues and left a glittering résumé.

In Little Rock, Foster was someone who "had usually always succeeded, who had been beyond reproach down here," says Max Brantley, editor of the weekly *Arkansas Times*.

Says George Frazier, a Hope insurance agent who talks "and sometimes cries a little" every other day or so with Foster's 79-year-old mother Alice Mae:

"There are still some questions that need to be answered. But it's a terrible burden on those of us who loved Vince and watched him grow up to open the newspaper ... and find these stories."

While the U.S. Park Police concluded Foster's death was a suicide, there are questions:

► One of Fiske's eight assistants, Roderick Lankler, a prosecutor with long experience with homicide cases, is probing Foster's death.

► Foster had a file on the Clinton's involvement in the Whitewater real estate venture in his White House office that was moved by White House aides after his death.

► Findings of the FBI, U.S.

Park Police and Bureau of Alcohol, Tobacco and Firearms into Foster's death have not been made public. Fiske has asked they be held until he finishes his investigation.

► The Park Police document reportedly said White House counsel Bernard Nussbaum was not helpful, monitoring their interviews with White House employees and limiting access to documents.

► Paramedics have said the death scene was too tidy: Foster had little blood on his clothes.

► Investigators were not allowed into Foster's office the day after he died, though Nussbaum, Maggie Williams, chief of staff for Hillary Clinton and Patsy Thomasson, an Arkansas Democratic stalwart and White House aide, got in the night he died.

► A note, at first missed in Foster's briefcase, was not turned over for 30 hours.

Torn into 27 pieces, the note indicated Foster was bitterly frustrated with Washington. It was unsigned, undated and did not bear his fingerprints.

Frazier talked to Lisa Foster last week to request a photo of her husband for a commemorative display of the four Hope



By Spencer Treacy
JULY 23, 1993: Lisa Foster follows the coffin containing the body of her husband, Vincent, after a funeral service in Little Rock.

boys who went to Washington — Clinton, White House chief of staff Thomas "Mack" McLarty, administrative aide David Watkins and Foster.

"She seemed to be doing OK," Frazier says. "She has some good days and some bad days, just like the rest of us."

Vince Foster's closest friends now see his death as the result of an almost unavoidable tension between his easy and constant success in Little Rock and the more partisan atmosphere of Washington.

He was savaged for early missteps — the firing of the White House travel office

workers, the inability to stand on a nominee for attorney general — and felt he could either leave his two old friends or return home in failure.

"He got there and when I ... or I ... would have simply said to our good buddy, 'Mr. President, I love you dearly, but I'm not my cup of tea,' and he couldn't do that," says Purvis.

Purvis said he had discussed Foster recently. "I was in the White House and I was talking to Vince. We kind of had our arms around each other, and he just kept saying you can't believe how bad it is up here."

WHITE HOUSE UNDER SIEGE

Hillary Clinton's roles as lawyer and investor

Hillary Rodham Clinton has three key roles in Whitewater.

► **Whitewater.** She was one of the original investors in the 230-acre piece of land — called Whitewater Estates — that gave the controversy its name. Other investors were Bill Clinton, Madison Guaranty Savings & Loan, James McDougal, and his wife, Susan McDougal. Hillary Clinton played an active role in the investment; Bill Clinton's involvement appears minimal.

► **Money.** Hillary Clinton borrowed \$30,000 in her own name in 1981 to build a model home at Whitewater.

► **Legal work.** Hillary Clinton was a lawyer for Madison S&L when it got regulator's OK to raise money from investors to prop up its crumbling finances. The S&L regulator, appointed by Gov. Bill Clinton, responded in a

"Dear Hillary" letter.

McDougal claims that Bill Clinton asked the banker to throw some business Hillary's way. As a result, McDougal says, he put her law firm on a \$2,000 monthly retainer. Clinton denies the claim.

Madison failed and cost taxpayers more than \$47 million.

In another case, Hillary Clinton was a lawyer for federal regulators who had sued Clinton family friend Dan LaSater. LaSater owned a Little Rock investment firm that sold bad investments to an Illinois S&L. The government sued for \$3.3 million and settled for \$200,000.

Critics say it was a conflict of interest for Hillary Clinton to represent regulators against LaSater, who contributed to Clinton campaigns and employed his brother Roger.

► **Missing documents.** The McDougals say they sent all Whitewater records to the Governor's Mansion.

The Clintons say they do not have all the records. The White House denies a *Washington Times* report that Hillary Clinton had documents from her former law firm shredded in 1992.

— Dennis Cauchon



McDOUGAL: Owned Madison Guaranty

Congressional probe discouraged

By William M. Welch
and Leslie Phillips
USA TODAY

Despite GOP calls for hearings into President Clinton's Whitewater affair, special counsel Robert Fiske cautioned Monday that a congressional probe could jeopardize his own investigation.

Fiske's warning came in a letter Monday to House and Senate banking committees.

Democrats were relieved by Fiske's request and pointed to the way congressional hearings tainted prosecution of Iran-contra figures during the Reagan administration.

House Speaker Thomas Foley, D-Wash., agreed to meet with Republicans to hear their request for special hearings, but said he remained opposed to the sessions.

Barring formal hearings, Republicans plan to use a scheduled March 24 House banking committee meeting on the savings-and-loan scandal to press the issue.

Rep. James Leach, R-Iowa, ranking Republican on the panel, prepared a list of witnesses from the administration and elsewhere that he intends to call. He promised "blockbuster" disclosures but declined to characterize his evidence.

"We've got a White House that's stonewalling and a group of congressional Democrats that is also stonewalling and not letting the character of the matter come forward," said Rep. Bill McCollum, R-Fla. "This is bad for the office of the presidency." Sen. Alfonse D'Amato, R-N.Y.,

said: "We cannot simply accede without attempting to work out a manner in which we can hold hearings and conduct them."

Long noted as one of the most moderate and least partisan of House Republicans, Leach's dogged pursuit of the Whitewater scandal has energized Republicans while dismayed congressional Democrats.

"In a nutshell, Whitewater is about the arrogance of power — political conflicts of interest that are self-evidently unseemly," Leach said.

"Can a president ask others to play by the rules, i.e., obey the law, if he doesn't play by them himself? ... Ob-

struction of justice is now clearly at issue."

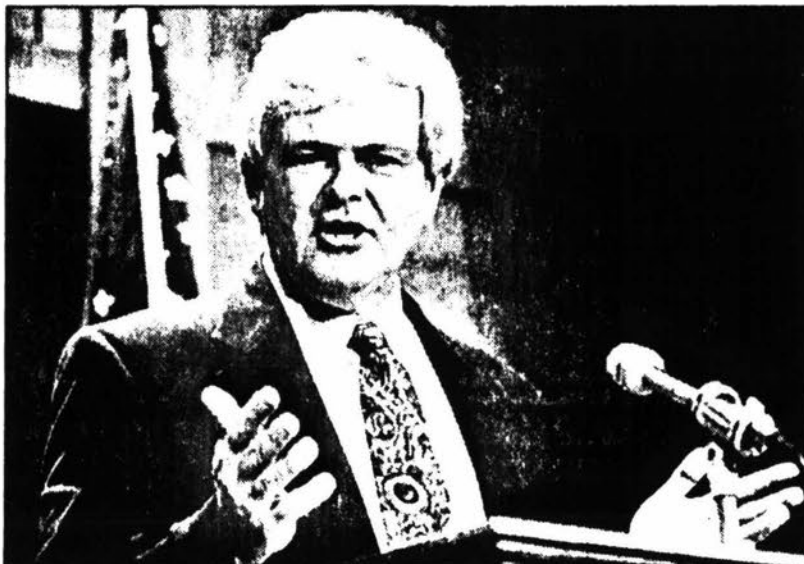
House Republican Whip Newt Gingrich called on Attorney General Janet Reno to suspend Webster Hubbell, an associate attorney general and Clinton confidant. Reno rejected the move.

Gingrich also pressed for hearings, saying that while Fiske can determine the legal issues, Congress should act because of "the public's right to know."

Rep. Henry Waxman, D-Calif., opposed hearings unless new evidence surfaces. "The press is hyping this like it's another Watergate," he said.

But Rep. Timothy Penny, a retiring Democrat from Minnesota, said, "The best way to get this issue behind us is to get the facts on the table" by having congressional hearings. He criticized the White House for employing a "bunker mentality" to Whitewater.

Contributing: Jessica Lee of USA TODAY and Norm Brewer of Gannett News Service



By John Duricka, AP

PUSHES PROBE: House GOP Whip Newt Gingrich has been the driving force for Republicans demanding a hearing into the Whitewater affair.

Whitewater merits special committees

Panels could sift through the controversies and let people decide.

When people talk about Clinton controversies now, they don't ask: "Who cares?" They whisper: "Cover-up." Two bombshells have transformed public perceptions of the Whitewater/Madison scandal: The resignation of White House counsel Bernard Nussbaum and news that special prosecutor Robert Fiske has subpoenaed 10 top officials for their conversations about Whitewatergate.

Blame the noble virtue of loyalty. The president's entourage has tried to shield its man from the slings and arrows of outrageous fortune. But zealous helpers have bent rules, misled the public and perhaps broken laws.

Where the president is concerned, White House officials seem to agree with Dickens' Mr. Bumble, who declared "the law is a ass — a idiot." When newspapers reported that Clinton minions met with independent regulators, the president's people conceded only that the gatherings looked bad. But the confabs violated standards of conduct that govern the executive branch, and some meetings may have breached statutes that forbid revealing the contents of an ongoing investigation.

Even now, the administration defends the get-togethers on grounds that 1) no "secret" information was discussed and 2) Americans really want to hear about more edifying things such as health care, welfare reform, crime. . . .

These excuses ignore the importance of maintaining what John Adams called "a government of laws, and not of men." Friends of Bill regularly seek refuge in the assertion that they answer to a higher calling, and that small transgressions pale in comparison to the majesty of their cause. When David Koresh talked that way, of course, the feds torched his place.

Although independent prosecutor Fiske has agreed to look into Whitewater-related problems, that hardly exhausts the catalog of Clinton-era irregularities. In order to clear the air, Congress ought to establish Iran-contra-style select committees to unravel not only the mysteries of the pre-presidency Whitewatergate mess, but also a series of post-inaugural follies, including:

► **The first lady's finances:** Three House Republicans have asked the administration to quell fears that Hillary Rodham Clinton benefited financially from her assault last year on health-care, insurance and pharmaceutical companies. If she did, the first lady tested conflict-of-interest statutes far more vigorously than former attorney general Edwin Meese, who spent several years in the purgatory of an independent counsel probe.

► **The Vince Foster case:** Within hours of the death of former deputy White House counsel Vincent Foster, three administration officials visited his office — Nussbaum, Patsy Thomasson, the person in charge of the White House computer system; and Margaret Williams, Hillary Clinton's chief of staff. They spent two hours sifting through his effects and took some things away.

Nussbaum misled the press for several months about the evening's activities, especially the removal of files. Other meddling contributed to botched or second-rate investigations into just about every particular of Foster's death. West Wing employees may have obstructed federal investigations of his tragic end and violated laws governing the preservation of White House documents.

► **Improper work for the first family:** Foster clearly performed "personal" legal work on behalf of the first family, in violation of federal law. Nussbaum may have done the same. From the start, the White House has insisted that the president enjoys rights of privacy that chief executives simply don't have, and thus have created for him legal problems that he doesn't need.

► **Missing documents:** Press accounts claim Hillary Clinton's former employer, the Rose law firm, has shredded Whitewatergate documents, including files spirited from Foster's office. And congressional investigators have not been able to find records of such incidents as the firing of Travel Office officials last year.

Sloppiness abounds. The White House has not enforced a law that requires aides to keep copies of the work they do. And, Fiske has not demanded that officials save written records and computer files as a matter of standard operating procedure. (He also might want to subpoena Secret Service records and videotapes.)

The president complains that Republicans have pursued Whitewater allegations out of partisan motives, and he is right. But most of his inquisitors have other motives, like trying to protect the office of the presidency. Nobody suffers more from the water torture of press revelations than Bill Clinton. The best way to calm the waters would be to establish select committees, sift through the controversies and let the people decide.

Anything less would just deepen the gathering impression that this administration of men-not-laws has something — and maybe a lot of somethings — to hide.

► Whitewater controversy. 1A

Today's debate: **POSTAL RATE INCREASE**

Post office: Threatened, inefficient — and needed

OUR VIEW The Postal Service needs to be tough and aggressive against competitors that are nibbling it to death.

Like a Tyrannosaurus Rex up to its tail in a tarpit, the U.S. Postal Service is struggling to survive in a changing world.

Its predators? Technology, competition and a sometimes crippling mission of providing reasonably priced mail delivery to every community in the United States.

The Postal Service — a self-supporting, quasi-independent government agency — is losing more money and larger hunks of its market every year.

So today's anticipated move by the Postal Board of Governors to raise the cost of first-class stamps from 29 cents to 32 cents in 1995 is painful but necessary. The Postal Rate Commission should approve.

U.S. rates remain the industrial world's cheapest. Japan charges 74 cents; Germany 57 cents; Italy 44 cents. A U.S. rate increase now buys time for overdue changes.

Once deliverer of 100% of the first-class mail, the Postal Service now gets only 65%. That could drop to 35% by 2000.

Faxes, electronic mail, automatic check deposits and other technological advances are stealing the business. With the informa-

tion superhighway, losses will multiply.

Meanwhile, private delivery services with fleets of jets, huge ad budgets and the ability to adjust prices overnight have taken over the quick-delivery market. The Postal Service — a lumbering giant that never has shown the ability to beat nimble competitors — gets just 7%.

To survive, the Postal Service will need to use the time this rate increase buys to slim down and get competitive.

Postmaster General Marvin Runyon — known as "Carvin' Marvin" during budget-slashing at the Tennessee Valley Authority — certainly knows how to trim a 707,000 workforce. That effort has begun. But even with belt-tightening, Runyon expects only to hold losses at \$1.3 billion for 1994.

Figuring out how to make the stodgy, old Post Office innovative and competitive is a taller order. And even that improvement may not be enough.

Those companies nibbling away at postal profits go after only lucrative markets.

They will not be offering affordable-to-all, six-day-a-week mail service to farms in rural Iowa, tough neighborhoods in Chicago or fishing camps in remote Alaska.

That is both the beauty and the burden of the U.S. Postal Service.

It guarantees the only information highway available to tens of thousands of U.S. citizens who have no home computer, no fax modem, no electronic mail and no hope of ever getting them.

That is worth supporting — even if it costs more than 32 cents.

What do you see in the future for the U.S. Postal Service? What services should it provide in the age of electronic communications? (See "To comment," right).

Privatize Postal Service

OPPOSING VIEW Sell off the Postal Service and let the public benefit from true competition.

Because the U.S. Postal Service is a monopoly, consumers are paying more and more money for less and less service. Just ask Vice President Gore, whose Christmas cards to his old neighbors in Tennessee arrived a few days ago, 10 weeks after they were mailed in Washington.

A year earlier, many invitations to the Clinton inaugural arrived in Arkansas months late. Most Postal Service foul-ups are less dramatic, but the inefficiency and stagnation of this government monopoly cost our economy untold billions of dollars.

As information whizzes around the world at the speed of light, the mail has actually slowed down: The average first-class letter took 22% longer to be delivered in 1990 than in 1969. The Postal Rate Commission concluded that "postal productivity peaked in 1978 . . . and has generally declined . . . since that time." Yet "since 1971,

the Postal Service's real [inflation-adjusted] unit operating expenses have risen 14%."

While USPS loses more than a billion pieces of mail a year, its workers make 84% more than state-government mail clerks.

The USA is rapidly becoming a 21st-century economy with an 18th-century communications system. More and more of us avoid the USPS by using Federal Express, fax, electronic mail and other new technologies. So why should we keep paying taxes to keep a stagnant bureaucracy in business?

If we've learned anything from Eastern Europe, it is that government monopolies don't work. That's why in 1990 the Polish parliament ended the Polish government's postal monopoly — but here in the USA the law forbids other companies from carrying first-class mail in competition with the USPS.

Before we arrive at the 21st century, we should privatize mail delivery. Sell the USPS to private investors and let it compete with Federal Express, United Parcel and a host of other companies. Everything we know about economics tells us competition will give us better service, for less money, with vastly improved technology.

If we can't actually sell off the USPS to the private sector, let's at least allow other firms to compete with it. It shouldn't be illegal to offer consumers better service at a better price — and without competition we can wish for better postal service all we want, but wishing won't make it so.



By David Boaz, executive vice president of the Cato Institute and co-editor of *Market Liberalism: A New Paradigm for the 21st Century*.

Clinton jumps to defense of Hillary's ethics

Admits learning of S&L probe

By Paul Bedard
THE WASHINGTON TIMES

At

President Clinton yesterday emotionally defended his wife against charges of impropriety in the escalating Whitewater-Madison affair but admitted he was told privately last October of a federal probe of a failed Arkansas thrift tied to the Clintons.

The president defended Hillary Rodham Clinton's ethics as a lawyer but did not deny a report yesterday in *The Washington Times* that she ordered the shredding of documents at Little Rock's Rose Law Firm after a New York Times report first raised the Whitewater-Madison issue during the 1992 presidential campaign.

"I have never known a person with a stronger sense of right and wrong in my life," a nervous Mr. Clinton said in comments reminiscent of his defense of his wife when Democratic presidential challenger Jerry Brown first raised the Whitewater issue in 1992.

"I am just telling you," said the president, thumping the podium for emphasis during a news conference with Georgian President Eduard Shevardnadze. "The American people can worry about something else. Her moral compass is as strong as anybody's in the country, and they will see that."

As Mr. Clinton fended off Whitewater-Madison questions, White House officials braced for another round of subpoenas, possibly targeting Mrs. Clinton and Chief of Staff Thomas F. "Mack" McLarty, in the wake of new press reports of their involvement in Whitewater-Madison.

Mr. McLarty helped to arrange one of three meetings during

which White House officials discussed the president's name in the criminal probe of Madison Guaranty Savings and Loan Association, owned by James B. McDougal, the Clintons' partner in Whitewater Development Corp.

The second meeting, on Oct. 10, took place to discuss how to handle press inquiries about the criminal link to the Clintons in the probe, according to a senior administration official.

It was after that meeting, Mr. Clinton said yesterday, that he was made aware of the so-called "criminal referral" by the Resolution Trust Corp. (RTC), which oversees S&L bailouts, but said he did not remember who told him.

White House officials vehemently deny that anyone in the meetings told Mr. Clinton about the substance of the accusations.

"I became aware of — I don't know when, but sometime in October, I became aware of the RTC finding with regard to the question — the referral, I think it's called, on the question of whether my campaign benefited improperly from checks which allegedly came from the S&L and I knew about that," Mr. Clinton said.

As he fidgeted with typed notes, the president added, "I don't remember when I knew about it, or who told me about it, but it was just sort of presented as a fact, a decision that had been made by the government."

The Whitewater-Madison issue dominated the news conference with Mr. Shevardnadze, with every question from the American press directed to that issue.

And White House officials huddled to deal with the mounting questions, and later fanned out to television news and talk shows to carry out damage control.

The White House maneuverings came as political pressure was building on Capitol Hill to hold Whitewater-Madison hearings sought by Republicans. Special counsel Robert B. Fiske, Jr. urged congressional leaders not to hold hearings for fear it might taint the ongoing grand jury probe.

Democratic and Republican House leaders were expected to meet privately — possibly by Thursday — to discuss Whitewater-Madison.

Mr. Clinton insisted yesterday that the investigation into his failed Whitewater real estate venture in northern Arkansas was not similar to the Watergate scandal that brought down President Nixon.

"There will not be a cover-up. There will not be an abuse of power in this office and there is no credible charge that I violated any law. . . . This is going to be a very different thing," Mr. Clinton said.

As for the documents Mrs. Clinton is accused of ordering shredded, Mr. Clinton said: "Law firms dispose of their documents all the time. And I did not read the article, but I understand the article didn't purport to say what the contents of any of the files were."

Mr. Clinton's defense came as White House Deputy Counsel Joel Klein issued new rules outlining how all White House staff — including Mr. and Mrs. Clinton — should handle papers and electronic messages demanded under a Whitewater-related subpoena issued last Friday.

Administration officials were told Friday to stop burning, shredding or disposing of anything until they checked for papers covered by the subpoena. There were mountains of garbage at the White House yesterday and an empty garbage can for disposal of burn-bag ashes.

"It's getting pretty deep and stinky here," said an administration official.

By late last night, all documents and computer memos were to have been collected. They will be carted away by Mr. Fiske's prosecutors later this week.

Earlier this year, the White House turned over some 10 cartons of documents related to the Whitewater-Madison probe to Justice Department investigators before Mr. Fiske was appointed by Attorney General Janet Reno.

Mr. Fiske's subpoenas of 10 current and former administration officials target any information related to the three meetings between White House counsel and Treasury officials about the Whitewater-Madison investigation.

At a Sept. 29 meeting, White House Counsel Bernard W. Nussbaum and Treasury Deputy Counsel Jean Hanson met to discuss the RTC probe, which is looking into whether Madison improperly funneled money to Mr. Clinton's 1984 gubernatorial campaign or Whitewater.

At that meeting, Ms. Hanson told Mr. Nussbaum that the Clinton's had been named in a "criminal referral" but was not accused of wrongdoing.

It was after the second meeting that Mr. Clinton was told of his connection to the probe.

Mr. Clinton said he was unaware of a third meeting in February when Deputy Treasury Secretary and acting RTC head Roger C. Altman discussed the Madison probe.

While with the Rose firm, Mrs. Clinton represented Madison, which had financial ties to the Whitewater venture.

Foster case's coroner erred in '89 killing

'Suicide' ruling reversed, leading to a conviction

By Michael Hedges
THE WASHINGTON TIMES

A1

The coroner who handled the death of Vincent W. Foster Jr. overlooked critical evidence in another suicide ruling that was changed to a homicide, according to an expert who examined the autopsy report.

Dr. James C. Beyer, Northern Virginia's deputy chief medical examiner, supported the police finding of suicide in the 1989 stabbing death of Timothy Easley.



Beyer

But last fall Mr. Easley's girlfriend, Candy Wharton, was charged with homicide after an outside expert re-examined the file and noted that the original report had glaring errors, including missing a stab wound in the victim's hand and getting the color of his hair wrong.

The hand wound was "definitely ante-mortem [before death] and a classical defense wound suffered while trying to avoid the knife," wrote Dr. Harry J. Bonnell, chief deputy medical examiner in San Diego, who reviewed the Easley case.

Dr. Bonnell's review also said he was highly doubtful the chest wound suffered by Mr. Easley, 21, of Centreville, could have been self-inflicted. Miss Wharton, who had passed a polygraph test, had told police Mr. Easley stabbed himself after an argument.

"The decedent would have to stab himself from high up ... and then direct the blade downwards and back across his body toward his right side. He would have to use his right hand, making it near impossible to cut the back of his right hand at the same time," Dr. Bonnell wrote.

As for the cut on the hand, which a relative had photographed at Mr. Easley's wake, "I cannot understand how any competent forensic pathologist would miss it," Dr. Bonnell wrote.

Whitewater-Madison special counsel Robert B. Fiske Jr. has said he would hire "forensic experts and pathologists" to make an independent analysis of the autopsy report and other evidence that led U.S. Park Police, with Dr.

see FOSTER, page A5

FOSTER

From page A1

Beyer's consent, to call the Foster death a suicide.

The autopsy report on the death of Mr. Foster, White House deputy counsel and the personal attorney for President Clinton and his wife, Hillary Rodham Clinton, is among the documents that have been held secret by officials since he died July 20, 1993. His body was found in Northern Virginia's Fort Marcy Park.

Dr. Beyer, 76, said both the Foster and Easley suicide findings were "combined findings between the medical examiner and the police."

In the Easley case, he said, "the police originally had told me it was a suicide, so it was a suicide investigation. My finding of what happened didn't change; my finding was that it was a stab wound to the thorax."

After the victim's mother, Pamela Easley, made repeated efforts to reopen the case, a group called Parents of Murdered Children sent the autopsy report and other files to Dr. Bonnell.

Dr. Bonnell's findings that the injuries on the body in no way reflected a suicide led Fairfax County police to reopen the case, and Miss Wharton was eventually convicted of voluntary manslaughter, officials said.

When the Easley case was reopened last year, Police Chief Michael W. Young said the new look was based on "inaccurate findings" in the original investigation.

Police spokeswoman Lt. April Kranda said yesterday, "One of the things that occurred was that Mrs. Easley brought us information she had obtained from another medical examiner." She said that was a "critical factor" in reopening the case.

Dr. Bonnell's opinion is contained in a two-page letter written last May. "The location of the stab wound is inconsistent with self-inflicted; nobody imagines their heart to be as high above the nipple as the diagram shows the entry wound to be," he wrote.

"The location and direction of the stab wound track are typical for a right-handed assailant attacking from the front with the victim's dominant arm coming to ward off the blow," he said.

Dr. Beyer said of Dr. Bonnell's critique: "That is his opinion. You'll have to ask him about it."

Asked about the stab wound on the back of Mr. Easley's hand, he said, "I didn't see one; I saw a pin prick." He said the suicide ruling was changed to a homicide ruling because of "new information."

Dr. Beyer has been a regional medical examiner since 1971. In that time, he said, he has participated in thousands of death inves-

tigations.

An official in the office declined to release reports in specific cases requested yesterday. "Those are not public documents. They are private medical documents," she said.

Mrs. Easley, who now lives in Louisiana, had told friends the medical examiner's report contained errors, including her son's hair color and the failure to note the hand wound. She had seen the wound at her son's wake and had a relative photograph it.

When her efforts to reopen the case failed, she contacted Parents of Murdered Children, according to Nancy Ruhe-Munch, spokeswoman for the Cincinnati-based group.

"We sent the information provided to us by Mrs. Easley to Dr. Bonnell, who is on our board, and he was shocked," Ms. Ruhe-Munch said. "He said basically it was an incompetent autopsy."

Armed with the Bonnell findings, Mrs. Easley persuaded Fairfax police to reopen the case. Investigators reached Miss Wharton in Washington state, and she failed a second polygraph. She then changed her story to admit stabbing Mr. Easley but said it was in self-defense.

Last October, police charged her in the slaying. She was convicted of voluntary manslaughter on Dec. 3, and on Feb. 14 she was sentenced to five years in prison.

The Washington Times TUESDAY, MARCH 8, 1994

Fiske: Hearings would harm probe

Hill leaders told questioning could interfere with grand jury process

By Jerry Seper
WASHINGTON TIMES

Special counsel Robert B. Fiske urged congressional leaders yesterday to refrain from hearings on the Whitewater-Madison affair, but political pressure was building on Capitol Hill for Democrats to accede to Republican calls for the public airings.

Mr. Fiske, named by Attorney General Janet Reno to look into Whitewater-Madison, said congressional hearings would "pose a severe risk to the integrity of our investigation."

He told Senate and House leaders that hearings would overlap with an ongoing federal grand jury investigation into accusations of financial irregularities by Madison Guaranty Savings and Loan Association and its ties to President and Mrs. Clinton through Whitewater Development Corp.

Mr. Fiske said the possibility that congressional witnesses would be granted immunity from prosecution in exchange for their testimony could make premature disclosures of "matters at the core of the criminal investigation."

"I am writing this letter to express my strong concern about the impact of any hearings that your committee might hold," Mr. Fiske said in a letter to Senate Banking

Committee Chairman Donald W. Riegle, Michigan Democrat, and Sen. Alfonse M. D'Amato, New York Republican and ranking GOP member of the panel.

"For these reasons, we request that your committee not conduct any hearings in the areas covered by the grand jury's investigation, both in order to avoid compromising that investigation and in order to further the public interest in preserving the fairness, thoroughness and confidentiality of the grand jury process," he said.

"The concerns you outline in your letter — that a parallel congressional investigation would interfere with your inquiry — are compelling and accurate," Mr. Riegle said in a return letter. "It is my view that the Banking Committee should defer to your investigation."

Rep. Henry B. Gonzalez, chairman of the House Banking Committee, who received a similar letter from Mr. Fiske, responded that he had "no intention of taking any action that might interfere with, compromise or otherwise hinder" the Fiske inquiry. But the Texas Democrat added that oversight hearings on the Thrift Depositor Protection Board are scheduled for March 24, and "I cannot prevent members from propounding questions" about the Whitewater-Madison affair.

Mr. Fiske also said he had "similar concerns" about congressional efforts to conduct ethics inquiries into revelations that secret Treasury Department briefings were held with White House officials regarding an inquiry by the Resolution Trust Corp. into the Clintons' ties to Madison, an Arkansas thrift seized by federal regulators at a cost to taxpayers of \$50 million.

Congressional Republicans, led by Senate Minority Leader Bob Dole of Kansas and Rep. Jim Leach of Iowa, ranking GOP member of the House Banking Committee, have demanded hearings in both the Whitewater-Madison affair and the RTC briefings.

Mr. Dole yesterday rejected Mr. Riegle's decision to defer any hearings, saying there were "more than 20 congressional hearings and investigations into alleged executive branch wrongdoing during the Reagan and Bush administrations."

"The Democrat-controlled Congress has never been shy about exercising its oversight responsibilities ... and there's no reason to make an exception for Whitewater," Mr. Dole said.

Mr. Leach agreed, adding, "It looks like the grass is now afire and it may be approaching the forest" unless something is done in Congress to at least attempt to dig

into the matter.

House Speaker Thomas S. Foley and other House Democratic leaders tentatively have agreed to hold a special meeting this week, possibly on Thursday, to discuss the Whitewater-Madison issue.

"Events are unfolding at a pace which makes it all the more imperative that the Congress carry out its congressional oversight function," House Minority Whip Newt Gingrich, Georgia Republican, said in letters to the Democratic leaders requesting the meeting.

Meanwhile, House Democratic chairmen may hold a separate meeting on Thursday to discuss the Whitewater-Madison tempest brewing in an election year.

"They are getting concerned that the [Democratic] leaders aren't doing anything to stop this thing before it gets worse," one senior Democratic aide said last night.

"Better to go on the offensive than sit around looking like we're helping to hide something for those bunch of clowns" at the White House, said one Democratic committee chairman.

"I don't give a damn about the Republicans," said a second Democratic chairman. But "it stinks what we're not doing."

• Paul M. Rodriguez contributed to this report.

Clinton hits charges questioning wife's ethics

Excerpts of President Clinton's remarks on the Whitewater-Madison affair at a joint news conference with Georgian leader Eduard Shevardnadze.

Question: Mr. President, there were at least three occasions where White House officials were briefed by federal regulators about the status of the Whitewater investigation. Were you and Mrs. Clinton aware of those contacts, and what were you told about the content of those discussions?

President Clinton: Well, there were no briefings, and I didn't know about, for example, Roger Altman's meeting until he testified to it on the Hill. And one of the other contacts I think was a press contact of some kind; I was unaware of that one.

Sometime in October I was — I became aware of — I don't know when, but sometime in October I became aware of the RTC finding with regard to the question of — the referral, I think it's called, on the question of whether my campaign benefitted improperly from checks which allegedly came from the S&L. And I knew about that. That was — I don't remember when I knew about it or who told me about it, but it was just sort of presented as a fact, a decision that had been made by the government. And I didn't think much about it at the time. It was just something that I absorbed. It was

told to me as a — just as something that the government had decided to do. Otherwise I was not aware of any of these things.

Q: Mr. President, how do you feel about your wife becoming a focal point of the Whitewater investigation? And The Washington Times quotes three couriers as testifying that she ordered the shredding of documents. I know this is all very painful, but I wonder how it's affected you and your household —

Clinton: Well, let me say that the only thing that I want to say on behalf of both of us is that we want to support the special counsel's work, and we want to ask the American people to let the process work. Law firms dispose of their documents all the time. And I did not read the article, but I understand the article didn't purport to say what the contents of any of the files were.

I can tell you this, I believe I'm a better authority than anybody else in America on my wife. I have never known a person with a stronger sense of right and wrong in my life — ever. I could cite you chapter and verse over 20 years-plus now that I have known her when it would have been very easy for her to take a shortcut, to take an easy way out, to do something else when she has unfailingly done the right thing. And I do not believe for a moment that she has

done anything wrong. I have — I — I just — if the rest of the people in this country — if everybody in this country — had a character as strong as hers, we wouldn't have half the problems we've got today.

Now, people can ask whatever questions they want, and we will do our best to comply. But I'm just telling you, the American people can worry about something else. Her moral compass is as strong as anybody's in this country, and they will see that.

Q: Mr. President, I'm wondering what goes through your mind when you hear critics — I guess especially Republican critics — compare this current controversy to Watergate and what goes through your mind when you hear someone like Senator Gramm formulate a statement by starting with a statement that "If the president wants to finish up his term?"

Clinton: Well, I wonder why you let him get away with it. I mean, frankly, when they say things, it doesn't really bother me.

They have been on the whole blatantly partisan, and it's obvious that they want to do something that I don't think the American people ought to let them get away with, which is to deter this administration and the entire federal government from meeting its responsibilities to the people.

I mean, it's a good excuse for why you don't have a health care

plan. Go down and have a health care retreat and can't agree on a plan? Come back and jump on this issue. And the American people will be outraged if anybody uses this as an excuse not to keep going and doing the people's business, first of all.

Secondly, the speaker of the House was very eloquent about this last weekend. There is a huge difference here.

Number one, we're not covering up or anything, we are opening up. We are disclosing. We are giving you information. Number two, no one has accused me of any abuse of authority in office. That's what Watergate was about.

Number three, there is no credible evidence and no credible charge that I violated any criminal or civil federal law eight or nine years ago when most of these facts that are being bandied around are discussed.

I mean, this is really about a real estate investment I made almost 16 years ago now that lost money and sputtered to a not-successful conclusion — several years ago.

So there is no analogy except any hysteria that they can gin up around it. That's why I say I have been forthcoming. I will continue to be forthcoming.

You're going to be confident in the way we handle this. There will not be a cover-up, there will not be an abuse of power in this office.

GOP glimmer

The departure of Senate Majority Leader George J. Mitchell and other developments provide the potential for much deeper Democratic Senate losses than were expected, writes Charles E. Cook in Roll Call.

Mr. Mitchell's decision and the possibility that Sen. David L. Boren, Oklahoma Democrat, also will depart add to Democratic problems with open seats in Arizona, Michigan, Ohio and Tennessee and defending seats held by Charles S. Robb of Virginia, Frank R. Lautenberg of New Jersey and Harris Wofford of Pennsylvania.

Mr. Cook estimates Democrats could lose three or four seats and possibly five: "Even if Republicans were to pick up only a few seats, ideological control of the Senate would very clearly be in conservative hands."

"Beyond this year, who knows?" former top White House lobbyist Howard Paster told USA Today. "The Senate will be a very different place in 1995. ... We don't know what the majority will be."

His very own rules

Although he says he broke no ethics rules, White House Counsel Bernard W. Nussbaum last summer issued ethics guidelines that generally bar the kinds of things that led to his resignation, the Philadelphia Inquirer reports.

Mr. Nussbaum's written rules are similar to long-standing codes of conduct used by previous administrations that prohibit contacts between White House staffers and agencies involved in pending investigations.

One Nussbaum rule: Avoid "the appearance of impropriety." Any exception to these rules would have to be cleared by the White House counsel's office, senior administration officials told writer Angie Cannon.

"At all times I have conducted the Office of the White House Counsel and performed the duties of Counsel to the President in an absolutely legal and ethical manner," Mr. Nussbaum wrote President Clinton in resigning.

Futures

Rep. Olympia J. Snowe, Maine Republican, will run for the Senate seat being vacated by Majority Leader George J. Mitchell. The Democratic candidate is expected to be Rep. Thomas H. Andrews.

Rep. Collin C. Peterson, Minnesota Democrat, decided against running for the seat of retiring GOP Sen. Dave Durenberger and said he will seek re-election in his rural district in the state's northwestern quarter.

Sen. J. Bennett Johnston indicated he will not run to succeed Mr. Mitchell as Senate majority leader. Mr. Johnston added that fellow Louisiana Democrat Sen. John B. Breaux would be a fine candidate.

How come?

"How did these Democrats, who came of age in the post-Watergate era and who were so critical of the ethical lapses of recent Republican administrations, thought acting like their predecessors?" asked the Wall Street Journal.

The Journal said part of the answer may be that it is tougher to operate in Washington these days. Since Watergate, the media and public are less forgiving about "perceived ethical slips."

Robert Bennett, a Washington criminal lawyer who now represents Rep. Dan Rostenkowski, Illinois Democrat, was quoted on

the existence of "a Bermuda Triangle" of law enforcement, politics and the press that requires expert legal sailing.

The Journal observed, however, that it doesn't take a highly refined sense of ethics to see that something has gone askew and ticked off a list of ethical issues apart from the Whitewater case.

A major test of whether the White House intends to reform Washington as promised and really press for ethical change will be its choice to replace White House Counsel Bernard W. Nussbaum, the newspaper said.

Today's quote

Senior White House adviser George Stephanopoulos: "If you're asking me if the damage control team created a lot more damage than it controlled, I think that's probably right."

Party line

In writing about the political implications of Whitewater, the Boston Globe's David Shribman noted President Clinton's healthy standing in public-opinion polls.

"Republicans privately are grief-stricken, even terrified, in their apparent free-fall from grace," he wrote, parroting the line from the White House spinmeisters. "The GOP zeal to pursue Whitewater is fortified by the party's need to erode the Democrats' strong position in American politics for the moment."

"This may chip some support away," Harry McPherson, a top White House aide in the Johnson administration, told the Globe. "The more he looks defensive, trying to deny papers here and there to legitimate inquiry, the more it will cost him. But he knows that."

10 percent mistake

Freshman Rep. Dan Hamburg, California Democrat, criticized his 1992 opponent for reneging on a pledge to give part of his salary to charity and promised to "tithe" a portion of his income back to the community, Roll Call reported.

In January, Mr. Hamburg told newspapers in his Northern California district he would not meet his pledge. He said he needed the salary for expenses. Moreover, he didn't know "tithe" was defined as 10 percent of one's salary.

"I didn't understand what the word meant when I said it."

New York mystery ends

Sen. Alfonse M. D'Amato and New York Republicans have ended their search for "mystery candidates" and will back state Sen. George Pataki as the challenger to Democratic Gov. Mario Cuomo, said the New York Post.

Selection of the fiscally conservative, socially liberal Mr. Pataki is opposed by state Senate Majority Leader Ralph Marino. That resistance has, in turn, led to hard feelings toward Mr. Marino among other top GOP leaders.

One GOP state senator told the Post, "Marino represents our tax-and-spend past and Pataki represents our tax-cutting future. That's why Ralph is worried."

Today's quote II

"You've given a cartoon image of the White House which is just inaccurate," said Vice President Al Gore in response to a query on NBC's "Meet the Press" about Hillary Rodham Clinton. "President Clinton is in charge in a way that no president's been in charge of policies in this country for a long, long time."

Frisco's clean sweep

San Francisco education officials, hoping to get a fresh start, are planning to remove the entire staffs at three problem schools including cafeteria workers.

If a federal court approves as expected, the San Francisco system will transfer three principals and about 200 other people in an attempt to turn around the problem campuses, reported the Los Angeles Times.

The move is highly controversial. Critics denounce it as a meat-ax approach. Others maintain it is a proven reform. Officials say that a new staff will improve the chances of students who are struggling academically.

Standing room only

The Supreme Court, a surprise big box-office draw on the D.C. tourist circuit, hit a record 1-million-plus visitors last year.

Visitors wait in two lines: one line is for those who want to see an entire hour-long argument while the other provides a four-minute glimpse of a case before the court.

"The three- or four-minute line — sometimes that's enough for us, too," Justice David Souter quipped to lawmakers mulling a court budget request.

Gergen girding to go?

Columnist Bob Novak reported that presidential Counselor David Gergen "is quietly passing the word around the capital that he will not take on the burden" of being a spokesman on the Whitewater affair.

Friends quote Mr. Gergen "as saying he has a reputation in Washington and will not dissipate it on Whitewater." Mr. Gergen calls that a "false impression," noting that White House aides are "not supposed to be talking about Whitewater."

SWING ON HEALTH CARE

A Time magazine/CNN poll shows for the first time more Americans oppose President Clinton's health care plan than favor it. Yankelovich Partners conducted the survey March 2 and 3. The margin of error is 4 percentage points.

How do you feel about President Clinton's health plan?

	March	February	January
Favor	41%	43%	50%
Oppose	45	42	33
Don't know	14	15	17

What should Congress do with President Clinton's health plan?

	March	Feb.
Pass in current form	5%	4%
Pass with minor changes	35	37
Pass with major changes	32	31
Reject plan completely	19	19

If health reform passes, what will happen to the quality of care?

Get better	16%
Get worse	41
Stay same	40
Not sure	3

The Washington Times

Texas today

In the final dash to today's Democratic primary in Texas, former Attorney General Jim Mattox and Rep. Michael A. Andrews concentrated on wealthy rival Richard Fisher, a former Ross Perot adviser now cam-

paigning against politics as usual.

Mr. Mattox criticized Mr. Fisher for trafficking with the GOP in "actively encouraging" Republicans to cross over and vote in the Democratic primary. Mr. Andrews blasted Mr. Fisher's membership in the all-white Dallas country club.

Hollings also

The U.S. Commission on Civil Rights followed Congress in condemning a speech by an aide to Nation of Islam leader Louis Farrakhan, calling it "outrageous hate-mongering of the most vicious and vile kind."

But unlike Congress, the commission also says it intends to prepare a resolution condemning recent derogatory comments by Sen. Ernest F. Hollings, South Carolina Democrat, about leaders of African nations.

Last year, Mr. Hollings joked to reporters about African leaders who attend trade conferences in Switzerland: "Rather than eat each other, they'd just come up and get a good square meal."

Rep. Kweisi Mfume, chairman of the Congressional Black Caucus, has pressed "leaders of good will" to denounce Mr. Hollings' statement. Mr. Mfume tried to introduce a separate resolution criticizing Mr. Hollings' comments but was prevented from doing so on procedural grounds.

Kitchen humor

NBC's Jay Leno on the resignation of the White House chef: "I guess he was upset that Hillary Clinton kept using his food processor to shred those Whitewater documents."

• Compiled by Alan McConagha.

Whitewater: Public policy and private ethics

By James A. Leach

I would like to take this opportunity to talk not of the issues of the day, but rather of the ethics of our time. In so doing, I would like to take as a starting point a scandal that has come to be dubbed "Whitewater" and suggest it is a central issue not because it is big, but precisely because it is small. In its very smallness, Whitewater evidences the shortcomings of public leadership in America today.

The German architect Mies Van Der Rohe, once suggested that "less is more." The simplicity of design that hallmarked his buildings revealed great aesthetic character. Analogously, for individuals, truth of character is more generally revealed in small acts than large gestures.

Recently a colleague came up to me on the House Floor and exclaimed: "Jim, what is Whitewater? My stomach tells me something's wrong, but I've got no idea what you're talking about. Can you describe it in plain English so a plain American can understand?"

In a nutshell, Whitewater is about the arrogance of power — political conflicts of interest that are self-evidently unseemly. It all began in the late 1970s when an S&L owner named James McDougal formed a 50-50 real estate venture with a young politician, the then-attorney general of Arkansas, Bill Clinton. In this venture called Whitewater, the S&L owner and S&L subsidiaries provided virtually all, perhaps all, the money; the governor-in-the-making provided his name.

Over the years, the company received infusions of cash from the S&L as well as from a small business investment corporation that diverted, allegedly at the governor's request, federally guaranteed funds from a program designed for socially and economically disadvantaged people to the governor's partners and thence, in part, to Whitewater.

Some of these funds were used to pay off personal and campaign lia-

bilities of the governor; some to purchase a tract of land from a company to which the state had just given a significant tax break. Whitewater records have apparently been largely lost. A review of the numerous land transactions, however, raises questions of what happened to the money that came into the company and a review of the president's tax records raises questions about tax deductions that were taken and taxes that were not paid.

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Under the governorship of Bill Clinton, the first lady of Arkansas was hired to represent the S&L before state regulators, the president of the S&L was placed on the state S&L commission, an attorney who represented the S&L was named the state S&L regulator, and the S&L was allowed to operate, despite being insolvent for an extended period, providing millions in loans and investment dollars to insiders and the Arkansas political establishment.

Under the governorship of Bill Clinton, the S&L was allowed to grow 25-fold until federal regulators forced its closing, at which time taxpayers picked up the tab for losses that amounted to approximately 50 percent of the institution's deposit base.

The story of Whitewater is thus part and parcel of the story of the greatest domestic policy mistake of the century — the quarter-trillion-dollar S&L debacle.

In the largest series of bank robberies in history, which precipitated an industry bailout larger than the taxpayers provided Lockheed, Chrysler and New York City times a factor of 10, it is fair to ask: What happened? Who is responsible?

An answer to these inquiries requires an understanding that those accountable are not only a few negligent and corrupt S&L owners, but attorneys, accountants, state and federal legislators, regulators and

assorted public officials. As wide-ranging as the responsibility is, however, it is a mistake to be so glassy-eyed as not to seek lessons for the future through a demand for individual accountability for breaches of law and ethics in the past.

Macro-economics aside, public responsibility for the S&L debacle is of a tripod nature, involving: 1) the conflict-ridden role of Congress in passing loose laws; 2) the ideological mistake of the Reagan administration in urging deregulation in an industry which requires responsible standards; and 3) the culpability of a small number of state governments, such as in California, Texas, Louisiana and Arkansas, which failed to rein in high-flying state-chartered, state-regulated institutions, which because of the federal nature of deposit insurance, precipitated a massive transfer of wealth from states with responsible governments to those without.

In Arkansas, it is impressive how the federal government was obligated to close more than 80 percent of state-chartered S&Ls in the 1980s and how large taxpayer losses were in relation to the state's S&L deposit base. The failure of the Clinton administration in Little Rock to fulfill its responsibility to police state financial institutions had the effect of increasing tax burdens on citizens of Arkansas as well as other states.

While taxpayers at the national level were forced to pick up the tab for the mistakes of politicians in whose elections they could not vote, citizens in states like Arkansas were doubly shortchanged. Not only did they have to share in eventual bailout costs, but when their home-based financial institutions frittered away the hard-earned deposit savings of their state to insiders, fewer resources were made available to potential homeowners and minority entrepreneurs.

What the Keating Five scandal was all about was the attempt of an S&L owner to compromise through political contributions significant political players, in this case five senators, to influence regulators to keep an insolvent, corruptly run institution from being closed. What makes Gov. Clinton's involvement with the breaching of the vaults of an Arkansas S&L philosophically at least equal to, but in reality more troubling than, the Keating model is that not only did the institution's management organize conflict-rid-

James A. Leach of Iowa is the ranking Republican member of the House banking committee. This piece is adapted from a speech he first delivered March 4 before the 42nd Ward Regular Republican Organization in Chicago, a slightly different version of which he delivered on the floor of the House yesterday.

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den fund-raising endeavors for the key politician in the state, but through Whitewater it put the governor in a compromising personal finance position as well.

What is remarkable is the hypocrisy of the circumstance. Time after time in the 1980s, alleged defenders of the little guy in American politics found themselves advancing the interest of a small number of owners of financial institutions which were run as private piggy banks for insiders. The intertwining of greed and ambition turned democratic values upside down.

In our kind of democracy, ends simply don't justify means. Just as a conservative, who may despise government, has no ethical right not to pay taxes, a liberal has no ethical basis to put the public's money in his own or his campaign's pocket just because he may have the arrogance to believe he is advancing a political creed that is in the public's interest.

Why does all this matter?

Perhaps it would be appropriate to paraphrase Ev Dirksen: a few thousand here and a few thousand there and pretty soon it adds up to a real scandal. Put another way, an ethical lapse here and an ethical lapse there and pretty soon it adds up to a real character deficit.

I have never known anyone in public life better able to put embarrassing episodes behind him than Bill Clinton. Accordingly, I couldn't have been more surprised by the discomobulation of the administration at the minority's restrained request last November for hearings and full disclosure.

As in most serious public scandals, coverups can prove as troubling as the crime.

The revelations of the past few days that officials of the Department of the Treasury and Resolution Trust Corporation briefed key White House aides on potential legal actions that independent regulatory agencies might be obligated to take against the president and first lady subvert one of the fundamental premises of American democracy — that this is a country of laws and not men.

In America, process is our most important product. No individual, whatever his or her rank, is privileged in the eyes of the law. No public official has the right to influence possible legal actions against himself or herself. For this reason, agencies of the government as well

as the White House have precise rules that govern their employees. Prohibitions against giving preferential treatment to an individual, losing independence or impartiality, making decisions outside official channels are standard and have patently been violated.

Seldom have the public and private ethics of lawyers in the White House and Executive Branch departments and agencies been so thoroughly devalued.

Can a president credibly rail against Michael Milken values if he has himself benefitted from Milkenesque deal-making?

It is no surprise that Special Counsel Robert Fiske Jr. initiated March 4 a series of subpoenas reaching into the White House. What these subpoenas indicate is the movement of an investigation from possible illegal acts committed by a president prior to taking office to possible illegal actions committed in office. Obstruction of justice is now clearly at issue.

It is also no surprise the special counsel has re-opened the investigation of the suicide of Vincent Foster, the deputy White House counsel. There are simply too many questions with too few answers.

The point of all this is that there is a disjunction in this administration between public policy and private ethics. Americans abhor privilege; hypocrisy gnaws at the American soul; it leaves a dispiriting residue of resentment.

Can, for instance, a president credibly rail against Michael Milken values if he has himself benefitted from Milkenesque deal-making?

Can a president credibly ask the people to pay taxes, let alone raise them, if he refuses to pay his own fair share?

Can a president credibly espouse open government if he applies a hide-and-seek standard to his own actions?

Can a president ask others to play by the rules — i.e., obey the law —

if he doesn't play by them himself?

Can a president credibly advance an ethic of national service if his own model is one of self-service?

Can a president credibly advocate campaign reform if his own campaign has been sullied by illegal contributions from an S&L, which, with its failure, had the effect of causing deferred federal financing of a gubernatorial election?

Can a president credibly lead an ethical society if he doesn't set an ethical standard?

Can, in short, a servant of the people put himself above the people in personal and public ethics?

This is not to say the president is wrong on all issues: nor that the Democratic Party doesn't have some thoughtful models of integrity — Sens. Bill Bradley, Dale Bumpers, Paul Simon and Daniel Patrick Moynihan leap to mind, as do many of my colleagues in the House — Don Edwards, Sid Yates, Neal Smith, Ron Dellums, Henry Gonzalez, Tony Beilenson, Dan Glickman, Bill Richardson, Tim Penny, John Lewis, Floyd Flake, to name a few.

But it is to suggest that it is no coincidence that the word "trust" appears in the nation's motto as well as in the names of so many financial institutions. Both our political and financial systems depend on the trust of those whom they serve. The American people need to be able to count on the integrity of the institutions and processes that structure their lives, just as they need to have confidence in the probity of the individuals who lead and control these institutions and processes.

While government derives its original legitimacy from the consent of the governed, it can maintain that legitimacy only if the governors operate under the same ethics and rules of conduct as the governed.

Finally, a personal note. Some have asked why a mainstream Republican like myself would lead an investigation so awkward for the president. All I can say is that ethics is not an issue of the left, right or center. It is an American concern relating to the fabric and foundation of our society. As for motivation, I would simply paraphrase a great American who once carried the Republican banner, not to victory, but nonetheless with honor and integrity: Moderation in the pursuit of truth is no virtue; vigilance in the defense of public ethics no vice.

Pruden on Politics

By Wesley Pruden



Down the avenue, a snowball from hell

The president's got a problem, and it may be wearing a skirt.

He dumped Bernie Nussbaum for botching the Whitewater muck-up (what our British cousins call a cock-up), and Webb Hubbell is said to be packing his law books, his adding machine, his clock, his shredder and all the other paraphernalia of a successful tort lawyer and checking the Greyhound schedules to Little Rock. David Gergen, loyal to any president with a job opening, has been looking for work at ABC-TV.

But how do you dump a first lady without lowering to frostbite levels the temperature in the master bedroom? And would her successor be subject to Senate confirmation?

Mr. Clinton tried to have a press conference yesterday with Eduard Shevardnadze about problems in Georgia, where a hard winter has put everybody through the wringer, but all everybody in Washington wants to talk about are events in Arkansas, where nearly everything goes through the shredder.

The president, who feigned barely controlled anger in defending Hillary (and thus keeping her and not himself as the focus of the controversy), tried to cast the dispute as one in which a bunch of bad men — the remnants of the Clinton gang at the O.K. Corral — are picking on the little lady.

"I have never known a person with a stronger sense of right and wrong in my life, ever," he said. (A lot of folks down home have been saying for years that he hangs out with a bad crowd.)

"I am just telling you," he said. "The American people can worry about something else. Her moral compass is as strong as anybody's in the country, and they will see that."

This is remarkably like the Whitewater defense he threw up during the 1992 primary campaign, when Jerry Brown first asked questions about it. "You're not fit to be on the same platform with my wife," he told Mr. Brown, who had asked the most relevant of questions, in the most respectful manner.

This was thought odd at the time, since Arkansans are taught not to think much of a man who hides behind his wife, or even his wife's reputation, when someone invites him out to the parking lot to settle an argument with tire tools. But since it worked then, why not try it again?

The president insists there's no comparison between Whitewater and Watergate, but nevertheless invokes a version of Richard Nixon's famous "I am

not a crook" defense:

"There is no analogy except any hysteria [the Republicans] can gin up about it. . . . There will not be a cover-up. There will not be an abuse of power in this office and there is no credible charge that I violated any law. . . . This is going to be a very different thing."

This echoes Al Gore's remark on Sunday that nobody has produced "any

evidence" that anyone in the Clinton administration has done anything wrong. This is inaccurate, but more important, it's beside the point, "logic" and "reasoning" from the Queen of Hearts in "Alice in Wonderland": "Verdict first, evidence later." The Clinton administration, for all its fraudulent bucolic innocence, understands that investigations precede evidence, not the other way around.

Whitewater, whether as muck-up, cock-up or cover-up, is beyond the control now of the White House or anyone else. Events are building their own momentum. This newspaper began digging into the story in earnest more than a year ago when everyone else in the trade, drooling over Bill and Hillary like lazy libertines, insisted that the Whitewater business would have the half-life of a snowball from hell. "The Washington Times," reports The Times of London this morning, "has usurped [The Washington] Post's Watergate role as chief ferret."

The Post, in fact, is trying now to pretend it was interested in the story all along, as its ombudsman reported on Sunday, and is doing it with such desperation that it can't get its story straight. Ms. Ombudsperson quotes one Post reporter as boasting, with breathtaking chutzpah, that Whitewater became a story only because The Post printed it first and everyone else is only now catching up.

But Leonard Downie, the executive editor, concedes that in order to meet The Post's "standards" his newspaper will be silent until it learns the score. "It looks petulant to say, 'There's nothing to the story in the other paper this morning,'" he says.

As fascinating as all this may be, the bad news for the president is that now nobody in the trade any longer pretends there's no story. Everyone wants a piece of it. The landscape, as Pentagon briefers might say, is "a target-rich environment."

Mr. Clinton worked himself into high dudgeon at his press conference yesterday about the inevitable comparisons between Watergate and Whitewater, spelled out yesterday in a front-page story in this newspaper. He's right to be miffed, but he's spinning Hillary's moral compass if he wastes that dudgeon on the newspapers.

Richard Nixon tried that, too.



Richard Nixon

The Washington Times TUESDAY, MARCH 8, 1994

Whitewater's time and tide

Well, it looks as though Bernie Nussbaum may have had a role in bringing down two presidents. In his White House office, right next to Hillary's, the counsel to the president proudly hung a picture of himself, Hillary and all the old gang in their glory days as young staffers on the House committee that voted to impeach Richard Nixon.

This week, Bernie marches into his own grand jury.

When you get there, Bernie, a suggestion: Don't fudge — or that historic photo may one day be hanging above your cot at the minimum security facility at Allenwood. What goes around comes around.

Forgetting the "lessons of Watergate," Bernie put himself in the thick of that nasty little scheme to use the FBI to blacken the reputations of the White House Travel Office staff; he led the late-night raiding party into Vince Foster's office to sanitize the files; he hosted the three White House meetings with officials charged with looking into who looted Madison Guaranty.

As the president likes to say, Bernie: Three strikes, you're out.

Here in D.C., it's *deja vu* all over again.

The same day, independent counsel Robert Fiske subpoenaed six White House staffers, Hillary was conducting her own Friday night massacre, purging the chef, his staff and one of four White House ushers; while Bill was yet insisting he did nothing wrong. First time ever, he says, an independent counsel has been called in when there were no charges.

Well, that's not exactly true.

What we know is that Madison Guaranty was plundered at a cost of \$50 million to taxpayers, and part of the loot went for the benefit of Bill Clinton. What we know is that an agency set up to provide loans to minorities and women gave \$300,000 to Bill and Hillary's friend and partner, Susan McDougal, that \$110,000 of that went into their Whitewater joint venture, that none

of it was ever paid back. David Hale, now indicted, says he made the illicit loan, because Gov. Clinton put the arm on him. That's what we know.

What Mr. Fiske is to find out is whether Bill and Hillary were ignorant of the thievery done for their benefit, or complicit. To be blunt, the independent counsel is charged with finding out whether Bill and Hillary Clinton were incompetents — or worse.

That's what Whitewatergate is all about. By now, however, it is about something else, too: the character of our national press.

Most journalists, even those who concede serial infidelity to be a mark of low character, believe there is a "zone of privacy" for political figures that ought to be respected. Most journalists still believe that the tom-cattling of our Lords Temporal is not a legitimate subject of news coverage.

This has been an unwritten rule of Washington journalism.

What has changed is that the peccadillos of perceived enemies have become fair game, while even the scarlet sins of press favorites remain out of bounds.

Clarence Thomas is near ruined because of a harassment charge less egregious than that lodged against Bill Clinton a month ago. Wayne Hayes is driven from office, almost to suicide, for putting Elizabeth Ray on his congressional payroll, but no one holds Mr. Clinton accountable for hiring Gennifer Flowers. And what did the late John Tower do, to be driven from this city, that Bill Clinton has not?

Poor Bob Packwood. Considering what Bill Clinton is getting away with, he should have grounded his defense in the "equal protection" clause of the 14th Amendment.

If the media wish to understand the minimum high regard in which they are held by their countrymen, they might reflect upon the double standard by which they judge public men.

Anyone believe, for example, the Big Media would have sloughed it off as unworthy of follow-up if

Maine state troopers claimed President Bush had called them and bartered jobs for silence?

What's going on here? Simple. The Big Media have a vested interest in the Clinton presidency, having tossed aside any pretense of neutrality to get him elected. Since they arrived, Bill and Hillary Clinton have been cut slack never cut for Ronald and Nancy Reagan.

Mickey Kaus, of the New Republic, boldly admits it: "Clinton is the best president we've had in a long time. That is the unspoken reason the sex charges haven't received as much play as you might expect. Reporters are patriots, too. . . . Few journalists want to see the president crippled now that he is making some progress cracking large, intractable domestic problems."

Bill Clinton's their boy, and Hillary's their gal. That's why we don't see any of the old tally-ho spirit of the chase that Ben Bradlee so beautifully exemplified when, as Iran-Contra crashed on Ronald Reagan's head, he exulted, "We haven't had this much fun since Watergate!"

Not much fun this time, is it, fellas?

Patrick Buchanan is a nationally syndicated columnist.

The Washington Times TUESDAY, MARCH 8, 1994

The three steps to gun confiscation

With the Brady Act's five-day waiting period for buying a handgun now in force throughout the country, the gun gestapo is loading up for passage of even more restrictive gun control measures. Last week, the gestapo's congressional friends introduced more bills in the House and Senate. As they did with the Brady bill when it was merely a gleam in their mental crosshairs, the gestapo claimed they had no plans to go any further.

"What we're saying to the average gun owner," intoned gun control gauleiter Rep. Charles Schumer, "is that you're going to have to undergo some inconvenience in the future, but we're not going to take your gun away." The "inconvenience" Mr. Schumer is talking about consists of his plan to require handgun buyers to carry a national license (including a photograph) that would be issued only after a background check, tougher regulation of gun dealers, restricting gun purchases to one a month and a seven- (instead of the Brady Act's five) day waiting period before purchase of a gun.

How many times does the gestapo expect to get away with the claim that each new gun control law is the last one it wants? Mr. Schumer's "inconvenience" bill is no more the last demand of the gun gestapo than seizure of the Sudetenland was the last demand of Adolf Hitler.



Samuel Francis

The truth is that the "inconvenience" is the prelude to outright confiscation of guns. The model for the movement from "inconvenience" to confiscation comes from Mr. Schumer's own New York City, long famous for the peace and tranquility that gun control creates. In last October's issue of *American Hunter* magazine, Dr. David Caplan provided the details on how the model works.

In 1967, the New York City Council enacted an ordinance requiring owners of shotguns and rifles to register their guns by make, model and serial number and obtain a permit to possess such weapons. It passed with little controversy because, after all, it was only an "inconvenience."

But in 1991, the Council went rather further than anyone in 1967 had suggested. At the initiative of Mayor David Dinkins, it simply outlawed the private possession of certain semi-automatic rifles and shotguns. Since the New York police already had records from the licenses of who owned such weapons, the cops were in position to confiscate the guns from their owners or prosecute those who failed to surrender them.

As Dr. Caplan writes, "The New York City Police Department . . . had notified the 2,340 New Yorkers, who had been licensed earlier to possess the semi-automatic rifles and shotguns, that those firearms covered by the ban had to be surrendered, rendered inoperable or taken out of the city. The recipients were instructed to send back a sworn statement as to what had been done about those firearms."

The NYPD took at their word those who reported back that they were not then violating the law, but, said one NYPD gun commissar, "spot checks are planned." And you wonder why I call it the gun gestapo.

Dr. Caplan wrote his article well before the Brady bill even passed Congress, but the model, or "plan" as he calls it, for the eventual confiscation of guns was clear to him

even then. "The plan," he wrote, "is now obvious to all who would see: First Step, enact a nationwide firearms waiting period law. Second Step, when the waiting period doesn't reduce crime, and it won't, then enact a nationwide registration law; Final Step, confiscate all these registered firearms."

Step One, in the form of the Brady law, has already been taken, and no sooner was it enacted than the whine went up that it just didn't go far enough. Mr. Schumer's new bill is pretty close to the nationwide gun registration law that constitutes Step Two in the plan, since the license it requires gun owners to obtain would provide a public record to the Bureau of Alcohol, Tobacco and Firearms and similar agencies of who has guns, what kind and how many.

But Step Two-and-a-Half in the plan is for its sponsors to protest, as they did with the Brady Bill and as they do now, that of course they don't plan to go any further, what they're proposing is just a little "inconvenience" and only a gun nut would object to it. That's more or less what Mr. Schumer said last week.

We can now do one of two things. We can wait and see if Step Three, outright confiscation, follows the enactment of Mr. Schumer's bill, which will no more reduce violent crime than the Brady law. Or, we can stop the Mr. Schumer's plan right now before it bears any more predictable fruit in the loss of our freedom and safety.

Samuel Francis, a columnist for The Washington Times, is nationally syndicated. His column appears here Tuesday and Friday.

Art of the non-denial, continued

President Clinton admitted yesterday that he was given privileged information about the progress of the Resolution Trust Corp.'s investigation of the failed Madison Guarantee Savings & Loan. Obtaining this information bred subpoenas and cost White House counsel Bernard Nussbaum his job. If it was improper for Mr. Nussbaum to be briefed on the status of the RTC's criminal referral, so too was it wrong for the president to be briefed in turn.

Mr. Clinton did his best at yesterday's press conference to play down the importance of his own briefing on the subject, evidently hoping the media and public would buy the proposition that he was insouciant when told his name had popped up in a criminal referral. Said the president:

"Sometime in October I was — I became aware of — I don't know when, but sometime in October I became aware of the RTC finding with regard to the question of — the referral, I think it's called — on the question of whether my campaign benefitted improperly from checks which allegedly came from the S&L. And I knew about that. That was — I don't remember when I knew about it or who told me about it, but it was just sort of presented as a fact, a decision that had been made by the government. And I didn't think much about it at the time. It was just something that I absorbed. It was told to me as a — just as something that the government had decided to do. Other-

wise I was not aware of any of these things."

It is doubtful, to say the least, that the president paid this issue so little mind. But the believability of that claim aside, the crucial revelation is that the information obtained by Mr. Nussbaum was passed along to Mr. Clinton. This could well mean that the grand jury testimony to be taken Thursday from White House and Treasury officials about the meetings will involve questions about the president's involvement.

One other point of interest in the president's answers to the press: In a familiar pattern, although he was at pains to praise the first lady's virtue and integrity, he did not actually manage to deny that Mrs. Clinton sent a stream of documents from the Arkansas governor's mansion to the Rose law firm to be destroyed, as Jerry Seper reported yesterday in *The Washington Times*. But he did try to soft-pedal the shredding: "I did not read the article," Mr. Clinton said, "but I understand the article didn't purport to say what the contents of any of the files were."

Please. The president does not have to read *The Times* to know what was in those files: If he doesn't know already, he can ask his wife. Mr. Clinton needs to be asked directly whether Hillary Rodham Clinton ordered Whitewater files destroyed — and if not, exactly what files were destroyed. If the press doesn't put that question to him, no doubt Special Counsel Robert Fiske, Jr. will.

Ocie and the hydra

Not many people know the story of Ocie Mills, a Florida man sent to a federal prison with his son for the unlikely crime of putting sand on his property and cleaning out a drainage ditch. But if Mr. Mills has his way, Washington's regulatory establishment will never forget him.

Today, Mr. Mills and the Pacific Legal Foundation are scheduled to go before the 11th Circuit Court of Appeals in an effort to clear the Mills' names of what a district court subsequently referred to as "Alice in Wonderland" justice. The two men were convicted in 1989 of discharging "pollutants into the navigable waters of the United States," a violation of federal regulations. Trouble is, there is no statutory basis for these regulations. There is only a "regulatory hydra," wrote District Judge Roger Vinson, that has grown out of the 1972 Clean Water Act and mandates that "a landowner who places clean fill dirt on ... dry land may be imprisoned for ... discharging pollutants into the navigable waters of the United States."

Obviously there is a little constitutional problem with convicting someone of violating a "law" that exists in the minds of federal regulators and nowhere else. There is also a problem in that the Florida Department of Environmental Regulation approved the Mills' property improvements — after the feds had referred the men to the state for permission.

If the elderly Mr. Mills, an unlikely Hercules, wins his case and slays the hydra, he stands to free countless property owners on whom the hydra has been preying over the years in less publicized cases. A new report compiled by Virginia Albrecht, a lawyer with the Washington firm of Beveridge and Diamond, and Bernard Goode, regulatory chief of the U.S. Army Corps of Engineers from 1981 to 1989, lays out the havoc wetlands rules have created for landowners unable to negotiate the regulatory maze.

Part of the complexity results from the fact that wetlands don't actually have to be wet to qualify as such. The 1972 Clean Water Act governs the discharge of dredged or fill material into "navigable waters," which it defined as "waters of the United States, including the territorial seas." The Corps and the Environmental Protection Agency, however, define "navigable waters" as wetlands, sort-of-wet wetlands and bone-dry wetlands. "You are correct," a Corps official wrote to Rep. Owen Pickett last month, "that an area may be considered 'saturated

to the surface' even though 'the top plane of the soil is dry.' " Dry is wet, you see.

And navigable waters don't really have to be navigable either, as long as they are in some way connected to interstate commerce like, well, birds. That's right, birds. So-called isolated wetlands fall under federal jurisdiction because a bird, glancing down, might decide to land in them, thereby doing something or other to commerce.

What these loose definitions mean is that what qualifies as a wetland depends entirely on the caprice of regulators. So does the permit process. Defenders of the existing system argue that people who want to do something dangerous — like putting builders' sand on their property — have only to seek permission from the friendly folks at the Corps, who will dispatch the necessary permits with speed and efficiency.

In fact, based on the Corps' own statistics, Ms. Albrecht and Mr. Goode found "the system" isn't working:

- It took the average applicant 373 days to get through the individual permit process.

- Roughly 93 percent of the individual permit applications exceeded the 60-day standard for "evaluation time" specified in Corps regulations.

- Some 63 percent of the individual applications decided in 1992 and 56 percent of applications decided between 1988 and 1993 ended up being withdrawn by either the applicant or the Corps.

Who gets permits? Well, the U.S. Fish and Wildlife Service got an after-the-fact permit (meaning the work was done prior to the permit) to clear hundreds of acres of wetland forest in 1992 after just 160 days from public notice to decision. By regulatory standards, that is warp speed. But a developer who wanted a permit for residential construction on an area that included a wetland about half the size of a ping-pong table gave up and withdrew an application after 450 days. A Rhode Island town had to wait almost two years for a permit to do mosquito-control work on 0.009 acres of wetlands.

It's hard to believe lawmakers had glancing birds and mosquito rights in mind when they passed the Clean Water Act so long ago. At the least, their 1972 handiwork makes no mention of them. But today the hydra runs amok. If lawmakers can't do it in, maybe the stubborn Mr. Mills can.

bc-whitewater times 1stld-writethru a2116

ATTN: National editors) (Includes optional trims)

Adding information on when Clinton knew of RTC inquiry and other changes throughout

By John m. Broder and Michael Ross= (c) 1994, Los Angeles Times=

WASHINGTON With pressure mounting for congressional hearings into the Whitewater controversy, Special Counsel Robert B. Fiske Jr. Monday implored the legislative leadership to avoid such sessions because they would "pose a severe risk to the integrity" of his inquiry.

Fiske argued that Congress would want to interview the same witnesses, running the risk of "premature disclosures" and "tailored testimony." He also said that congressional grants of immunity to witnesses would seriously undermine his efforts to conduct a full and impartial inquiry.

Democrats immediately cited the Fiske plea to ward off the rising tide of Republican calls for open-ended congressional hearings into the legal and financial dealings of President Clinton and first lady Hillary Rodham Clinton when they lived in Arkansas and the behavior of the administration during the current investigation.

As Congress sparred over the Whitewater investigation, officials at the White House narrowed their list of candidates for White House counsel, with Lloyd N. Cutler, former counsel to President Carter, and Harry C. McPherson, who served as counsel to former President Johnson, viewed as the leading contenders. A final decision is expected as early as Tuesday.

The appointee would replace Bernard W. Nussbaum, who submitted his resignation Saturday after a series of missteps on Whitewater and other matters.

Clinton acknowledged at a press conference Monday that he was told "sometime in October" that federal savings and loan regulators from the Resolution Trust Corp. were investigating the possibility that his 1984 Arkansas gubernatorial campaign had received illegal contributions from a Little Rock savings and loan owned by a business partner, James B. McDougal.

The RTC was investigating possible criminal conduct in the failure of McDougal's Madison Guaranty Savings & Loan, which collapsed in 1989 at a cost to taxpayers of more than \$47 million. The Clintons and McDougal were partners in the Whitewater Development Corp., an unsuccessful Arkansas real estate project.

At an East Room appearance with Georgian leader Eduard A. Shevardnadze that was dominated by questions about Whitewater, Clinton insisted that he and Mrs. Clinton had done no wrong and repeatedly stressed his intention to cooperate fully with the special counsel's investigation. Clinton said that he could not remember who told him about the RTC inquiry or when he learned of it. Both memory lapses could be significant.

If he was informed that he was named in an RTC referral by an official of Treasury Department, it could represent an improper tip-off from a federal regulator to the possible target of a criminal investigation. Similar discussions between regulators and White House staff at a lower level led to Nussbaum's forced resignation.

The timing of the disclosure to Clinton raises another important question. The Madison Guaranty case was referred to the Justice Department for possible criminal prosecution in late October. If Clinton was informed before the referral date, he would have been granted highly unusual and favorable treatment not accorded ordinary citizens.

Clinton said that he took no action as a result of the information and could not be accused of any wrongdoing or breach of ethics.

"We are not covering up or anything, we are opening up. We are disclosing," Clinton said. "No one has accused me of any abuse of authority in office There is no credible evidence and no credible charge that I violated any criminal or civil federal law."

He said that comparisons to the Watergate scandal that drove Richard M. Nixon from office are "hysteria" promulgated by partisan Republicans. And he

headed with reporters to reduce the intensity of coverage of the spreading scandal. "I am fully cooperating with the special counsel," Clinton said. "They (Fiske's investigators) will find the truth"

In another day of furious fallout from the spiraling Whitewater controversy, aides throughout the White House combed through overflowing trash receptacles and computer files in search of material that might be covered under subpoenas of the special counsel.

Late last week Fiske subpoenaed nine current and one former administration official to produce testimony and records related to several meetings between White House and Treasury officials about Whitewater.

Monday, in a move that at least indirectly benefits the White House, Fiske expressed in a letter to congressional leaders his "strong concern" about the possibility of hearings on the Whitewater scandal.

(Optional add end)

On Capitol Hill, Democratic leaders used the Fiske letter to rebuff increasingly strident Republican calls for congressional hearings.

Sen. Donald W. Riegle Jr., D-Mich., chairman of the Senate Banking, Housing and Urban Affairs Committee, quickly responded to Fiske's letter, saying that his committee would "defer to your investigation" and hear no testimony on Whitewater while the controversy is under criminal investigation. House Banking, Finance and Urban Affairs Chairman Henry B. Gonzalez, D-Texas, gave a similar response.

Republican lawmakers expressed outrage at what they called Democratic efforts to stonewall their attempts to conduct their own investigation.

Senate Minority Leader Bob Dole, R-Kan., threatened that Republicans would hold up the confirmation of Ricki Tigert, Clinton's nominee to head the Federal Deposit Insurance Commission, until Riegle's committee agrees to hearings on Whitewater.

Rep. Jim Leach, R-Iowa, ranking minority member of the House Banking Committee, said in an interview that, while Fiske's letter "looks thoroughly reasonable, its implications are chilling for the constitutionally mandated oversight responsibility of Congress and for free speech."

Later, in a scathing speech on the House floor, Leach questioned Clinton's ethical fitness. "Whitewater is about the arrogance of power, political conflicts of interest that are self-evidently unseemly," Leach said, adding that the White House handling of the scandal has proved that "cover-ups can be as troubling as the crime."

Leach said that the subpoenas issued by Fiske last Friday showed that the focus of the investigation has shifted "from possible illegal acts committed by a president prior to taking office to possible illegal actions committed in office" and that "obstruction of justice is now clearly at issue."

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-AUTOBREAK(2)-FOLLOWS

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mc-clinton-hillary times - a1803

(ATTN: National editors) (Includes optional trims)

President Defends First Lady Over Whitewater Probe (Washn)

By Jack Nelson and Edwin Chen= (c) 1994, Los Angeles Times=

WASHINGTON President Clinton, visibly upset that Hillary Rodham Clinton has increasingly become a focal point of the Whitewater investigation, on Monday issued a passionate defense of the first lady, declaring that "her moral compass is as strong as anybody's in this country."

"I have never known a person with a stronger sense of right and wrong in my life ever," the president said. "And I do not believe for a moment that she has done anything wrong."

"I could cite you chapter and verse over 20 years plus now that I have know her when it would have been very easy for her to take a shortcut, to take an easy way out, to do something else, when she has unfailingly done the right thing."

The president's unusual defense of his wife came at a time when rising criticism of the administration's handling of Whitewater, and increasingly pointed questions about Mrs. Clinton's personal role in the failed Arkansas real estate development, are casting shadows over a first lady whose role in the policy and politics of the White House is unprecedented in American history.

The administration has counted on her as a critical asset in the fight for its No. 1 legislative goal, health care reform, as well as welfare reform and other domestic policy issues. Now, some White House officials and key Congressional leaders concede privately, the intensifying controversy threatens to undermine her leadership and her credibility.

"In Washington if you're perceived as strong you can get things done," said a senior White House official. "But if you're perceived as vulnerable, it's hard to get anything done."

Mrs. Clinton herself has been "uptight for weeks," sources said, over the continuing news reports of cover-up, shredded documents, conflicts of interest and other alleged improprieties in connection with the tangled land deal into which she and her husband entered in the 1970s.

She continues to "function OK" at the White House, an official said, adding, "I'd say she's showing grace under pressure. She's called a health meeting for tomorrow."

Some Democrats warn flatly that unless the Clintons can get Whitewater out of the news media, they will lose the already touch-and-go battle for health care reform.

Others, including some leading figures in the congressional debate over health care, insist that Whitewater has not diminished Mrs. Clinton's effectiveness. Rep. Henry A. Waxman, D-Calif., chairman of the House Energy Commerce health subcommittee, said, "The overwhelming majority of the American people side with her on the issue and support her personally."

Mrs. Clinton dazzled Congress and the public last fall in her highly publicized testimony on behalf of the administration's health reform proposal. The White House, believing that she enjoys greater public credibility than anyone else in the administration, has counted on her to continue in that role.

But now the White House's own private polls show that Mrs. Clinton's public approval rating has fallen below that of the president, although both have ratings between 55 percent and 60 percent. The consensus seems to be that recent disclosures that resulted in the appointment of Special Counsel Robert Fiske and the forced resignation of White House counsel Bernard Nussbaum threaten to undermine the first lady's efforts.

A week ago, said a senior congressional aide, he would have said health care reform was not in jeopardy. "I now have to admit there does feel as though there has been a spillover," he said. "It reached a critical mass toward the end of last week, and now it's having a strategic impact on other things."

Even if the Clintons have done nothing wrong, said the aide, "what's wrong about it is that the White House has allowed itself to be overwhelmed by this thing. It doesn't matter what the thing is. ... The White House is not in a governing mode, it is in scandal-defense mode. It is not in control of its own work."

(Optional add end)

What makes the "Hillary factor" so unpredictable is that no first lady has ever assumed such an active role, both before and after coming to Washington.

The Clintons have described themselves as innocent bystanders as James B. McDougal, the owner of Madison Guaranty Savings & Loan, drove his S&L into the ground and lost nearly \$70,000 of their assets on the Ozark Mountain resort project called Whitewater.

Hillary Clinton's role as a former attorney for the savings and loan is at the center of the controversy. The White House has acknowledged that, while on a \$2,000-a-month retainer, she worked with Madison Guaranty on a proposal to sell stock, a step that required approval of state financial regulators who had been appointed by her husband.

But it says her role was minimal. And although regulators ultimately approved the stock sale, the S&L did not carry it out.

Thus Mrs. Clinton's integrity as well as the president's will be on the line as Fiske, the special counsel, seeks to determine whether Whitewater involved any wrongdoing by high government officials. The outcome could matter not only to Mrs. Clinton personally she is said by associates to be concerned that legal defense costs could bankrupt the family, whose assets are modest by presidential standards but also to the administration policy to which she has devoted much of her time.

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The Des Moines Register

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A CHIEF CRITIC OF CLINTON

Soft-spoken Leach talking tough of late

In speeches and interviews, the Iowa Republican appears to be taking a harder line on Whitewater.

By JANE NORMAN

Of The Register's Washington Bureau

Washington, D.C. — Is Iowa Republican Jim Leach shedding his moderate mantle?

The Davenport congressman, while one of President Clinton's chief critics on the Whitewater affair, has been widely perceived as fair, soft-spoken and less partisan than most others in the GOP.

But during the past few days, the senior Republican on the House Banking Committee has come forth with tough new rhetoric on Clinton, as the White House struggles with new eruptions daily in the Whitewater investigation.

In a speech to Chicago Republi-

cans on Friday and repeated on the House floor Monday, Leach said that "in a nutshell, Whitewater is about the arrogance of power — political conflicts of interest that are self-evidently unseemly."

Leach cited the decision by a special counsel investigating Whitewater to subpoena 10 White House staff members as a result of private briefings they held with Treasury Department officials on the status of a confidential federal investigation into the Whitewater affair.

"Seldom have the public and private ethics of lawyers in the White House and executive branch departments and agencies been so thoroughly devalued," Leach said.

Leach then said there is a "disjunction" in the administration between public policy and private ethics, and posed a series of questions. "Can a president ask others to play by the rules — i.e., obey the law — if he doesn't play by them himself?"

Promised Disclosures

On Monday, Leach in an interview with the New York Times promised disclosures of "blockbuster proportions" at a House Banking Committee hearing March 24 when wit-



Leach
New image?

LEACH Please turn to Page 4A

The Des Moines Register

Soft-spoken Jim Leach
talking tough on Clinton

LEACH

Continued from Page 1A

nesses are expected to testify on Whitewater. Leach would not elaborate on what those disclosures might be, but said he has spoken to whistleblowers who have been afraid to talk to federal investigators or reporters.

And appearing on the "Today" show on Monday, Leach warned that "unless this White House operates with a greater sense of the law... it is going to find itself in far worse shape than it has any reason to be."

Leach was not available for comment Monday. But Joe Pinder, press secretary to Leach, said Leach intended in the Chicago speech, titled "Whitewater: The Disjunction of Public Policy and Private Ethics," to make the complex Whitewater affair more accessible to the layman. "He has been trying to distill aspects of this into a form that is understandable and distillable," Pinder said.

He said he would not characterize Leach's remarks as tougher or more partisan than before. "He continues to say that we should have hearings, and there should be full disclosure," Pinder said.

"Junkyard Dog"

But one Iowa Democrat said it's a new Leach on display as the Whitewater affair winds on. Eric Tabor, head of the Iowa Democratic Party, said Leach is being perceived by many Iowans as a "junkyard dog" on Whitewater, particularly with his hints about revelations to come.

"I think Iowans are more than happy to give President Clinton the benefit of the doubt... and to read in the paper that Congressman Leach has all these allegations, but no one else is going to get to know them for a couple weeks, really smacks of partisanship and trying to control things for partisan reasons," Tabor said.

Tabor said many Democrats in Leach's eastern Iowa district have been willing in the past to give Leach the benefit of the doubt. "He's not so bad, he's bipartisan, I'm going to vote for Jim Leach because he's really not a Republican, he's almost a Democrat," Tabor said, paraphrasing reasons why Democrats have backed Leach, who has run with only nominal opposition for years.

Tabor said that kind of commen-

tary has ended. "People are angry. People are saying this guy is a rock-ribbed Republican and he's not being fair to the Clintons."

Clinton Responds

Clinton at a press conference Monday responded in general to criticism by Republicans, saying "they have been on the whole blatantly partisan." Clinton said there has been no cover-up and no credible evidence or charge of violations of civil or criminal law in Arkansas.

"And I think that, you know, what they do today as Republicans, as a party, may look good today; it may not look too good when the independent counsel finishes his work," Clinton said. "And I think they ought to think long and hard about whether this sort of partisan clamor and careless use of language and careless use of the facts is really not only in the best interests of the American people but in the best interests of their party."

Leach in his Chicago speech said the briefings of White House officials "subvert one of the fundamental premises of American democracy — that this is a country of laws and

important products and...
are privileged in...
the public office...
to...

influence possible legal actions against himself or herself," he said.

Defends His Role

Leach also defended his role in first pressing for a special counsel to investigate Whitewater — which was successful — and then for special congressional hearings. Banking Committee Chairman Henry Gonzalez has declined to hold hearings on Whitewater, and the March 24 meeting mentioned by Leach is actually on the progress of the savings and loan bailout.

Leach has continued to gather information on his own in a Republican investigation and has threatened uncooperative federal regulatory agencies with lawsuits.

"Some have asked why a mainstream Republican like myself would lead an investigation so awkward for the president," Leach said.

"All I can say is that ethics is not an issue of the left, right or center," he said. "It is an American concern relating to the fabric and foundation of our society."

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Excerpts from Leach's speech

FROM THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — Excerpts from a speech by Rep. Jim Leach, R-Ia., in Chicago on Friday and on the House floor Monday:

"Seldom have the public and private ethics of lawyers in the White House and executive branch departments and agencies been so thoroughly devalued. . . .

"The point of all this is that there is a disjunction in this administration between public policy and private ethics. Americans abhor privilege; hypocrisy gnaws at the American soul; it leaves a dispiriting residue of resentment.

"Can, for instance, a president credibly rail against Michael Milken values if he has himself benefited from Milkenesque deal-making?

"Can a president credibly ask the people to pay taxes, let alone raise them, if he refuses to pay his own fair share?

"Can a president credibly espouse open government if he applies a hide-and-seek standard to his own actions?

"Can a president ask others to play by the rules — i.e., obey the law — if he doesn't play by them himself?

"Can a president credibly ask teen-agers to take responsibility for their own lives if he refuses as an adult to discipline his own?

"Can a president credibly advance an ethic of national service if his own model is one of self-service?

"Can a president credibly advocate campaign reform if his own campaign has been sullied by illegal contributions from an S&L which, with its failure, had the effect of causing deferred federal financing of a gubernatorial election?

"Can a president credibly lead an ethical society if he doesn't set an ethical standard?

"Can, in short, a servant of the people put himself above the people in personal and public ethics?"

ISSUES IMPORTANT TO VOTERS

Gubernatorial Candidates discuss health, welfare policy

By DAVID YEPSEN

REGISTRATION MANAGER

Gov. Terry Branstad, U.S. Rep. Fred Grandy and Attorney General Bonnie Campbell, the three leading candidates for Iowa governor this year, say health and welfare issues would be at the forefront of their administrations.

Polls show the issues are important to Iowa voters. Experts say the governor elected this fall will confront a variety of problems related to these issues, including:

- Making health insurance available to all.

- Expanding child care, especially to welfare recipients who want to go back to work and who need somewhere to take their children to accomplish that.

- Paying for emergency health care and giving all Iowans equal access to good mental health services.

- Getting children their immunizations.

- Dealing with the problem of low-weight babies.

- Paying for costly care in the end of life.

In separate interviews last week, all of the candidates agreed that expanding the economy and creating more good jobs with benefits is the key to solving most of these problems.

"Established a Good Record"

Branstad said his administration has made progress in all of these areas. But Grandy, the governor's Republican challenger, and Campbell, his leading Democratic challenger, say more should be done.

The governor said, "We have us.

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THE REGISTER'S EDITORIALS

Treading Whitewater

White House bumbling doesn't
justify congressional action.

Over the weekend the Clinton administration came close to drowning in Whitewater, and from the way things look, the situation may get worse before it gets better — if it does get better.

That dull, complicated business of Bill Clinton and Hillary Rodham Clinton and a land deal and a savings-and-loan failure in Arkansas a decade ago had been of little interest to most people outside the Beltway. Congressional Republicans had been hitting it hard, though.

Then came revelations last week that White House officials had held three secret meetings with savings-and-loan investigators. The president conceded that this had been a mistake because it gave the appearance of interfering with the investigation, but at a press conference Monday he denied having known anything about two meetings. White House Counsel Bernard Nussbaum, a longtime friend of the Clintons, who had attended the meetings, took the hit and resigned.

Too little and too late. Robert Fiske, the special counsel whose appointment the president had reluctantly ordered in January, issued subpoenas for Nussbaum and nine other present and former White House officials to testify before a grand jury on March 10. The sight of FBI agents serving papers on the president's chief of staff and other insiders pulled the affair well into the limelight.

Prior to the secret meetings and seeming cover-up, it had been possible to say, "This all happened before Clinton became president. It wasn't like Nixon's cover-up of Watergate or Reagan's cover-up of Iran-Contra. Let's get on with the business of

governing." Not any more. Whether done deliberately or carelessly, this was the responsibility of a president.

So what happens next? Republicans for weeks have been demanding congressional hearings. The advantage of this route is that it could be taken relatively quickly, while Fiske's investigation may take a year or more. The disadvantage is that if Congress granted the witnesses immunity so they would talk, the outcome could parallel the Iran-Contra hearings when the court conviction of Oliver North was overturned because of his immune testimony.

Congressman Jim Leach of Iowa, one of the more respected and non-partisan Republicans in Congress, is one who has been calling for hearings. However, in two weeks Leach's House Banking Committee will hear a scheduled report on the overall progress of the savings-and-loan cleanup. That could well become a mini-hearing on Whitewater, because Leach promises "blockbuster" revelations.

For now, it would seem best to let the special counsel proceed and wait for Leach's "blockbuster," before convening congressional hearings, if at all.

Perhaps neither of the Clintons did anything illegal in Arkansas — maybe not even anything unethical. But Clinton's presidency has been compromised by the appearance of a cover-up.

Nobody is using the word "impeachment" yet; even Leach said that isn't in the cards. But Senator Phil Gramm said Clinton could be forced from office, as Nixon was. At the very least, the presidency is weakened, at least for now.

Clinton denies cover-up

Defends wife, says White House will assist independent counsel

Boston Globe
3/8/94

By Michael Kranish
Globe Staff

WASHINGTON - President Clinton denied yesterday that the White House has been involved in any cover-up of the Whitewater affair and vowed that he and his wife would cooperate with a fast-growing investigation by an independent counsel.

Clinton raised new questions by acknowledging that he had been informed about one of three meetings at the White House in which confidential information about an investigation related to the Whitewater land development deal may have been discussed. Clinton said he had only a hazy recollection about one meeting, did not know how he learned about it and did not act on it.

Struggling to defend himself and his wife amid a complicated controversy that threatens to undermine his effectiveness on other issues, Clinton told reporters in an East Room press conference that he had ordered aides to preserve any Whitewater material and that he would fully cooperate with independent counsel Robert Fiske.

"We're not covering up or anything; we are opening up," Clinton said, seeking to draw a distinction between Whitewater and the Watergate affair that brought down President Richard Nixon two decades ago. "There is no credible evidence and no credible charge that I violated any criminal or civil federal law."

The president did not deny or confirm reports that his wife, Hillary Rodham Clinton, ordered a shredding of some documents in 1992 that may have been related to Whitewater. But the president launched an impassioned defense of his wife, saying that she did nothing wrong.

"Law firms dispose of their documents all the time," Clinton said. "I do not believe for a moment that she has done anything wrong. If the rest of the people in this country had a character as strong as hers, we wouldn't have half the problems we've got today."

Mrs. Clinton, who some Republican critics describe as the key player in the Whitewater real estate investment, did not make a statement yesterday. She has said the controversy is being created by political opponents. The matter appears to have harmed her clout on Capitol Hill, where she is trying to push through the administration's health care plan.

Republicans renewed their call for a separate congressional investigation. But Fiske, the independent counsel, warned in a letter to

lawmakers that such hearings "would pose a severe risk to the integrity of our investigation." The Iran-Contra prosecutor, Lawrence Walsh, has said that the congressional hearings made it difficult for him to prosecute successfully.

The Whitewater controversy has been raging for months, but it threatened to careen out of control last week after reports that White House counsel Bernard Nussbaum attended three meetings at which Treasury officials who had firsthand knowledge of a Whitewater-related investigation briefed him and other White House officials.

Clinton, after acknowledging last week that the meetings created the appearance of impropriety, accepted Nussbaum's resignation Saturday. The meetings could create problems for Clinton if it were determined that he knew about them and if they amounted to an obstruction of justice.

The Clintons were participants in the money-losing Whitewater land development deal, through an influential friend whose savings and loan later failed and had to be bailed out by the government. The special prosecutor also is looking into whether Madison Guaranty Savings and Loan Association improperly funneled money into Clinton's reelection campaign as Arkansas governor in 1984.

Fiske on Friday subpoenaed the six White House officials and four Treasury staff members who attended the meetings to discuss the investigation. The 10 will appear before a grand jury in Washington Thursday, and Chief of Staff Thomas McLarty could be added to the list as a result of his acknowledgment on Sunday that one meeting was arranged by his office.

Fiske also subpoenaed all Whitewater-related documents, prompting the White House counsel's office yesterday to order presidential aides to retrieve materials from their "burn bags," file cabinets and electronic mail.

At his press conference yesterday, held to celebrate the signing of an aid package with the former Soviet republic of Georgia, Clinton said he did not know about two of the three meetings, including one attended by Deputy Treasury Secretary Roger Altman.

But Clinton said he had a vague recollection of being informed about one meeting. At the time, the government agency that monitors savings and loans, called the Resolution Trust Corp., was investigating whether a Whitewater partner was using an S&L's funds to benefit Arkansas politicians, including Clinton.

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"Sometime in October I became aware of the RTC finding with regard to the question of ... whether my campaign benefited improperly from checks which allegedly came from the S&L. And I knew about that," Clinton said. "I don't remember who told me about it, but it was just sort of presented as a fact, a decision that had been made by the government. And I didn't think much about it at the time."

Clinton said that in order to avoid any questions in the future, he had ordered that a "firewall" be constructed between the White House and other regulatory agencies so that any contact in or out related to any of these matters would have to be cleared by and approved by the counsel's office."

The president, whose plans for such legislative initiatives as health care and welfare reform could be imperiled by the political fallout from Whitewater,

criticized Republicans for using it to thwart his domestic agenda.

"The American people will be outraged if anybody uses this as an excuse not to keep going and doing the people's business," the president said. "If I did something wrong, it will come out in the special counsel."

Meanwhile, Attorney General Janet Reno rejected a Republican request that deputy attorney general Webster Hubbell temporarily leave his post because Hubbell was a member of the Rose Law Firm at the time it was handling part of the Whitewater matter. Reno said she saw no reason for Hubbell to leave because his government work has not dealt with the Whitewater matter.

TUE 11:56

white water inquiry 'Obstruction' is a key word

BOSTON
GLOBE
3/8/94

By **Aloysius Farrell**

Globe Staff

BOSTON — When presidential counsel Bernie W. Nussbaum met with Jean Hanson, his Treasury Department counterpart, last Sept. 29, he expected to present Clinton to an allegation that has terrified elected officials here since the Watergate scandal: obstruction of justice.

The meeting, at which Nussbaum was told that the president's name had been linked by federal investigators to possible criminal behavior in the case of the failed Arkansas savings and loan, has suddenly become a focal point in the turbulent Whitewater saga.

Special counsel Robert Fiske's subpoenas last week of Hanson, Nussbaum and eight other current or former Clinton administration aides are designed to determine if the Sept. 29 meeting and two subsequent briefings, described by the White House as "briefings," were in fact sessions to coordinate a cover-up.

If Nussbaum or any of his colleagues acted to thwart the criminal investigation, then an analogy to former President Nixon — despite Clinton's insistence yesterday that Whitewater is not Watergate — may indeed be accurate.

And so members of Clinton's staff suddenly find themselves sifting files and computer disks for any relevant information to the three meetings, and taking written notes of even casual conversations with their colleagues.

Nussbaum met with Hanson at a crucial point in the case.

The meeting took place 11 days before banking examiners at the Resolution Trust Corporation, a public corporation established to investigate and clean up the savings and loan scandals of the 1980s, then being supervised by Hanson and other top Treasury aides, received the case of an Arkansas savings and loan sent to the Justice Department for possible prosecution.

The so-called "Clinton referral" mentions Clinton and his wife Hillary Rodham Clinton as possible beneficiaries of improper acts. But, according to White House aides, it says nothing of their knowledge of or participation in these activities.

In the course of the year-long probe into the affairs of the Madison Guaranty savings and loan, RTC investigators uncovered evidence that the thrift — which was owned by James McDougal, a friend and business partner of the Clintons — used its funds

to benefit Arkansas politicians, including Clinton and Arkansas Gov. Jim Tucker.

The referral, White House sources say, addresses the RTC's concern that Clinton's 1984 gubernatorial campaign may have benefited from illegal campaign contributions channeled through the Madison savings and loan.

No cover-up evidence

Did the Clinton administration try to orchestrate a cover-up? Republican critics have suggested that they did, but if so there is no evidence they succeeded.

The RTC referral was forwarded to the Justice Department on Oct. 10 and now is being handled by special counsel Fiske. The referral, and others that did not mention the Clintons but involve their old associates in Arkansas, remain at the core of the Whitewater investigation.

In contrast, a 1992 referral by the RTC regarding Madison — which also mentioned Clinton — was never acted on by the Bush administration and eventually declined by Justice, reportedly for lack of evidence.

Merely for meeting with Hanson at such a critical juncture, Nussbaum has paid a heavy price.

But the Sept. 29 meeting itself, while ethically and politically questionable, is not proof of obstruction of justice — nor are the Oct. 14 meetings of White House and Treasury officials, or a third meeting last month.

White House lawyers in the Bush administration, for example, phoned federal prosecutors in Atlanta to keep tabs on the simmering Iraqgate scandal.

Although the Bush White House paid a political cost for those contacts — in the form of campaign attacks waged by some who are now acting as Clinton's loyal defenders — no legal sanctions were ever warranted.

The briefings themselves are not enough, says a veteran former federal prosecutor with experience in cover-up cases.

'Perfectly normal action'

"You have to ask them to do something material, either to delay or derail," the former prosecutor said. "Simply finding out information should not be considered obstruction."

Carl Stern, spokesman for the Justice Department, said "obviously Bernie" Nussbaum "would have had considerable interest knowing as much as possible about Whitewater and Madison and so on, yet that gets portrayed as some sort of reconnaissance mission for the purpose of concealment or camouflage."

"The perfectly normal action of a decent human

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being is now getting portrayed as the machinations of a corrupt and devious mind," Stern said. "It is journalistic and political mayhem."

Unless pressure was exerted by his aides with his knowledge and intent to squash the investigation, Clinton faces no legal problems from the briefings, legal experts say.

The president said yesterday that he found out about the RTC inquiry in October, but "I don't remember when I knew about it, or who told me about it.

"It was just sort of presented as a fact, a decision that had been made," Clinton said. "I didn't think much about it at the time. It was just something I absorbed."

Senior administration officials, speaking only after asking for anonymity, say that Nussbaum was definitely not the one who told Clinton of the RTC action. They believe that Clinton was informed sometime between Oct. 10, when the referral was made, and Oct. 31, when it was made public by The Washington Post, after the Post and other news organizations began to make inquiries. The aides said they did not know when Mrs. Clinton learned of the RTC's action.

RTC's power limited

When asked if it was plausible that Nussbaum would hear of a criminal referral involving the

president, and not alert Clinton, a senior White House official suggested that the news did not cause a terrible stir because allegations of improper campaign contributions, dating back 10 years, which were not directly tied to the Clintons, were not perceived as a serious political problem.

The RTC has the power to make referrals when it finds "aggravated suspicion" of potential criminal behavior. But because the RTC has limited investigatory powers, the fact that there was a referral does not mean there is evidence of a crime.

The second White House meeting, on Oct. 14. White House staffers say, was devoted to the question of how to respond to media inquiries. In the February meeting, Treasury officials briefed White House aides on RTC policy regarding the statute of limitations on various civil matters, which was soon to have expired but has since been extended.

"I think the evidence that we have certainly makes it clear that no one tried to influence any governmental procedure or do anything improper," Clinton said yesterday.

"I have no reason to believe at this time that anybody did anything to influence a government process they should not have done," he said.

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Clinton defends wife, self over Whitewater

By Carl P. Leubsdorf
Washington Bureau of The Dallas Morning News

WASHINGTON — A grim, lectern-pounding President Clinton defended his and his wife's integrity Monday and said there is no evidence that anyone in his administration interfered with the Whitewater inquiry.

"There will not be a cover-up, there will not be an abuse of power in this White House," Mr. Clinton declared.

Rejecting GOP suggestions that he is presiding over a scandal akin to Watergate, which toppled Presi-

dent Richard Nixon 20 years ago, Mr. Clinton said, "There is no analogy except any hysteria that they can gin up around it."

He said that, although it might have been better if three controversial White House meetings on Whitewater had not occurred, "The evidence that we have certainly makes it clear that no one tried to influence any governmental procedure or do anything improper."

Last week, it was disclosed that federal regulators had briefed senior White House staff three times on the Whitewater investigation, prompting allegations of special

treatment of Mr. Clinton.

With some Republicans raising allegations of a White House cover-up and renewing demands for congressional hearings, the president reiterated that all aides have been instructed to comply fully with Special Counsel Robert Fiske Jr. Mr. Fiske was appointed by Attorney General Janet Reno to look into the circumstances surrounding the failed Arkansas real estate venture.

He also delivered a fervent defense of first lady Hillary Rodham Clinton, who played a role in some of the legal activities related to the

Clinton defends self, wife

Continued from Page 1A
Whitewater deal

"I have never known a person with a stronger sense of right and wrong than my wife — ever," he said. "I do not believe for a moment that she has done anything wrong," the president declared, pounding his fist on the lectern. "Her moral compass is as strong as anybody's in this country."

Mr. Clinton also disclosed that he learned in October that the Real Estate Trust Corp. had referred to the Justice Department allegations that the failed Madison Guaranty Savings and Loan may have channeled funds to his 1991 gubernatorial campaign. Madison was owned at the time by James McDougal, a partner with the Clintons in the White Water development.

But he denied knowledge of any of the controversial Whitewater meetings and said he couldn't remember when told him the case had been sent to the Justice Department. A senior official who asked not to be named said he apparently learned of it from journalists' inquiries after the referral was made Oct. 10.

The White House meanwhile moved to comply Monday with Mr. Fiske's directive to provide all relevant documents in the Whitewater inquiry. It was issued Friday along with subpoenas to 10 current and former administration officials.

After spent much of the day combing their files and fresh reminders were directed. Deputy Counsel Ed Klein issued a directive telling all officials that they must provide any information about the three known meetings and about any others that might have occurred.

"We have put out the word it is an obstruction of justice not to get the documents or not answer as an official said."

The official, who also spoke on a nationally said that the directive to provide all relevant documents applied to Mr. and Mrs. Clinton, as well as the six White House staff members who have been subpoenaed to turn over documents and appear before a Washington grand jury Thursday.

But officials declined to say whether there had been additional meetings.

Republicans on Capitol Hill meanwhile sought to use the battle over the investigation created by Saturday's forced resignation of White House Counsel Bernard Gertzelman to turn up the heat on Whitewater.

"The public cares more about this issue this week than it did last week," Rep. Newt Gingrich, R-Ga., second-ranking GOP leader in the House, declared at a news conference. "Someone last week we passed the threshold."

Mr. Gingrich released a letter to Mr. Reno in which he demanded that Assistant Attorney General William Hubbell, a former law partner of Mrs. Clinton's, be suspended because of his involvement in the Whitewater matter.

Justice Department spokesman said Sunday that Mr. Reno had not yet decided if Mr. Hubbell should be



President Clinton fields questions Monday during a news conference at the White House. Georgian President Eduard Shevardnadze appeared with Mr. Clinton, but questions focused on the continuing Whitewater investigation.

"I do not believe for a moment that she (Hillary Rodham Clinton) has done anything wrong. Her moral compass is as strong as anybody's in this country."

— President Clinton

war no basis for such a step because "Mr. Hubbell has not had any responsibility relating to the Whitewater investigation."

Mr. Gingrich also released letters to House Speaker Tom Foley, D-Wash., and Majority Leader Dick Gephardt, D-Mo., demanding that they convene a bipartisan congressional leadership meeting to debate GOP demands for special hearings on Whitewater.

The Democrats have steadfastly refused such proposals, arguing that any comprehensive congressional hearings could interfere with Mr. Fiske's investigation.

But House Speaker Tom Foley, D-Wash., said "I wouldn't oppose any hearings" and ABC News said Monday night that Democratic leaders planned to meet with their GOP counterparts this week to discuss possible hearings.

Meanwhile, Mr. Fiske said in a letter to the chairman and ranking Republican on the Senate Banking Committee that congressional hearings into Whitewater "would pose a severe risk to the integrity of our investigation."

He said there would be a danger if Whitewater were granted congressional immunity and if premature disclosures forced witnesses to alter their future testimony.

The ranking Republican Sen. Al

fonse D'Amato of New York, said he wanted to meet with Mr. Fiske, a fellow New York Republican, to discuss the matter.

Meanwhile, Mr. Clinton again found himself answering questions on Whitewater during a White House news conference with a visiting foreign leader, this time Georgian President Eduard Shevardnadze.

As when Ukrainian President Leonid Kravchuk visited Friday, virtually every question to Mr. Clinton dealt with Whitewater.

Asked how he felt to hear Sen. Phil Gramm, R-Texas, raise the prospect he might not be able to complete his term, Mr. Clinton replied, "I wonder why you let him get away with it."

But he added that, "Frankly, when they say things, it doesn't really bother me, adding 'They have been on the whole blatantly partisan.'"

Separately, Mrs. Clinton told *Elle* magazine that much recent criticism was based on "the wild kind of paranoid conspiracies."

In an interview, which took place before the subpoenas were issued, she said, "This is a well-organized and well-financed attempt to undermine my husband and by extension, myself, by people who have a different political agenda or have another personal and financial reason for attacking us."

Staff writer Richard Whittle contributed to this report.

Unconventional views on sports by Galloway, Blackstone, Harasta, Sherrington and Sherrid. Find them in Sports Day in The Dallas Morning News. To subscribe call 745-8333.

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BY MARTIN KASINDORF
WASHINGTON BUREAU

WASHINGTON PRESIDENT BILL CLINTON EMOTIONALLY DEFENDED HIS WIFE YESTERDAY FROM GROWING SUGGESTIONS THAT SHE HAS ACTED IMPROPERLY IN THE WHITEWATER AFFAIR A SAGA HE TERMED FAR LESS SERIOUS THAN WATERGATE WHILE ACCUSING REPUBLICANS OF INFLATING IT FOR PARTISAN REASONS.

DURING A JOINT WHITE HOUSE NEWS CONFERENCE WITH GEORGIAN CHAIRMAN EDUARD SHEVARDNADZE, IN WHICH AMERICAN REPORTERS ASKED ONLY ABOUT WHITEWATER, CLINTON GREW MISTY-EYED IN COMMENTING ON A WASHINGTON TIMES REPORT YESTERDAY THAT FIRST LADY HILLARY RODHAM CLINTON ORDERED THE SHREDDING OF DOCUMENTS DURING THE 1992 PRESIDENTIAL CAMPAIGN.

I CAN TELL YOU THIS, I BELIEVE I'M A BETTER AUTHORITY THAN ANYBODY ELSE IN AMERICA ON MY WIFE," CLINTON SAID. I HAVE NEVER KNOWN A PERSON WITH A STRONGER SENSE OF RIGHT AND WRONG IN MY LIFE EVER ... AND I DO NOT BELIEVE FOR A MOMENT THAT SHE HAS DONE ANYTHING WRONG. IF EVERYBODY IN THIS COUNTRY HAD A CHARACTER AS STRONG AS HERS, WE WOULDN'T HAVE HALF THE PROBLEMS WE'VE GOT TODAY.

CLINTON CONTINUED, OCCASIONALLY POUNDING THE LECTERN FOR EMPHASIS: NOW, PEOPLE CAN ASK WHATEVER QUESTIONS THEY WANT, AND WE WILL DO OUR BEST TO COMPLY. BUT I'M JUST TELLING YOU, THE AMERICAN PEOPLE CAN WORRY ABOUT SOMETHING ELSE. HER MORAL COMPASS IS AS STRONG AS ANYBODY'S IN THIS COUNTRY, AND THEY WILL SEE THAT.

AS THE PRESIDENT SPOKE, THE WHITE HOUSE WAS PREOCCUPIED WITH WHITEWATER. THE CLINTONS AND HUNDREDS OF STAFFERS BEGAN COMBING FILES TO COMPLY WITH A SUBPOENA FROM WHITEWATER SPECIAL COUNSEL ROBERT FISKE FOR PRODUCTION OF DOCUMENTS IN COURT THURSDAY. IN ADDITION, 10 CURRENT AND FORMER WHITE HOUSE AND TREASURY DEPARTMENT OFFICIALS ARE TO REPORT TO A WASHINGTON GRAND JURY ROOM THAT DAY TO DETAIL THEIR KNOWLEDGE OF CONTROVERSIAL MEETINGS TO RELAY INSIDE INFORMATION ON WHITEWATER.

THE CLINTONS ARE COVERED BY THE SUBPOENA FOR DOCUMENTS AND MUST SEARCH DIARIES, ELECTRONIC MAIL AND OTHER SOURCES FOR RELEVANT MATERIAL.

FOR 14 YEARS, STARTING BEFORE HE WAS ELECTED ARKANSAS GOVERNOR, CLINTON AND HIS WIFE WERE PARTNERS IN THE WHITEWATER DEVELOPMENT CORP., AN ALLEGEDLY MONEY-LOSING OZARK MOUNTAINS REAL-ESTATE VENTURE, WITH JAMES MCDUGAL, OWNER OF MADISON GUARANTY SAVINGS AND LOAN.

CCI FAX 434-6355-011-554

7 MAR 1994

From: NEWSDAY

To: FAX 1-2024566485

THE THRIFT, WHICH COLLAPSED IN 1989 AT A COST TO TAXPAYERS OF MORE THAN 47 MILLION, WAS REGULATED BY CLINTON-APPOINTED STATE OFFICIALS AND WAS ONCE LEGALLY REPRESENTED BY HILLARY CLINTON.

FISKE WAS APPOINTED BY ATTORNEY GENERAL JANET RENO TO TAKE OVER THE JUSTICE DEPARTMENT'S INVESTIGATION INTO WHETHER MADISON DEPOSITORS' FUNDS WERE WRONGLY USED TO BENEFIT WHITEWATER OR CLINTON'S 1984 GUBERNATORIAL CAMPAIGN.

CLINTON REITERATED YESTERDAY THAT HE AND HIS WIFE DID NOTHING WRONG IN WHITEWATER AND THAT HE WANTS HIS ADMINISTRATION TO COOPERATE FULLY WITH FISKE'S INVESTIGATION. ON THAT BASIS, HE DIFFERENTIATED WHITEWATER FROM THE NIXON ADMINISTRATION'S WATERGATE SCANDAL AND SAID REPUBLICANS WERE BEING BLATANTLY PARTISAN IN COMPARING THE TWO.

THERE IS A HUGE DIFFERENCE HERE, CLINTON SAID. NUMBER ONE, WE'RE NOT COVERING UP OR ANYTHING, WE ARE OPENING UP. WE ARE DISCLOSING. WE ARE GIVING YOU INFORMATION. NUMBER TWO, NO ONE HAS ACCUSED ME OF ANY ABUSE OF AUTHORITY IN OFFICE. THAT'S WHAT WATERGATE WAS ABOUT.

ALSO, CLINTON SAID, THERE IS NO EVIDENCE THAT HE BROKE ANY CRIMINAL OR CIVIL FEDERAL LAW DURING THE 1980S, WHEN HIS INVESTMENT LOST MONEY AND SPUTTERED TO A NOT-SUCCESSFUL CONCLUSION.

INDICATING THAT HE WANTED FISKE TO UNDERTAKE HIS INVESTIGATION WITHOUT CONGRESSIONAL HEARINGS ON THE SUBJECT, CLINTON GIBED THAT REPUBLICANS WERE JUMPING ON WHITEWATER AS A GOOD EXCUSE FOR FAILING TO AGREE ON A PLAN FOR HEALTH-CARE REFORM.

AT ANOTHER POINT IN THE NEWS CONFERENCE, CLINTON SAID THAT LAST FALL HE LEARNED THAT HE AND HILLARY CLINTON WERE MENTIONED IN AN OCT. 8 RESOLUTION TRUST CORP. CRIMINAL REFERRAL, ASKING THE JUSTICE DEPARTMENT TO INVESTIGATE POSSIBLE CRIMINAL ACTIVITY IN CONNECTION WITH MADISON'S FAILURE. THE REFERRAL SAID THE CLINTONS MAY HAVE BENEFITED BUT DID NOT ACCUSE THEM OF WRONGDOING. ORIGINALLY, THIS INFORMATION WAS GIVEN TO THE WHITE HOUSE COUNSEL BY A TREASURY OFFICIAL AT ONE OF THREE INSIDER MEETINGS. CLINTON, SAYING HE COULDN'T RECALL DETAILS OF BEING TOLD, ASSERTED, I DIDN'T THINK MUCH ABOUT IT AT THE TIME.

IT WAS UNCLEAR YESTERDAY WHEN AND FROM WHOM CLINTON LEARNED THE CONFIDENTIAL INFORMATION CONTAINED IN THE RTC'S REFERRAL TO THE JUSTICE DEPARTMENT.

HILLARY CLINTON HAS EMERGED AS A CENTRAL FIGURE IN WHITEWATER AND CONTROVERSY OVER THE WHITE HOUSE'S POLITICALLY CLUMSY HANDLING OF THE MATTER.

REPORTEDLY, SHE LONG OPPOSED THE NAMING OF A SPECIAL COUNSEL IN THE TANGLED CASE AND WAS FINALLY OVERRULED BY HER HARD-PRESSED HUSBAND AS REPUBLICANS LAUNCHED A SO-FAR LARGELY FRUITLESS CAMPAIGN FOR CONGRESSIONAL HEARINGS.

HILLARY CLINTON'S CHIEF OF STAFF, MARGARET WILLIAMS, AND HER PRESS SECRETARY, LISA CAPUTO, WERE AMONG SIX WHITE HOUSE OFFICIALS SUBPOENAED BY FISKE LAST WEEK.

THE WITNESSES, WHO INCLUDE OUTGOING WHITE HOUSE COUNSEL BERNARD NUSSBAUM, DEPUTY CHIEF OF STAFF HAROLD ICKES AND DEPUTY TREASURY SECRETARY ROGER ALTMAN, ALL ARE HIRING PERSONAL LAWYERS

WITH THEIR OWN FUNDS, BUT WHITE HOUSE LAWYERS ARE CHECKING IF LEGAL MEANS EXIST TO REIMBURSE THEM, AN ADMINISTRATION OFFICIAL SAID.

Angry Clinton defends wife's 'moral compass'

By Scott Shepard
WASHINGTON BUREAU

Washington — President Clinton delivered a stirring defense of his wife's integrity Monday as he tried to control further political damage from disclosures about the first couple's involvement in an Arkansas real estate development that failed five years ago.

Hammered by Republican comparisons of the Whitewater episode to Richard Nixon's Watergate scandal two decades ago, Clinton vowed, "There will not be a cover-up; there will not be an abuse of power in this office."

"There is no credible charge that I violated any law," the president said.

There was a dark mood of disbelief and defeat at the White House following Friday's sudden subpoenas of 10 administration officials and the forced resignation of White House counsel Bernard Nussbaum. Most if not all of those subpoenaed were seeking legal counsel before appearing Thursday at U.S. District Court to testify.

White House staff members were ordered to scour trash cans, burn bags and files for subpoenaed paperwork and computer files possibly related to

the investigation by independent counsel Robert Fiske.

Speaking at a news conference with visiting Georgian leader Edward Shevardnadze, Clinton appeared angry and thumped the lectern in response to questions about his wife, Hillary Rodham Clinton, who was a partner in the Arkansas law firm that handled some Whitewater matters.

"The American people can worry about something else," he declared. "Her moral compass is as strong as anybody's in this country, and they will see that."

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Up a creek in Whitewater

If there's nothing to the Whitewater scandal, why are the folks in the Clinton White House scurrying around like burglars who hear a siren in the distance?

It's a question that Republicans are asking publicly, and gleefully. Clinton supporters are asking the same question privately, and nervously.

What's going on? As Vice President Al Gore pointed out over the weekend, there has been no allegation, let alone proof, of wrongdoing by anyone in the White House regarding Whitewater, an Arkansas land deal in which Bill and Hillary Clinton invested during the '80s.

But that makes the behavior of the White House all the more bizarre. Most of the mounting suspicion about Whitewater has been inspired not by facts or documents, but by the way the White House has mishandled the case.

And most of that can be traced to White House Counsel Bernard Nussbaum, who resigned over the weekend.

Nussbaum's resignation, while welcome, came about eight months too late. He should have been fired last summer, when he obstructed the investigation of the suicide of his assistant, Vincent Foster.

After Foster was found dead, Nussbaum removed Whitewater-related documents from Foster's files before investigators could seal the office. Nussbaum then tried to keep the existence of those documents secret. It was the discovery of Nussbaum's activity, and the publicity that followed, that forced Attorney General Janet Reno to name an independent prosecutor into Whitewater.

That move should have put Whitewater onto the political back burner while the independent prosecutor, Robert Fiske, did his job. And for a while it did.

However, Nussbaum and other top White House aides then compounded their previous errors by meeting three times with Treasury Department officials to get briefed about Whitewater-related criminal probes.

Those meetings were clearly inappropriate and unethical, and perhaps illegal. As U.S. Sen. Robert Dole so helpfully pointed out, it's dangerous to mix politics with law enforcement. The American public may not understand or care much about complicated land deals, but they do understand cover-ups.

Now, Nussbaum and nine other White House and Treasury officials have been served with subpoenas by the independent prosecutor; they will talk to a grand jury this week. That development has increased Republican demands for a congressional probe into Whitewater. More important, perhaps, it also has reduced the ability and willingness of congressional Democrats to fend off such demands.

The least damaging explanation of Nussbaum's behavior is to attribute it to a lawyer's instinct to protect his clients, in this case the Clintons. If so, Nussbaum ended up hurting those he sought to help.

The most damaging interpretation — now being advanced by the Republicans — is that Nussbaum was being so protective because the Clintons have something important to hide.

The Clintons continue to insist that isn't so, and there's no evidence to prove them wrong. They also protest that Republican suggestions of wrongdoing are unfair and partisan.

Maybe so. But in its mishandling of Whitewater, the White House has given its enemies a large stick. In the rough-and-tumble world of Washington, the Clintons can't complain much when that stick is used to beat them about the head.

3/9/94

A UPI News Update!

The White House stepped up its Whitewater damage control yesterday by reaching back to the Carter administration for help. Lloyd Cutler will become special counsel replacing Bernard Nussbaum, who resigned last weekend.

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It's getting harder to find a legal place to light up. Yesterday, the Defense Department announced that smoking would be banned in all military installations. And the state of Maryland is about to invoke a sweeping ban on smoking in all workplaces, including bars, restaurants, hotels and convention facilities.

According to the Washington Post, Maryland will put the ban into effect in about 60 days. Maryland has the second highest cancer rate in the nation.

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In Nairobi, Kenyan security forces have stormed a Saudi airliner, putting end to a daylong hijacking... and shooting dead an Ethiopian hijacker who carrying a toy gun. Virtually all the 139 passengers, including theackers, were reportedly illegal immigrants being sent home to Ethiopia from Saudi Arabia.

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Also in Kenya, a total of 31 bodies have been recovered from Lake Victoria, as rescue efforts continue following a Sunday boat accident. At least another 20 people remain unaccounted for after the boat capsized in the western part of the lake during a heavy storm.

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The crew of the shuttle Columbia is in its sixth day of medical research and engineering experiments. The crew of four men and one woman is due back at the Kennedy Space Center Friday, March 18th.

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The biggest box office movie of all time, ``Jurassic Park,`` took the award for favorite motion picture at the People's Choice Awards. The film's director, Steven Spielberg, was honored for his body of work, which includes seven of the top 20 box office films of all time.

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By Tom Gauger (UPI)

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Rose Courier Now Says Shredding Took Place After Inquiry Was Set

By STEPHEN ENGELBERG
Special to The New York Times

WASHINGTON, March 8 — The law firm employee who testified before a Federal grand jury about destroying documents from the files of Vincent W. Foster Jr. now says he was told to shred the material after a special prosecutor had announced that he would look into the suicide of the White House aide.

Jeremy Hedges, a part-time courier at the Rose Law Firm in Little Rock, Ark., pinpointed the date in a telephone interview today. Mr. Hedges said that when he had fed the documents into the firm's shredder, he had already heard of the appointment of Robert B. Fiske Jr. as special counsel.

At the time of his appointment on Jan. 20, Mr. Fiske said that he would be investigating not only the Whitewater real estate venture, in which President Clinton and his wife were partners, but also looking into the circumstances of the suicide in July of Mr. Foster, a longtime friend of the Clintons who was a deputy White House counsel and who in private practice represented the Clintons in Whitewater and other personal matters.

Even before a subpoena is issued, the law prohibits people from intentionally impeding an investigation by destroying evidence they know investigators want.

The courier also said today that he and the other couriers employed by the Rose firm met with two of the firm's partners in February and that one partner challenged his recollection that he had shredded documents belonging to Mr. Foster and then cautioned him against relating "assumptions" to investigators.

Mr. Hedges said that although the partners had encouraged the couriers to cooperate fully with investigators, he felt that the sense of the meeting was "I should not tell them something they did not ask."

Ron Clark, a partner in the firm and its chief operating officer, said in a telephone interview today that the meeting's only goal was to insure complete cooperation with Mr. Fiske's inquiry. Mr. Clark, who presided over the meeting, said Jerry Jones, the partner who counseled against assumptions, "was trying to say: 'They'll be asking a

Continued on Page B7, Column 1

Rose Courier Now Says Shredding Took Place After Inquiry Was Set

Continued From Page A1

lot of questions. Just tell them the facts."

The firm, whose former partners include Hillary Rodham Clinton, Associate Attorney General Webster L. Hubbell, and an assistant White House counsel, William H. Kennedy 3d, asserts that the documents Mr. Hedges shredded were an assortment of internal firm papers that did not come from Mr. Foster's files. Mr. Clark said that the firm had four witnesses, two lawyers and two clerks, who support this account. He declined to identify them but said they were prepared to testify under oath.

Mr. Hedges said today that the explanation was "hard for me to believe." He said the box and all its file folders were marked "VWF," the firm's shorthand for Mr. Foster. He said that he had glanced at a handful of

Mr. Hedges said, he disclosed his intention to report the shredding of Mr. Foster's documents.

"I said," Mr. Hedges recounted, "I shredded some documents of Vincent Foster's three weeks ago."

Mr. Jones replied with skepticism. "He said: 'How do you know they were Foster's? Don't assume something you don't know.'"

Mr. Hedges insisted he was certain the documents came from Mr. Foster's files.

According to Mr. Hedges, Mr. Jones then said: "Don't assume they had anything to do with Whitewater."

Mr. Hedges said today that he was convinced that the documents had once been part of Mr. Foster's files.

"The file folders were stacked up neatly and the tabs all said, 'VWF Correspondence,' 'VWF notes,' 'VWF pleadings.' It looked like every file box I've ever looked at in the firm," he said. In addition, he said, the box had the initials VWF on its side and he looked at several letters in the file that bore Mr. Foster's signature at the bottom.

Mr. Clark said the letters might be explained by the fact that box included files from the firm's recruiting efforts. Mr. Foster, he said, routinely sent letters to lawyers the firm was seeking to hire. He acknowledged, however, that the box of documents the firm says was shredded should not have had binders bearing the initials VWF. "I can't give you any fact that is going to resolve that," he said.

Mr. Hedges said he had fed documents into a shredding machine for 30 minutes before being relieved by another courier, who took another 30 minutes to finish the job.

Clayton Lindsey, the courier who took over the shredding, said in a telephone interview today that he, too, clearly remembered the VWF markings on the binders. Mr. Lindsey said that when he placed documents into the machine, he generally keeps them in their jackets. The tabs, with identifying initials, are typically facing up, towards him.

"I saw the same stuff Jeremy did," Mr. Lindsey said. "I saw the initials on the side of the box and on some of the manila folders. It said VWF correspondence and like that. I didn't look into any of them."

Mr. Lindsey has been interviewed by the F.B.I. but has not testified to the grand jury.

In his Feb. 16 testimony before the grand jury, Mr. Hedges said only that the incident happened three weeks previously, or in the same week as Mr. Fiske's Jan. 20 appointment. But in the interview, Mr. Hedges said he had distinctly recalled hearing of Mr. Fiske's appointment when he was asked by a file clerk in the firm to carry out the shredding.

Two views of what a partner at Rose meant.

the documents and that some were letters on the firm's stationery that bore Mr. Foster's signature.

None of the documents he saw related to the Whitewater Development Company, Mr. Clinton's real estate investment, or James B. McDougal, Mr. Clinton's partner in Whitewater and the owner of the failed Arkansas savings and loan that is at the center of Mr. Fiske's inquiry, Mr. Hedges said.

After Mr. Foster's death, the removal of the files about Whitewater from his White House office led to much of the pressure on Mr. Clinton to ask for a special prosecutor.

Most large law firms routinely dispose of sensitive client files by shredding them. Mr. Clark said last week that the Rose firm set up a shredding system in 1991 in anticipation of greater media scrutiny during Bill Clinton's Presidential campaign.

Questions about shredding at Rose first arose in February, when The Washington Times reported that an unidentified employee said the firm had destroyed large quantities of Whitewater documents. Shortly afterwards, Mr. Fiske served subpoenas on law firm employees and issued an order admonishing the firm against destroying any evidence in the case.

Mr. Hedges said the couriers were then called to a meeting with Mr. Clark and Mr. Jones.

He said Mr. Clark began by instructing everyone to tell what they knew to Mr. Fiske's investigators. At that point

Counsel Of Confusion

By Ronald Goldfarb

WASHINGTON
In his letter of resignation, Bernard Nussbaum said that "at all times I have conducted the office of the White House counsel and performed the duties of counsel to the President in an absolutely legal and ethical manner." But just what legal and ethical standards did he mean? Was he correct that his critics did not understand "the role and obligation of a lawyer, even one acting as White House counsel"?

Start with basic principles. The President has the constitutional duty to see that the laws are faithfully executed. His Attorney General represents the American people. The White House counsel represents the institution of the Presidency, not the President in his private affairs; as Mr. Nussbaum's successor, Lloyd Cutler, says, he intends to serve as counsel to the office, not the person. Private lawyers can represent Presidents who have private legal problems.

But situations inevitably arise that cut across these basic lines. In the Whitewater investigation, all three kinds of lawyers have been called upon, along with a special prosecutor

Ronald Goldfarb, a Washington lawyer who worked in the Justice Department in the Kennedy Administration, is author of the forthcoming "The Brother Within: Robert Kennedy's War Against Organized Crime."



David Suter

for good measure. What the Attorney General, special prosecutor and private lawyers are authorized to do is generally accepted; not so the White House counsel, Mr. Nussbaum's defensive declarations notwithstanding.

Relations between Presidents and their lawyers have long been a bone of contention. Andrew Jackson told Attorney General Roger Taney to solve a problem the way he wanted "or I will find an Attorney General who will." In the early 1940's, Franklin D. Roosevelt created the staff position of special counsel to the President. That person was to be a general Presidential as-

sistant, dealing with various internal legal questions and assuming other advisory assignments. Clark Clifford, who held the job for five years under Harry S. Truman, recalls that when F.D.R. appointed an old friend, Judge Sam Rosenman, to the position, his Attorney General, Francis Biddle, objected to the title "counsel." He argued that the President had only one counsel, the Attorney General, and warned that no White House lawyer was to interfere with the functions of the Justice Department.

Lloyd Cutler will need guidelines.

Over time, different holders of the job have filled various roles: speech writer, drafter of legislation program developer, private adviser — doing, as one former counsel told me, "what the President wants." But this can get too cozy or too protective, as Mr. Nussbaum found out. Legal policy and Presidential politics are what should divide the roles of the Attorney General and the White House counsel.

A large part of the problem is the absence of guidelines on the duties of the counsel. When I asked Harry McPherson what guidelines he followed when he assumed that role for Lyndon B. Johnson, he replied, "Not many." And Richard M. Nixon's counsel Leonard Garment replied: "Next to none. It was an existential nightmare — fuzzy, obscure, intuitive."

Establishing clear guidelines for the counsel's duties could save Presidents much of the grief that Mr. Clinton is enduring over the White House handling of Whitewater. It would also assuage public cynicism about the standards of justice when people in power are involved.

Since numerous people who filled this role from the Truman Administration onward are still around, there is abundant experience to be drawn from. An appropriately judicious private organization should convene a prestigious panel to review the role of the White House counsel as it has been exercised and to suggest standards for the future. That panel's findings would be influential and hard to ignore. And they would serve future Presidents, and the nation, well in managing justice at the highest levels. []

A Rescuer Steeped in Washington's Ways

By NEIL A. LEWIS
Special to The New York Times

WASHINGTON, March 8 — Lloyd N. Cutler, who was named today by President Clinton to be the new special counsel to the President, has been asked to come to the rescue in much the same manner before.

Mr. Cutler, regarded as among the most seasoned of Washington's lawyers who operate at the intersection of politics and policy, was recruited as President Jimmy Carter's White House counsel in 1979 to replace an longtime associate of the President's family. That lawyer, Robert J. Lipshutz, was judged to be insufficiently steeped in the ways of Washington to help the President cope with a flood of politically tinged legal issues.

Mr. Cutler, 76 years old, and presumably near the end of a long career, is now being asked to bring some order to the White House's strategy in countering questions raised by the involvement of President and Mrs. Clinton's in an Arkansas real estate venture. At the same time, he will assume the overall responsibility for a range of other issues, including the selection of Federal judges and even foreign policy matters. He will replace Bernard W. Nussbaum, a New York corporate litigator who was near the center of many of the Administration's slips and slides.

Mr. Cutler, White House aides said today, is expected to bring to the job a far less confrontational approach than Mr. Nussbaum. Although he is gruff-voiced, Mr. Cutler's manner is courtly and deliberate.

In the end, Mr. Nussbaum was viewed in the Administration as someone who handled issues in a simplistic legal manner, as if the only audience was a judge hearing a case. "Lloyd Cutler is someone who understands the political implications of all the decisions we make around here," said a senior White House official.

As President Carter's counsel, Mr. Cutler was regarded as someone who was not just a legal adviser, but a trusted political counselor in the manner of Clark M. Clifford, who served President Harry S. Truman, and Harry McPherson, who served President Lyndon B. Johnson. That relationship was evident today as President Clinton, confronted with the first tough question about dealing with the Whitewater matter, beamed — and handed the question over to his new older friend.

'No One Is Better Sulted'

In a few short sentences Mr. Cutler calmly laid out a major new policy, saying that Congressional Republicans would be allowed to question all the White House aides they wanted at Whitewater-related hearings later this month.

C. Boyden Gray, who served as White House counsel for President George Bush and is a law partner and protégé of Mr. Cutler's, said: "No one is better suited to the job of White House counsel. Lloyd Cutler helped write the modern training manual for this post." Mr. Gray said that Mr. Cutler is highly deft at managing the important three-way relationship that exists among the White House, Congress and the news media.

When Jimmy Carter was exhorted to move beyond his circle of Georgia aides and add greater Washington sophistication to his inner circle, he selected Mr. Cutler. When Mr. Nussbaum was let go, President Clinton said he wanted someone whose very presence would signify political heft. White House aides explained that comment by using Mr. Cutler's name as an adjective as in saying the President was seeking someone "Lloyd Cutler-like."

In the end, as Mr. Clinton noted today, he got the most Lloyd Cutler-like person of all.

Lloyd Norton Cutler

During his tenure in the Carter White House, Mr. Cutler found himself quickly involved in a politically vexing issue involving the First Family — the association of the President's brother Billy with the Libyan leader Col. Muammar el-Qaddafi.

He also soon found himself overseeing the United States-led boycott of the Moscow Olympics to show displeasure at the Soviet Union's invasion of Afghanistan, and eventually the most gripping issue of the period, the seizure of American hostages in Teheran.

Lawyer for Corporate Elite

In the years since he returned to his law firm, Wilmer Cutler & Pickering, Mr. Cutler has been widely sought after by America's corporate elite to serve as their guide to Washington.

In addition to helping corporations make their way here, Mr. Cutler in recent years also has made a specialty of representing major political figures in legal difficulty. He represented George P. Shultz, the former secretary of state in the Iran-contra affair, and he still represents James A. Baker 3d, another former Secretary of State, in an inquiry by a special counsel into whether laws were broken when Republican appointees in the State Department searched passport files for any derogatory information about Bill Clinton

during the last Presidential campaign.

He has also represented Henry A. Kissinger when he has been summoned before Congress.

A Native New Yorker

Lloyd Norton Cutler was born in New York City on Nov. 10, 1917. After undergraduate study and law school at Yale, he quickly set out along a Washington-based career path. After a few years at a New York law firm, World War II brought him to Washington as a military intelligence specialist and he has remained here, mixing private practice with various government appointments.

Mr. Cutler is married to Polly Kraft Cutler, widow of Joseph Kraft, a widely syndicated columnist. The Krafts and the Cutlers were close friends for many years and Mr. Cutler married Polly Kraft in 1979 after his first wife died.

Mrs. Cutler is a highly-regarded still-life painter whose works have been widely exhibited. "She keeps me very young," Mr. Cutler remarked to a reporter today.

Throughout his career, he has been a mentor to many younger Washington lawyers like Boyden Gray. Another one of those lawyers was Zoë Baird, Mr. Clinton's first choice to be Attorney General. After it was disclosed that Ms. Baird had hired an illegal alien as a nanny, Mr. Cutler threw himself into the ultimately unsuccessful fight to win her confirmation.

Mr. Cutler has also been an eclectic commentator on a wide variety of public issues, from his opposition to term limits for Congressmen to a justification for the seizure in 1989 of Panamanian leader Manuel Noriega on drug charges.

Dissent From Nader

In 1987, he surprised his Democratic liberal colleagues by speaking in favor of the nomination of Judge Robert H. Bork to the Supreme Court. He told Democratic senators that he believed Judge Bork, his longtime friend, was not out of the mainstream, an accusation that ultimately defeated the nomination.

Like many prominent Washington lawyers, Mr. Cutler has mixed a lucrative law practice with public service. But Ralph Nader, the consumer advocate, head offered a dissenting view to the general acclaim that accompanied Mr. Cutler's appointment, because of the kind of clients he has represented.

"People shouldn't forget that over the years he has represented the crassest positions of the auto companies, the drug companies and others in their anti-consumer and anti-environmental activities," Mr. Nader said. Mr. Nader's group once picketed the offices of Mr. Cutler's law firm.

The firm has, at times, represented all three of the major domestic auto makers and major steel companies as well as the trade associations of the paper, uranium, chemical and pharmaceutical industries.

Mr. Nader said that Mr. Cutler was a principal opponent years ago of regulations asking automakers to install airbags.

PRESIDENT CHOOSES A SPECIAL COUNSEL; OPENNESS IS VOWED

EX-CARTER LAWYER NAMED

Cutler Says White House Aides
Will Testify in Any Inquiry —
More Contacts Admitted

By GWEN IFILL
Special to The New York Times

WASHINGTON, March 8 — Lloyd N. Cutler was appointed special counsel to the President today and said that White House aides would testify before any Congressional inquiry into the Whitewater case.

In an effort to demonstrate the openness that he had promised on the matter, Mr. Clinton said during a news conference in which he announced the appointment that he would not try to use the powers of his office to shield himself from scrutiny.

Mr. Cutler's appointment was announced with evident relief by Mr. Clinton as the centerpiece of the Administration's effort to bounce back from recent reversals. The most serious of those setbacks was the disclosure last week that White House aides had discussed the investigation into an Arkansas savings and loan at the center of the Whitewater inquiry with the Treasury Department officials who are overseeing it.

'Incidental' Contacts

But White House officials also acknowledged today that there had been other contacts between White House and Treasury officials about the handling of the savings and loan investigation. Mr. Clinton said those contacts were "incidental and were follow-up conversations which had nothing to do with the substance of the R.T.C. investigations."

Officials said there were only "a few" such conversations but would not detail them. They said they would consider releasing the list of contacts after subpoenaed documents are handed over on Thursday to Robert B. Fiske, the special counsel who was named by Attorney General Janet Reno to investigate an investment by Mr. Clinton and his wife, Hillary, in an Arkansas real estate venture, the Whitewater Development Company, and the company's ties to the savings and loan, Madison Guaranty.

While six senior White House officials have received subpoenas compelling them to appear in court that day, a lawyer involved in the case said at least some of them have won Mr. Fiske's permission to delay their testimony until at least next week. Some have retained their own lawyers only in recent days, leaving them little time to prepare for the grand jury appearance Mr. Fiske requested.

Relaxed President

Mr. Clinton had appeared angry and on edge on Monday, when he defended the integrity of his wife, who has also been involved in the case. But today he appeared relaxed, insisted that he was

not bitter and spoke at length about the issue.

"Do we need some changes in the system?" the President asked. "Is Lloyd Cutler the person to help us do that? I think the answer is yes. I think he understands how to strike the proper balance."

Mr. Cutler, a prominent lawyer who held the counsel's job in the Carter White House, said during the news conference that he agreed to serve for no more 130 working days, and will work without pay. But his status as a short-time "special Government employee" will allow him to receive at least part of his annual salary from his law firm, which associates estimated at \$450,000.

As a special employee, Mr. Cutler is also allowed to continue to represent some outside clients, and Presidential aides said he would do so in "one or two cases" that do not involve the Federal Government.

In appointing Mr. Cutler, Mr. Clinton took pains to reach outside the circle of close friends and Arkansas associates who are at the center of his recent troubles. It was the most recent example of what has now become almost a reflex in the Clinton White House — to try to cure the problems that threaten to swamp the Clinton Administration by hiring an outsider who is believed to lend support to a staff that has been repeatedly hamstrung by its own inexperience and, often, by apparent ineptitude.

Immediately after the news conference, Mr. Clinton and Mr. Cutler, along with Mrs. Clinton, Vice President Al Gore and the White House chief of staff, Thomas F. McLarty 3d, went to the East Room in an effort to buoy the spirits of 400 aides assembled there.

In what officials described as an upbeat presentation, Mr. Clinton reiterated his commitment to high ethical standards and urged the staff not to let the travails of the Whitewater case interfere with their work.

At the news conference, both Mr. Clinton and Mr. Cutler declined today to criticize Bernard W. Nussbaum, the White House counsel who resigned under pressure on Saturday in connection with the Whitewater case. But both asserted that business would be conducted differently than it was in the past.

"When it comes to the President's private affairs, particularly private affairs that occurred before he took office, those would be handled by his own personal private counsel, and in my view not by the White House counsel," Mr. Cutler said.

Indeed, Mr. and Mrs. Clinton have already retained a private lawyer, David Kendall, to represent their interests before Mr. Fiske.

List of Witnesses

But as Mr. Clinton tried to increase morale at the White House, rumblings continued elsewhere in the capital. In Congress, Republican members of the House Banking Committee disclosed a list of 40 witnesses ranging from top White House officials to bank secretaries in Little Rock whom they want to testify at a hearing this month on the Whitewater affair.

Earlier today, Joel I. Klein, the deputy White House counsel, spoke by telephone with Mark Stein, a lawyer working with Mr. Fiske, about what one official described as the expected "transfer of documents" in response to subpoenas issued last week. White House officials have refused to describe the volume of information that is now being stamped and catalogued before being turned over to Mr. Fiske by Thursday's deadline.

But more than 400 members of the White House staff have signed letters certifying that they have searched their wastebaskets, files and computer queues for information that might meet Mr. Fiske's demand for "any and all" information about a Federal investigation into Madison Guaranty, the failed Arkansas savings and loan.

The matter is sensitive because the

Clintons were named as possible beneficiaries of illegal action by the savings and loan; it was the disclosure of three previous discussions about the investigation between White House and Treasury Department officials that prompted Mr. Fiske to subpoena the White House and six top aides to Mr. Clinton.

Mr. Clinton said that he has not personally searched his own files to comply with the terms of the subpoena but that he expected his staff secretary, John Podesta, to turn over any notes he may have taken.

"I've still not been accused of anything wrong, and I'm not going to do anything wrong," Mr. Clinton said. "I

More contacts between aides and investigators are admitted.

reverse the responsibility that I have been given and I am not going to abuse it."

Mr. Cutler said he plans to spend his time at the counsel's office establishing procedures that will guard against improper contacts among Administration officials on legal matters.

"We have a ways to go," said one senior White House official. "Obviously nobody has claimed that this is, by any means, over. It does mean we're making significant progress."

While agreeing that they would cooperate with imminent Congressional investigations to demonstrate their new openness, White House officials continued to maintain that they are victims of partisan attack. Mr. Clinton directed a jab of his own at his current chief nemesis, Senator Alfonse M. D'Amato, Republican of New York.

"The Republicans have decided that Senator D'Amato will be the ethical spokesman for the Republican party in Congress," Mr. Clinton said in a none-too-subtle reference to Mr. D'Amato's own past ethical problems. "That is their right to do that."

In the Senate, Bob Dole of Kansas, the Republican leader, declared that "sooner or later there will be some hearings," and he warned that Republicans would make this a campaign issue to force the hand of Democrats.

But Democrats continued to resist. Senator George J. Mitchell of Maine, the Democratic leader, dismissed the call for hearings as a political stunt to embarrass President Clinton.

On the question of whether Democrats could withstand the pressure in an election year, Mr. Mitchell declared: "So, what's new? Republicans campaigning against Democrats?"

The House Banking Committee has already scheduled a hearing for March 24 on the progress of the savings and loan bailout and the agency operating the bailout, the Resolution Trust Corporation. The list of witnesses they proposed for the session in a letter to the committee chairman, Representative Henry B. Gonzalez of Texas, include Mr. McLarty; Mr. Nussbaum; Harold M. Ickes and Mark D. Gearan, deputy White House chiefs of staff; Bruce Lindsey, a senior Clinton aide, and Deputy Treasury Secretary Roger C. Altman, the acting head of the Resolution Trust. The Republicans also asked for testimony from James B. McDougal, the Clintons' partner in the Whitewater real estate venture and the head of Madison Guaranty, and from Government investigators from the Justice Department and the R.T.C.

A string of separate subpoenas issued by Mr. Fiske has also compelled testimony that day from six senior White House officials, disrupting operations in the West Wing as officials prepare to appear before a grand jury.

Israel Ends Curfew in Jericho But Hope Remains Confined

By ALAN COWELL
Special to The New York Times

JERICHO, Israeli-Occupied West Bank, March 8 — The curfew imposed here after the Hebron massacre was lifted today and Jericho, the would-be capital of an embryo Palestine, returned to normal.

That is to say: American tourists fresh from baptism in the Jordan River frolicked on camels under the gaze of Israeli soldiers; Ihab Atayi, a Palestinian, wondered if peace would ever come and inject some energy into his new business in satellite dishes; and Badr Bassan, a 26-year-old carpentry teacher, predicted that, even if peace came, it would not be worth having.

"We are in a small cage," he said, cupping his hands. "Peace is supposed to make the cage bigger," he said, spreading his hands a little. "But the door and the key are with the Israelis."

A curfew remains in effect in Hebron and three other West Bank towns.

Hope Founders

After Israel and the Palestine Liberation Organization reached an accord last September promising autonomy for a Strip and Jericho, this town with hopes of a boom.

But the snags that have postponed the Israeli troop withdrawal and other setbacks that culminated in the Hebron massacre of Muslims at prayer on Feb. 25 have stifled most of that hope.

Possibly because expectations were

Happy tourists can't lighten the political gloom of the West Bank.

Nor is business booming. "Very few people seem to be interested," Mr. Atayi said, gesturing to a model dish near a wall painting of Yasir Arafat.

Startling incongruities and sad tales are plentiful here in the Jordan Valley.

A 36-year-old Palestinian who would identify himself only as Mohammed was selling a small bundle of red and black kaffiyehs, the traditional Arab kerchiefs, to busloads of tourists.

"This is temporary work," he said.

It was also quite a change. Before the Persian Gulf war, he said, he had lived and prospered for 24 years in Kuwait, selling Mercedes and Cadillacs. Even after the war ended in early 1991, he said, business blossomed, because Kuwaitis wanted to replace cars looted by the Iraqis or destroyed in the war.

Then Kuwait turned against Palestinians, who were viewed as pro-Iraqi, and Mohammed came to join his wife and four children in Jericho. Talk of peace persuaded him to invest here.

But his Kuwaiti partner refused to return his share of the money from their automobile dealership, so Mohammed is selling kaffiyehs.

Then there is the 1,200-seat Mount Temptation Restaurant, next to the ruins of ancient Jericho and below the hill that Christians hold to be the site of Jesus' temptation.

"We never had a cancellation, nor one," said the restaurant owner, Khaled Abdelrazik Abu Raed. Through the long years of the Palestinian uprising that began in 1987, he said, the place never closed.

What's Really Important

"You can't live without the tourists," he warned. "If you are going to build a country, you need the tourists."

Today that meant people like Tasha Greathouse, 22, a student from the Pentecostal Church of God Lee College in Cleveland, Tenn., who had joined 30 other people from the school just a week after the Hebron massacre on a \$1,899 tour of holy sites. "They assured us that they wouldn't take us into dangerous areas," she said.

Had she been worried, though? "If it's my time to go, it's my time to go," she replied. "And the result will be heaven, so it doesn't bother me too much."

Some tourists, like Kimberly Horstmann, 24, from Atlanta, said they felt spiritually uplifted after being re-baptized in the Jordan River.

"We believe no particular religion should put down another," she said, expressing a view that has not been practiced too consistently here.

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Technology Report
every Wednesday
in Business Day.**

Public & Private

ANNA QUINDLEN

The Little Woman

From the moment she first became a major player in national politics, Hillary Rodham Clinton has been a combination of brilliant technocrat, political wife, new woman, savvy adviser and power behind the throne, confusing and compelling in equal parts.

Oh, but you ain't seen nothin' yet.

The more information that emerges about Whitewater and related matters, the more central Mrs. Clinton's role becomes, from her connections and cases at the Rose Law Firm to her handling of the family finances to her reported opposition to a special prosecutor.

While once the White House considered how best to cooperate with an investigation while maintaining that there was nothing to investigate, now the aides who serve the President — and the First Lady, too — must deal with the Hillary problem.

The gerrymandered district of wife-adviser-power broker that Mrs. Clinton has carved out over a long marriage both to Bill Clinton and to

with no excuses for being tough, smart and willing to fight for her point of view, and that she never cast righteous opposition as sexism. It was clear that she expected a level playing field.

She should not change now, now that the playing field is legal investigation and partisan witch hunt, liberally mixed. It would be preposterous to cast Mrs. Clinton as the little woman, beaten up by the big bad boys in the Congress; she has been such a towering figure, not browbeaten or outbrained by anyone. She cannot have it both ways, even if both ways has been how she has had to operate. Her grasp of the issues at a health care hearing is staggering; then someone asks who designed her suit.

The original Hillary problem, which turned out to be no problem at all, was her wish to move beyond the standard First Lady role, to use her acumen in a policy position, to be judged by her capabilities alone. The new Hillary problem is that judging her by her capabilities alone in the context of Whitewater is impossible.

It's all very well to say that if Mrs. Clinton has truly been a success in bringing America up to speed on full participation for women, then the price she will have to pay is being treated like any other powerful political figure, male or female. But she is not like any other political figure.

During the campaign the closest anyone could come to an analogy was to Robert Kennedy and his brother Jack. But a man can distance himself from his brother, and many do. When he distances himself from his wife, it's called divorce.

Mr. Clinton's record of cutting and running indicates strongly that, were Hillary Rodham Clinton still Hillary Rodham, a special assistant to the President with some of the same questions surrounding her past actions and associations that surround them today, the President would be getting ready to accept her resignation "with deep regret."

Luckily for those of us who believe Mrs. Clinton is a considerable benefit to the country, that won't happen. What will happen instead is that Hillary Clinton will once more break new ground, this time as a Presidential adviser-spouse in the midst of a political maelstrom. It will take a great mind to determine how to play this out. Luckily, we have a great mind in the White House. Unfortunately, she's the one most involved in the mess.

And now, the new Hillary problem.

public life is revealed in all its complications. And the Administration is left to develop a historic and extraordinarily difficult role-under-fire for the first First Lady important enough to be at the center of a major political mess.

On Monday the President offered an emotional defense of his wife. Granted, he was answering a direct question from a reporter, and if he had been brief and dispassionate I can promise you that today we pundits would be writing about a rift in the First Marriage.

Still, he came perilously close to a "little woman" defense of Mrs. Clinton. "I can tell you this, I believe I'm a better authority than anybody else in America on my wife," said Mr. Clinton. "I have never known a person with a stronger sense of right and wrong in my life."

There's something silly about an I-love-my-wife defense for the most powerful player in the Clinton Administration; it's oldthink for a new age. One of the most winning things about Mrs. Clinton is that she came to us



Through its ups and downs, Jericho has depended on tourism.

so high, the decline has been that much more abrupt. Since a Jewish settler gunned down the Muslim worshippers, nothing — not the renewal of contacts between Israel and the P.L.O. in Cairo on Monday, nor a public hearing today in Jerusalem on what happened at Hebron — seems to send a flicker through the gloom.

"We are with Arafat," said Omar Ahmed Khamis, who sells trinkets for tourists, offering the P.L.O. chairman what initially seemed an expression of support.

"But every time, like yesterday in Cairo, it is just talk. Arafat has nothing in his hands. He said, 'We want peace.' But he can't get peace because the Israelis don't want it."

Mr. Atayi, the satellite-dish entrepreneur, said, "As a result of the massacre, no one expects anything to happen. Personally, I have lost my hope."

How to Investigate Whitewater

A potentially destructive battle over how best to investigate the Whitewater affair has erupted between Republicans who are pressing for Congressional hearings and the independent counsel, Robert Fiske, who is pursuing a criminal investigation.

Mr. Fiske fears that a rogue Congress could foul up his work — which it could if it plunges ahead with abandon. But Congress has a clear right to ask questions about government regulation of the savings and loan mess in Arkansas and, even more urgently, about whether the recently disclosed White House meetings with bank regulators represented an attempt to obstruct justice.

The challenge now is for both sides to figure out a way for Congress to conduct legitimate inquiries without impeding a thorough and fair criminal investigation.

The White House and many Democrats complain that Republicans are merely out to embarrass the President and Mrs. Clinton. That is surely true of some — but the public has a right to know whether the White House is abusing its power.

Mr. Fiske concedes that Republicans like Representative Jim Leach are correct to insist on Congress' oversight responsibility. Even so, he fears that any hearings "would pose a severe risk" to his inquiry. That exaggerates the danger, so long as Congress refrains from granting key witnesses immunity — a problem that ultimately doomed Iran-contra prosecutions. The Republicans have already said they would not offer immunity.

Mr. Fiske is on stronger ground when he argues that Congressional hearings could lead to "tailored" testimony from witnesses who might adjust their stories after gaining access to documents or testimony before Congress. That risk, however, can be minimized if Congress agrees to delay its hearings and give Mr. Fiske time to interview the major players, especially those in the White House and the Treasury Department. In any case, the risk is not sufficient to justify asking Congress to abandon its oversight role until the end of an investigation of uncertain length.

Like most prosecutors, Mr. Fiske seeks complete control of the case. But he ignores the fact that similar Congressional hearings in the past have produced significant new information that has ended up helping prosecutors to make their case. Indeed, Mr. Leach notes, it was questioning by Senator Alfonse D'Amato of New York at a recent hearing that led to the disclosure of the White House meetings and prompted Mr. Fiske to expand his investigation to include them. So, too, Congressional Watergate hearings brought out the existence of crucial White House tapes.

There should be room for give here by both sides. Mr. Leach and Mr. D'Amato should grant Mr. Fiske a head start, probably measured in weeks. But Mr. Fiske cannot reasonably expect Congress to put off its hearings indefinitely, especially when the history of such hearings does not support his worst fears.

The Supreme Form of Flattery

If imitation is the sincerest form of flattery, what is parody? A commercial ripoff, said Acuff-Rose Music Inc., owner of the copyright to the rock ballad "Oh, Pretty Woman." No, parody is a legitimate artistic commentary on the original work, said the rap group 2 Live Crew, defending its recorded rap version as a "fair use" exception to the copyright laws.

The Supreme Court, which rarely before had considered such a case, deftly split the difference. It ruled unanimously on Monday that parody can indeed qualify as fair use and called on lower courts to decide, case by case, whether a particular work qualifies — or infringes on a copyright.

No other decision would have been realistic or faithful to the artistic needs of composers, performers and the public. The Constitution and copyright law recognize that creative people need copyright protection as both incentive to create and fair reward for originality. They also recognize the value of public discourse and so leave room for others to quote and comment on a copyrighted work. It is in the nature of parody to lift enough from an original work to let the audience identify and appreciate — or not — the parodist's message.

How much is enough and how much is artistic thievery disguised as satire? Congress, by leaving

the copyright code blank as to parody, has demanded sensitive judging in each case.

The particular example before the Court was the rap group's raucous takeoff on the hit ballad by Roy Orbison. Using similar sounds and tempos, the new song transformed the "pretty woman" subject of a street flirtation into a "hairy woman," a bald-headed woman and a two-timing woman walking down meaner streets. When the case was heard the question seemed to be: Would these justices, average age 63, get the connections and differences between rock and rap?

The justices got it. They understood what the parodist was trying to do, though they declined to say whether they liked what they heard. "We might not assign a high rank to the parodic element here," Justice David Souter wrote for the Court. Its opinion balanced every party's needs without getting the judiciary into the thicket of artistic criticism. With admirable judicial restraint, Justice Souter refrained from evaluating the quality or good taste of the parody at the bar.

Parodists no less than their targets — original creators of literature, music and other arts — have their place in a free, competitive society. Now when they clash they will have reasonable guidance and ground rules from the Supreme Court.

Call for Hearings Grows in Congress

Cutler Agrees to Limited White House Stint

By Ruth Marcus
and Helen Dewar
Washington Post Staff Writers

A1

PRESIDENT, From A1

President Clinton and his new counsel, Lloyd N. Cutler, indicated a willingness yesterday to comply with congressional demands for testimony from senior White House aides about their meetings on Madison Guaranty Savings & Loan, although the president repeated that the special counsel investigating the allegations should be allowed to proceed unimpeded.

Clinton also said it was unlikely he would assert executive privilege as a federal grand jury looks into a series of White House and Treasury Department meetings about the government's investigation of Madison Guaranty, a failed Arkansas thrift with ties to the Clintons.

Clinton's comments came as he announced that Cutler had agreed to join the administration as special White House counsel, but only for a several-month stint while presidential aides search for a permanent successor to Bernard Nussbaum, who resigned Saturday.

Furor over the series of White House meetings and other contacts continued on Capitol Hill, as Senate Republicans for the first time took direct aim at Hillary Rodham Clinton. Congressional Republicans continued to demand additional inquiries into the Clintons' investments in the Whitewater Development Corp. and the Resolution Trust Corp. investigation of Madison.

Sen. Alfonse M. D'Amato (R-N.Y.), ranking minority member of the Senate Banking Committee, took to the Senate floor to suggest that Hillary Clinton owed the nation answers to questions about Whitewater. Minority Leader Robert J. Dole (R-Kan.) threatened to force a Senate vote on whether to hold hearings into Whitewater and the Madison S&L, which was owned by the Clintons' partner in the Whitewater investment.

Special counsel Robert B. Fiske Jr. has warned lawmakers that hearings could jeopardize his investigation. Clinton noted that yesterday but said that his "inclination would be to obviously participate" if the hearings go forward, and Cutler said that he would recommend that White House staff called to testify "cooperate."

Clinton stressed ethics in his prepared statement on Cutler's selection, saying he wanted an "eminent lawyer who could step into the role immediately and bring to the job the stature, the standards and the experience that the American people expect."

Cutler, 76, said that during the 130 days he has agreed to work at the White House he would concentrate on instituting "the procedures and the actions necessary to maintain public confidence in the integrity and the openness of the presidency."

Cutler, who was called in to serve as President Jimmy Carter's White House counsel at a similarly difficult time in Carter's presidency, said Nussbaum had been the victim of "a lot of bad luck."

But he said that in the future, whenever a question comes up about a meeting or conversation about a government investigation of any "high political person," the White House counsel will "decide whether there should be such a meeting . . . and he will make a careful record of what happens so that it will be available if questions are raised later on."

Cutler said he had "put a limit on how long I would stay, in part because I know how tough a job this is and I know how old I am, in part because I'm married fairly recently [four years] to a very young and peppy wife and I want to spend some more time with her."

The 130-working-day limit also allows Cutler to retain the status of special government employee, meaning that he will not have to go through the difficult and potentially costly step of resigning from his law firm. Rather, he will be allowed simply to take a leave from the firm, Wilmer, Cutler & Pickering.

A senior White House official said that Cutler will still be required to file a financial disclosure form and to comply with regular conflict of interest rules. Clinton's ethics requirements of a lifetime ban on representing foreign agents and a five-year prohibition against an official appearing before an agency in which he served do not normally apply to special government employees, the official said, but Cutler "is intending to comply."

Cutler, who during his last stint in government reported earning \$318,277 from his law firm in 1978, said he "wanted to serve without compensation" and might simply accept a salary and donate it to the deficit reduction fund.

During the 1992 campaign, Clinton inveighed against the Washington "revolving door" of lawyers and

lobbyists passing between private practice and government service, and as president he encountered criticism when two high-ranking members of his administration left after less than a year in office for lucrative jobs in the private sector.

But faced with a desperate need for what he described yesterday as a "Lloyd Cutler-type of lawyer," Clinton agreed to Cutler's requirement that he not remain beyond the 130-day period. Asked how that short stint comported with Clinton's opposition to the Washington revolving door, one senior official said, "I don't think Lloyd Cutler has to trade on his government service. . . . As long as he complies with the governmental ethical guidelines I see no problem in it. I don't think you can expect people to go into hibernation once they leave the government."

Administration officials said that White House Chief of Staff Thomas F. "Mac" McLarty and Clinton himself spoke with Cutler yesterday in an effort to convince him to take the job.

While Clinton said he would be inclined to have his staff cooperate with Whitewater investigators, White House press secretary Dee Dee Myers said it was up to the subpoenaed individuals whether to choose to invoke their constitutional privilege against self-incrimination before the grand jury. Clinton, she said, is "not going to make any judgment about whether people should take the Fifth."

In his Seante speech, D'Amato noted that Clinton defended his wife's involvement in the Whitewater affair at a news conference Monday, saying he had "never known a person with a stronger sense of right and wrong in my life, ever."

"Well, Mr. President, that seems to be the problem," D'Amato said.

"I would like to ask just two questions of the person that the president refers to as having the strongest sense of right and wrong of anyone he has ever met in his life: Were you briefed by your chief of staff, Maggie Williams, about her meeting with [Deputy Treasury Secretary] Roger Altman, and, did you know it was wrong?"

A White House official said Monday that Hillary Clinton had only learned about Altman's meeting when he testified on Capitol Hill.

President Clinton, at his news conference announcing Cutler's appointment, retorted that the Republicans "have decided that Senator D'Amato will be the ethical spokesman for the Republican Party in the Congress"—a pointed jab recalling the investigations of D'Amato himself. "I'm not in the business of answering his questions," Clinton said. "I am cooperating with the special counsel."

Dole, emerging from the Republicans' weekly caucus lunch, said Republicans were considering offering an amendment to any bill on the floor over the next few days calling on the Senate leadership to "structure a process" for hearings on

Whitewater. A Dole aide said a decision on whether to go ahead with the strategy depends in part on the outcome of a meeting today between D'Amato and Fiske.

In comments to reporters, Dole also suggested that Republican senatorial challengers may attempt to turn up the heat on reluctant Democrats by raising the issue of hearings in their campaigns.

Dole's proposals drew a barbed response from Senate Majority Leader George J. Mitchell (D-Maine), who described the strategy as a "campaign stunt" designed "to embarrass that president" that would only serve to "undermine" the special counsel's probe.

Among Democrats, he said, there is a "very strong feeling we should honor the special counsel's request." He denied that Democrats are getting nervous about the Whitewater issue and said he knows of no Senate Democrats who advocate hearings.

House Republicans, meanwhile, released a list of 40 witnesses they invited to testify at a Mar. 24 oversight hearing on the Resolution Trust Corp. They hope, despite Fiske's plea, to turn the occasion into a forum on Whitewater.

Included on the GOP wish list are all 10 White House and Treasury officials subpoenaed by Fiske, James and Susan McDougal, the Clintons' partners in Whitewater, and David Hale, the indicted Little Rock businessman who said Clinton asked him to give the McDougals a \$300,000 loan in 1986.

The witness list also includes five federal investigators who wrote the RTC referrals and Rose law firm employees and couriers involved in the alleged shredding of related documents.

Clinton said that his "inclination would be to obviously participate" if congressional hearings go forward.

File Search Indicates Other S&L Contacts

Exchanges With Treasury Called Trivial

By Ann Devroy
Washington Post Staff Writer

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Massive White House and Treasury Department file searches the past 48 hours produced evidence of numerous additional contacts of an unspecified nature between officials of the two agencies relating to the defunct Madison Guaranty Savings & Loan.

President Clinton and other officials characterized the communications as "trivial," "incidental" or "non-substantial." But officials said that White House and Treasury lawyers were so concerned that any "passing conversation," as one official put it, would be construed as a meaningful contact that many they as inconsequential will be reported to special counsel Robert B. Fiske Jr. Fiske is investigating the Clintons' Whitewater land venture and its ties to the failed Arkansas thrift.

Last week's revelations of three undisclosed contacts between senior White House officials and Treasury officials familiar with investigations of Madison set off a political furor. The week ended with the resignation of White House counsel Bernard Nussbaum and the Friday subpoenas of 10 White House and Treasury officials.

Independent regulators pursuing criminal matters are barred from discussing their investigations with any outside individuals—especially those, like the Clintons, whose names have come up in the course of a

At the time of the controversy surfacing, the Resolution Trust Corp., headed temporarily by Deputy Treasury Secretary Roger C. Altman, was investigating Madison and its dealings with a land development company owned in part by the Clintons.

Fiske issued subpoenas for the officials to appear before a Washington grand jury and separately for all their documents, memos, computer files and other

MEETINGS, From A1

notations related to Whitewater and Madison.

The agencies have made this afternoon the deadline for turning in the material. Fiske or his team have been invited to both the White House and Treasury to examine some documents to determine whether they are relevant. Administration officials fear making that determination themselves, officials said.

White House senior adviser George Stephanopoulos said yesterday that "based on what we know, there were additional contacts and follow-up conversations, but none in any way dealt with the substance of the investigation."

A senior Treasury official said that Altman, who touched off the recent White House troubles with his revelation in congressional testimony that he attended a Feb. 2 White House meeting, planned not only to turn over to Fiske and testify to "any possible conversation or scrap of paper no matter how incidental," but also to officially amend his Feb. 24 congressional testimony to include the additional contacts.

From the start, the White House has described contacts between its officials and Treasury as non-substantial, minimal and of no relevance to civil or criminal investigations because no action was taken to affect the investigations.

But what Clinton acknowledged yesterday, and what interviews with participants, their aides and others show, is that despite various layers of ethics rules already in place, there was no ethical "centralized system" to guard against officials familiar with investigations that potentially involve the Clintons briefing White House officials on the issue.

"That was the problem," Clinton said of all the conversations. He added that the White House now has a new counsel, new written orders and a new system so "these things don't just keep happening by happenstance."

The Feb. 2 meeting sought by Altman and attended by Nussbaum, Margaret Williams, chief of staff to Hillary Rodham Clinton, and Harold Ickes, White House deputy chief of staff, has been described as a procedural briefing in which Altman discussed the general procedures for civil fraud cases connected with Madison. It came at a time when one of the main potential civil cases being examined by regulators involved Madison's legal representation by Hillary Clinton and her former firm, the Rose Law Firm of Little Rock, Ark. While Clinton was governor, Mrs. Clinton and a junior partner at the firm represented Madison in an appeal for regulatory approvals by the state securities commission.

One regulator called it "a political heads-up for Hillary, but a meaningless one" because civil suits are routinely subject to negotiation and knowledge of the generic procedures followed by the RTC would have no particular value. Altman flatly denies knowing or discussing any aspect of the status of any individual civil case in any White House session.

White House aides asked Altman during this session whether lawyers "for the parties at interest" could receive the same briefing, apparently a reference to the Clintons' private lawyer, David Kendall, and were told by Altman he would check the legality. Later, sources said, Altman was told that RTC general counsel Ellen Kulka "thinks it is wrong" and said no.

Another of the sessions, a conversation between Treasury's general counsel, Jean Hanson, and White House counsel Nussbaum on Sept. 29 was the first notification to the White House that the Resolution Trust Corp. was poised to ask the

Justice Department on Oct. 8 to launch a criminal investigation into Madison and its ties to Whitewater, the failed land development firm that the Clintons owned jointly with James McDougal, the former head of Madison.

Clinton was pressed again yesterday on what he knew when about the action. He repeated he was uncertain of the details except that he believes he knew in mid-October because of news inquiries.

He said he believes that his senior aide, Bruce Lindsey, was the one who told him. Nussbaum has been quoted by officials as saying that he passed along to Lindsey the information from Hanson. In both mid-October and at the month's end, when The Washington Post first reported the RTC's criminal referral on the Madison matter, Lindsey said he knew nothing about it and White House spokesman Jeff Eller officially denied that the White House has been informed, notified or told of the referral.

The last of the disputed meetings, the Altman session, has always been described by him and the White House as inconsequential because it was what he calls a "generic" briefing on the procedures the RTC follows in civil, not criminal, proceedings, that had nothing to do with any particular case.

That description has aroused deep suspicion among Republicans in Congress and among some in the regulatory community because of the First Lady's potential vulnerability to a civil fraud case.

In its representation of Madison, the Rose firm expressed confidence in Madison's economic viability. A few months before that, a federal audit portrayed the thrift as financially reckless and on the brink of collapse. A regulatory expert said yesterday that the RTC, if it proceeds against the Rose firm, "would pose the question that Rose knew, or should have known, that Madison was financially failing and should be liable for making the case before regulators that it was not."

Altman said yesterday of the White House meeting, "There was no discussion of what the RTC was going to do. None." Altman has said numerous times that it was poor judgment and "colossally stupid" to have arranged the meeting by calling White House Chief of Staff Thomas F. "Mack" McLarty.

McLarty turned the meeting over to Ickes, he has said, and it remains unclear who arranged the participants. The presence of Williams has added to suspicions raised by Republicans that this session, compared to others, was aimed at damage control for Hillary Clinton.

Of all the sessions, the White House has acknowledged the Sept. 29 conversation between Hanson, the general counsel at Treasury, and Nussbaum as the most politically harmful. In that conversation, Hanson, who had just gotten an RTC briefing on the subject, told Nussbaum that the RTC was about to ask the Justice Department to begin a criminal investigation of Madison and that the Clintons were named in the referral as possible beneficiaries of illegal actions at Madison.

Officials said yesterday that Nussbaum, Hanson and other White House and Treasury officials had just concluded a discussion of the Waco conflagration and the administration's response when Hanson took Nussbaum aside and outside the hearing of others offered the Whitewater information.

"Bernie said she told him. 'Not to

worry. This is not about the Clintons. This is about Madison.'" one official said of Nussbaum's description.

Hanson was the most intimately involved in RTC business, sources there said, because she was, as one put it, "the chief operating officer on the legal side" because the RTC had only an acting counsel.

Officials there said that before Sept. 29 the RTC had first told Altman of the status of the Whitewater investigation and then Hanson, so both knew of the pending criminal probe. Altman was said to have told them to proceed as they would on any case and not to alter their procedures.

After the Oct. 8 formal RTC request for a Justice probe, reporters began asking Treasury and the White House about the referral. That dynamic produced the Oct. 14 meeting in Nussbaum's office that included six White House and Treasury officials discussing what to say publicly about the criminal referral. What the White House ended up saying on Oct. 30 and later was that they knew nothing about it.

The final disclosed contact involved a conversation between Hillary Clinton's press secretary, Lisa Caputo, and what she last week described as "some guy" at the RTC. Asked who made that call, RTC press spokesman Stephen Katsanos said he himself made the call on the instruction of Joan Logue Kinder, assistant Treasury secretary. Katsanos said he believes the conversation took place in October or November.

Katsanos said he was told when Altman was installed as interim head of the RTC that he was to coordinate press relations with Treasury. He told Treasury of press inquiries involving Hillary Clinton's involvement with Madison, he said, and was given Caputo's number. Kinder told him, Katsanos said, to call Caputo and tell her what questions were being asked.

Staff writer Susan Schmidt contributed to this report.

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When Scandal Rocks Capital, Lawyers Are Ready to Roll

By Ruth Marcus
Washington Post Staff Writer

In Washington, every political cloud has a silver lining—at least if you're a lawyer.

Each time the capital is rocked by a scandal—or seeming scandal—the lawyers enjoy a little boomlet. Watergate was a growth industry for lawyers. Iran-contra kept lawyers—many of them Watergate veterans—happily billing for years, much of it eventually picked up by the government. So did many other scandals.

The Whitewater investigation is no different. When special counsel Robert B. Fiske Jr. last week issued 10 subpoenas to White House and Treasury Department

aides, he set off a scramble as the subpoenaed aides shopped for legal help, and other top officials looked down the road and decided they, too, could benefit from legal representation.

Here, then, is the who's who of Whitewater representation:

White House counsel Bernard Nussbaum has retained Lawrence Pedowitz, his partner at Wachtell, Lipton, Rosen & Katz, a former federal prosecutor, sources said.

Deputy Chief of Staff Harold Ickes likely will turn to Robert S. Bennett—of Skadden, Arps, Slate, Meagher & Flom—the noted Washington criminal lawyer who is representing House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), represented Clark M.

Clifford, and served as special counsel to the Senate ethics committee in its investigation of the "Keating Five."

Margaret Williams, chief of staff for Hillary Rodham Clinton, has hired Edward S.G. Dennis, a Philadelphia lawyer who headed the Justice Department's criminal division during the Reagan administration.

Presidential adviser Bruce Lindsey has hired Allen Snyder of Hogan & Hartson, a Washington firm with ties to Lindsey's former law firm in Little Rock, Ark.

Communications director Mark Gearan has reportedly retained Justin Simon of Dickstein, Shapiro & Morin. Simon is a former federal prosecutor and specialist on white-collar crime.

Hillary Clinton's press secretary, Lisa Caputo, has hired

former public defender William Taylor of Zuckerman, Spaeder, Goldstein, Taylor & Kolker, sources said.

Looking ahead, senior adviser George Stephanopoulos has hired Stanley Brand, whom Stephanopoulos knows from his days with Majority Leader Richard A. Gephardt (D-Mo.), when Brand served as House counsel.

At the Treasury Department, deputy secretary Roger C. Altman is also going to Richard Beattie of Simpson, Thacher & Bartlett in New York. Beattie is a veteran of the takeover battles of the 1980s.

General counsel Jean E. Hanson has hired well-known securities lawyer Harvey L. Pitt of Fried, Frank, Harris, Shriver & Jacobson. Pitt is a former general counsel of the Securities and Exchange Commission.

Chief of Staff Josh Steiner is turning to Reid Weingarten of Steptoe & Johnson, a former prosecutor with the Justice Department's public integrity section who worked as an independent counsel to prosecute retired Air Force general Richard V. Secord in Iran-contra.

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Clinton Deals Himself An Old Hand

New Counsel Lloyd Cutler
Knows the Rules of the Game

By Lloyd Grove
Washington Post Staff Writer

Think of it as a brief suspension of hostilities with the forces of the status quo. A moral victory for the dead old men of Georgetown. The inevitable triumph of the Washington Establishment over the anti-Beltway naifs who've been occupying the White House.

In other words—Lloyd Cutler.

"The culture here and the whole procedures are quite different than they are in any other place in the country," a wide-eyed Bill Clinton observed yesterday as he introduced to the country his brand-new counsel—a white-haired man with a paternal smile, a measured cadence and a reassuring voice, a man well equipped to explain to a president or anyone

else the intricacies of Washington culture and procedure.

This man who passed the bar six years before the current president was born, this Oracle of K Street who's already held the counsel's job in a previous White House, this prolific author of newspaper opinion pieces, is now to be Clinton's Grand Interpreter of insider



Cutler: A man of "integrity, credibility, gray hair."

folkways and quite possibly—Clinton must be hoping—The Last of the Wise Men.

"I don't know if it's possible to have Wise Men these days," said Washington pundit Evan Thomas, coauthor of the book "The Wise Men," about the gray eminences of the American Establishment—W. Averill Harriman, Dean Acheson, John J. McCloy and the like—who helped shape the world after War II. "The world is a little bit grubbier and the press is a little bit hungrier, and it's hard to float above the political fray the way those guys did."

Cutler, however, "fits most of the bill," Thomas added. "He's a good Democrat, but he has a kind of nonpartisan quality to him. He's a good-government type. He's always trying to reform the Constitution to make government work better."

Still, for all his earnest intentions, Cutler is "the wily veteran," said Nixon White House veteran Tom Korologos. "Don't forget something about Washington," the lobbyist added. "Washington is Salem. If we're not lynching somebody 24 hours a day in this wretched town, we're not happy."

"I don't think it takes a rocket scientist to figure out that there has been, in my judgment, sufficient mishandling or failure to handle what I think is a modest problem, and let it fester into a problem of

See CUTLER, C2, Col. 3

Cutler To the Rescue

CUTLER, From C1

major proportions," said Robert Strauss, a lawyer-lobbyist and sometime statesman. "I think the president, very correctly, is making some of the changes that needed to be made. I'm not so sure it's a signal as it is a realization that some additional experience is needed to help a bunch of bright, dedicated, decent, less experienced people."

As Whitewater rages around them, Cutler is the Clinton White House's gold-plated, blue-chip life

**"They've reached
out for some
wisdom."**

—Brookings fellow Stephen Hess

preserver.

"They've reached out for some wisdom," said Brookings Institution fellow Stephen Hess, comparing Cutler to that other flotation device, David Gergen. "Cutler is even more useful than Gergen in that he's above ambition. Part of the problem with Gergen is, the question always arises: Is he using us? No one is going to say that about Lloyd Cutler. He's 76 years old. I don't think he's angling to be the bureau chief of ABC."

"I think he was hired more for his competence than his pedigree," said Clinton political consultant James Carville, the administration's resident raging populist—unlike Cutler. But Carville was not quibbling yesterday: "The White House is not a

place where you need a lawyer to be a populist."

"The signal the president is hoping to send is one of integrity, credibility, gray hair," said Washington lobbyist Ken Duberstein, White House chief of staff in the waning days of Ronald Reagan. "An old, skilled presence, somebody of impeccable credentials who will help steer the presidency and this White House through the legal shoals of the so-called Whitewater matter."

Cutler is useful, said Harry McPherson, Lyndon Johnson's special counsel, because "he knows the government, and not simply the bureaucrats, but the way the government works. And I don't mean that in a sinister way, nor in any secret way—simply the way the process works, the elements and the forces that come to bear when laws are being changed or implemented. . . . He brings a sophistication about Washington."

That, and gravitas, too, said the 75-year old Strauss, weighing in from Dallas. But he's certainly no enemy of change à la Clinton, Strauss insisted.

"My answer is, to the contrary. A fellow like Cutler can help him do that," Cutler's appointment reflects "a continuing commitment to put in place the Clinton program of change."

In other words, as they say in Texas: *Plus ça change, plus c'est la même chose.*

At least for the next 130 business days, after which—Cutler said yesterday—he'll yield the job to a "fine, new, younger counsel like Bob Strauss."

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David S. Broder

When Will They Ever Learn?

The all-too-familiar words—investigation, subpoena, grand jury, resignation—have echoed through Washington again this past week. And along with them has come one gloomy realization: If you drew a chart of the learning curve of White House staffs for the last quarter-century, the line would be absolutely flat.

From Watergate to Whitewater, the men and women who work behind the gates at 1600 Pennsylvania Ave. have shown stunningly little ability to learn from the mistakes of their predecessors. They go on doing the same dumb things, over and over, and they are perennially shocked when trouble results.

How many times do we have to read about such things as erasing tapes, shredding documents, bugging phones, setting up back-channel communications, going outside the loop, and other manifestations of hunkering down and covering up, before someone gets the message? How many more designated fall guys have to be pushed overboard before someone stands up and shouts, as in the old IBM ads, "Think!"

To be fair, hundreds of people have served honorably and worked diligently in the White House in the past 25 years without their reputations being clouded in any way. They are not at fault. But too many others—far too many—have abused power, confused private goals with public responsibilities and brought embarrassment and worse to themselves, their presidents and the country.

Unless one is prepared to believe that knavery is endemic in the upper reaches of American life, you have to suspect there is something in the environment of the White House itself that breeds a lack of common sense, even disregard for the law, among too many people who work there.

Never having been employed on the premises, I can only speculate, but I would make several guesses.

Part of the problem is simply the media-fed glorification of the White House. People of modest means and modest talents find the celebrity and influence of a White House staff position heady stuff. They are flattered and courted all the time—and they inhale the fumes of short-term celebrity. At a benign but ludicrous level, they claim, as John Sununu did, that it's okay to use presidential aircraft

for keeping dental appointments because they need to be in "constant communication" with the White House. At a more sinister level, they come to believe that their own interpretation of a president's wishes is enough to justify evading the law and lying to Congress, as Oliver North did.

The vanity and arrogance factors have caused problems in the White House for decades. Scandals among presidential cronies are nothing new. There were vicuna coats in Eisenhower's time, deep freezers in Truman's and a lot worse when Harding was there. But this problem has been given new dimensions by the carry-over and exaggeration of the worst features of modern presidential campaigns into the presidency itself.

The modern campaign relies heavily on espionage ("opposition research") and on aggressive tactics ("negative ads"). It is but a short step from them to the "enemies lists" of the Nixon era or the "war rooms" that have been set up under President Clinton. When White House staffs are recruited primarily from those who proved most adept at swatting the opposition during the campaign, they bring their combat weapons with them. They tend to see everyone—Congress, other politicians of both parties, the bureaucracy and the press—as forces that must be subdued if the president is to prevail.

Too often, the result is a "bunker mentality," an "us against them" mind-set that becomes a justification for underhanded tactics and questionable legal maneuvers.

Campaign veterans see the candidate as "the man," and proudly display their loyalty to him. In the free-for-all rivalry of politics, that mind-set may be justified. But when they take their oaths as White House officials, they acquire a responsibility to the Constitution and to the American people that should—but too often does not—circumscribe the ways they use their power. They may serve "at the pleasure of the president," but they serve in a government of laws, where he is but one official.

Any president is entitled to have loyal lieutenants around him. But experience has shown that surrounding himself exclusively with personal and political loyalists is an invitation to trouble. The wisest thing a president can do is to add several veterans of past administrations—of his own and the opposite party—to the mix. And the next most useful antidote to abuse of power is to bring in at least a few people who have had lives and careers of their own, men and women who can afford to tell a president when he and his courtiers are going astray.

If President Clinton had been foresighted enough to do this at the start of his administration, he might not be facing what he is today. His choice of Lloyd Cutler as White House counsel to replace the unfortunate Bernard Nussbaum is a belated recognition of this reality.

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Getting at the Core of Whitewater

WHAT A spectacle: White House employees sorting through trash, burn bags, computer records and files in a subpoena-induced document-gathering operation under the direction of six assigned lawyers. As that occurs, six senior members of the White House staff, along with three top Treasury Department officials, are busy preparing for their involuntary grand jury appearances this week. It is hard to fathom but nonetheless true that none of this has to do with the events in Little Rock. It has to do with events that occurred in the White House in recent months, events that should never have occurred in the first place and that the people involved should have known better than to bring about. Mr. Clinton's appointment of the well-respected and thoroughly experienced lawyer Lloyd Cutler to the White House counsel's office should go a long way toward preventing any repetition of the practices that so dramatically worsened the Whitewater picture.

But the venue of the affair has been expanded to Washington now. Mr. Cutler can't do anything about that. Even the president, who wants this thing to go away, had managed to keep Madison squarely in the White House. He apparently knew more about one of the meetings between senior White House and Treasury Department aides concerning the Madison investigation than his criticism of the conversations implied. He said this week that he was informed of the Resolution Trust Corp.'s referral of Madison to the Justice Department for possible criminal prosecution "some time in October." (The RTC action included references to the Clintons as possible beneficiaries of Madison's improprieties, but didn't accuse them of any wrongdoing.) The White House had been

alerted by the Treasury general counsel to what was coming in advance of the Oct. 8 RTC referral, and weeks before the action was first reported by The Post on Oct. 31. No one is being accused of any crimes, but the grand jury may want to know more precisely what happened.

Now the hunt is on, and Republicans are in full cry for big game. But a well-founded concern of independent counsel Robert Fiske, which he has raised with leaders of the House and Senate banking committees, is that this hunt on the Hill could harm his own enterprise. He fears that hearings might lead to premature disclosure of matters that go to the heart of his inquiry. Even hearings on the White House Treasury meetings, he argues, might eventually disclose matters related to his grand jury investigation. The behavior of Banking Committee Republicans bears him out.

These members seem to see the whole affair as political sport more than as an opportunity to get at the truth of the whole complicated chain of events from Little Rock to Washington. House Banking Committee Republicans have released a list of 40 witnesses for a March 24 hearing. They know it will be difficult to compel the appearance of or extract testimony from proposed witnesses, such as James McDougal, former Madison head and the co-owner with the Clintons of Whitewater. That is especially true of key figures in the special counsel's probe. But unearthing the facts may not be the objective of some of the partisans anyway, so much as having a nice run under the television lights. Congress should work out an accommodation with the independent counsel and be mindful of the dangers of proceeding. The worst thing it could do would be to put the criminal investigation at risk for the sake of a little ink and TV time.

Martin Marietta's Fast Ascent

WITH THE DROP in defense spending, the weapons producers are going through a process of radical consolidation. The latest example is the Martin Marietta Corp.'s decision to buy Grumman, making it the world's largest producer of military electronics systems. That sharpens a dilemma for the federal government.

Each of these mergers and purchases in the defense industry—there have been a half-dozen big ones in the past two years—reduces the number of companies competing in a shrinking market. The government is ambivalent about that. This one isn't a conventional antitrust case. The administration knows that, as in any other market, a slide toward monopoly is going to mean rising costs and a falling rate of innovation. But it also wants to ensure the survival of companies big enough to produce the extremely complex weapons that are the great strength of the American armed forces.

The federal funds to design new weapons aren't being cut. In President Clinton's budget for next year, the money for weapons research, development and testing would rise slightly. Martin Marietta will have enormous resources to undertake that work. In addition to Grumman, it bought GE Aerospace last spring, and several months ago it

agreed to buy General Dynamics Corp.'s rocket division. More money to design weapons but less to produce them can generate another danger—the rising pressure to sell them abroad.

Perhaps the next stage in this consolidation will involve partnerships or mergers across national boundaries to spread the costs of new aircraft and missiles across several countries. That possibility draws vehement opposition from Congress. Two years ago, when the French electronics firm Thomson SA tried to buy LTV's missile division, there was an explosion of politicians' protests. The beneficiary, incidentally, was Martin Marietta, which bought the missile maker after Thomson finally dropped it. But unpopular though it may be, cooperation with this country's major allies in weapons production is not necessarily a worse idea than developing them solo in this country and then, in a desperate attempt to recoup the immense costs, selling them to unstable and undemocratic Third World governments.

Pentagon orders have been crucial to Martin Marietta for decades. What's new is that Martin Marietta, after this series of purchases of other companies, is now indispensable to the Pentagon. That's an exceedingly close, not to say incestuous, relationship. It will require vigilant management and supervision if it's to serve the national interest.

Clinton Names V Cutler Counsel At White House

Interim-Basis Appointment Is Seen as Symbolic Act To Restore Credibility

By MICHAEL K. FRISBY
And PAULETTE THOMAS

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — President Clinton attempted to stanch the political and legal damage from the Whitewater imbroglio by naming Washington insider Lloyd Cutler as the White House's special counsel.

Mr. Cutler, 56, took the job on an interim basis only, until a permanent

The Flow of Information

As the Whitewater affair demonstrates, the best defense in dealing with a political problem is almost always to overwhelm critics and the press with information. That is often understood more instinctively by political advisers than by lawyers. Capital Journal, page A14.

replacement can be found for Bernard Nussbaum, the White House counsel who resigned under pressure last weekend.

Mr. Cutler is a consummate Washington establishment figure who was also called in to serve as President Jimmy Carter's counsel when his White House became mired in ethical problems. At a news conference, President Clinton called Mr. Cutler, who was admitted to the bar six years before Mr. Clinton's birth, "a man of integrity, talent and the highest ethical standards."

Mr. Cutler almost seemed in a state of desperation to restore the White House's credibility.

White House. Before he agreed to accept the appointment, Mr. Cutler said he negotiated for a limited, 130-day appointment because of his age and the rigors of the job. Since he will be working at the White House for such a short time, Mr. Cutler's is as much a symbolic act to reassure the public and the media about the ethical conduct of the White House as it is an addition of a significant White House team player.

In his first call as counsel, Mr. Cutler said he would probably advise White House staffers and other administration officials to testify before congressional panels that may hold hearings on the Whitewater affair. He stated, "It would be my advice that they cooperate," even though Robert Fiske, the independent counsel conducting a Whitewater inquiry, has said he opposes such hearings.

White House officials also said yesterday that there have been conversations in addition to the three controversial meetings between White House and Treasury officials. But they contended that the conversations didn't deal with substantive matters. Mr. Clinton said that any such contacts were "incidental... follow-up conversations."

Yesterday, Rep. James Leach (R., Iowa), a House banking panel member who has aggressively pursued the Whitewater matter, released a seven-page letter that included a list of administration figures he would like to question at a hearing later this month. In a separate letter, Rep. Leach told Mr. Fiske that his request that the House Banking Committee refrain from holding hearings "would have a chilling effect on the role of congressional oversight."

Mr. Fiske plans to go to the Capitol today to meet with the Senate Banking Committee's ranking Republican, Alfonse D'Amato of New York, in an attempt to discourage him from moving forward with hearings. Sen. D'Amato isn't expected to back down, either.

Rep. Leach's witness list contained 49 figures who have cropped up in various Whitewater-related stories and events. The list includes administration officials such as White House Chief of Staff Mack McLarty and his deputy Harold Ickes. It also lists top Treasury officials, including Deputy Secretary Roger Altman, who participated in one of the White House meetings about the Resolution Trust Corp.'s investigation of a failed Arkansas savings-and-loan institution.

The RTC eventually asked the Justice Department to investigate whether the thrift, Madison Guaranty Savings & Loan of Little Rock, may have improperly diverted funds to Mr. Clinton's gubernatorial campaigns and Whitewater Development Co. The owner of Madison, James McDougal, also was a partner of the Clintons in Whitewater, an Arkansas real estate venture.

Rep. Leach's list also included lawyers from Rose Law Firm, where Hillary Rodham Clinton was a partner. Rep. Leach would also like to call Mr. McDougal and David Hale, another Arkansas political figure who is about to go on trial and is accused of making an improper business loan to Mr. McDougal's wife.

However, the questioning could be hampered by the committee's chairman,



Lloyd Cutler

Rep. Henry Gonzalez. In a March 7 letter to Mr. Fiske, the Texas Democrat suggested "since these actions may be inconsistent with your responsibilities, you may wish to advise all parties of your views on whether they should respond to such inquiries." Rep. Gonzalez added that

"while I cannot prevent members from propounding questions, it is within the province of the Chair to rule on the relevance of questions." Amid this partisan parrying, Senate Minority Leader Robert Dole of Kansas increased the pressure on his Democratic colleagues to abandon their stance against congressional hearings. Sen. Dole said he may offer a resolution to force Democratic senators to take a formal public stand on the issue. If that doesn't work, Mr. Dole said Republicans will try to get the party's Senate challengers to begin raising the issue against Democratic incumbents up for election this November.

President Clinton, in turn, accused the Republicans of making "political hay" out of Whitewater. At his news conference, Mr. Clinton strongly defended himself and said, "I revere the responsibility I have been given and I am not going to abuse it." Responding to a question, he said that his aide Bruce Lindsey "probably" told him about the RTC's criminal referral before the action was made public. On Monday, Mr. Clinton said he didn't remember who had told him about the referral.

Separately, Mrs. Clinton was also swinging back. In an interview conducted last Friday with Elle magazine, she said, "I know nothing bad happened—and that's what everybody's going to know, as they should know now—since they have yet to come forward with anything other than the wildest kind of paranoid conspiracies. You just don't pay attention to it."

While the congressional hearings into the Whitewater affair are on the horizon, a

separate investigation was called off.

At a hearing before a House appropriations panel, Treasury Secretary Lloyd Bentsen said that he asked his department's inspector general to suspend a probe into the meetings between Treasury officials and the White House. "Mr. Fiske does not want him to investigate," Mr. Bentsen said, because it could compromise the independent counsel's probe. "and the inspector general agreed not to do so."

A separate review of the meetings that the Treasury secretary had earlier requested by the Office of Government Ethics will proceed.

—John Harwood contributed to this article.

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What the Clintons Don't Need Now Is a Good Lawyer

ONE TOP ADVISER to President Clinton, trying to explain how the Whitewater affair has spun so badly out of control, starts with this thought: "From the very beginning, this was handled by the lawyers."

He's got a point. It's remarkable how many of the central players handling the fallout from Whitewater are lawyers, and remarkable how often their lawyerly instincts have been wrong. The Clinton adviser sees a connection. A lawyer's inclination normally is to guard information jealously, and to give access to it only grudgingly. That is



precisely the wrong approach for the Whitewater affair, or most any other political scandal, and it lies at the heart of the White House's troubles.

There's a deeper lesson in all of this, both for President Clinton and his successors. The best defense in dealing with a political problem is almost always to overwhelm critics and the press with information. Full disclosure of information also happens to be in the public's best interest. This fact often is understood more instinctively by political advisers than by lawyers.

Yet it is lawyers who are all around the Whitewater affair. President Clinton himself is a lawyer. So is his wife Hillary. So was Vincent Foster, the White House aide whose apparent suicide did so much to rekindle intrigue about the Whitewater real estate development and the failed Madison Guaranty Savings & Loan. Bruce Lindsey, the White House aide handling damage control, is a lawyer. Webster Hubbell, the associate attorney general who hovers around the edges of the affair, is a lawyer. So, of course, was Bernard Nussbaum, the White House counsel forced out last weekend.

FROM THE TIME Whitewater reared its head during the 1992 campaign, Clintonites say, it has been a group of such lawyers that has handled the job of explaining the web connecting the Clintons, the real estate deal, the savings and loan and the Rose Law Firm in Little Rock. But at many turns the inclination has been to guard rather than release information. That led to the inadequate report during the campaign on Whitewater: the removal of Mr. Foster's Whitewater files after his death; the failure to show those files to investigators or the public; and the private briefings White House officials received about supposedly independent investigations.

And it was a lawyer who took a step that was, in sheer political and symbolic terms, perhaps the most harmful move of all. When the White House decided late last year to turn the Clintons' files on Whitewater over to the Justice Department, the president's new personal lawyer, David Kendall, sought from Justice a subpoena to cover the documents. Learning a subpoena was under way, he sought to broaden its scope to cover more material.

This was perfectly acceptable, even routine, legal behavior. But politically it misfired. Putting the documents under subpoena shielded them from public disclosure. That seemed only to confirm the darkest accusation then being made by Republicans: that the Clintons would use the legal system not to clear the air but to keep Whitewater documentation out of the hands of members of Congress and reporters. Republicans had telegraphed their political punch, and the Clinton team walked right into it anyway. Instead of getting credit for turning over documents voluntarily, the Clinton team sowed the seeds of suspicions that have sprouted into today's cover-up charges.

IT'S STRIKING that Mr. Clinton's most deft political advisers have been largely absent from handling Whitewater. There's been little sign of a substantial role for James Carville, Paul Begala or David Gergen — all of whom, intriguingly enough, are lawyers by education but political operatives by trade. And those arguing that it would be better to open up files and release more information and documents have been dismissed as overly naive. Instead, the prevailing view has been that, because the Clintons' own documentation on the Whitewater affair is incomplete, releasing their fragmentary information would inevitably raise more questions than it could answer.

That's probably true. But instead of just questions, the Clintons now face accusations of coverup. Some Clintonites now wish they had followed the course set in last year's flap over the firing of the White House travel office staff. In that case, after a period of flailing, the White House buried the story with an exhaustive report that overwhelmed the inquisitive with information.

For President Clinton, the tragedy of all this is that there is little so far to suggest that he should be in as much trouble over Whitewater as he is now. The White House has been focused on bringing on board respected lawyer Lloyd Cutler as new presidential counsel. Perhaps now it ought to focus on getting some more non-lawyer political advisers more directly involved in decisions about Whitewater fallout.

The White House Counsel's Job

In his letter of resignation to President Clinton, Bernard Nussbaum blamed his decision to quit on the controversy created by those "who do not understand, nor wish to understand, the role and obligation of a lawyer, even one acting as White House counsel." Mr. Nussbaum was right, in complicated and ironic ways.

By all accounts, Mr. Nussbaum, who spent 27 years as a top corporate litigator in New York City, is an excellent lawyer. He probably would have been a fine White House counsel—sometime before the 1970s. Mr. Nussbaum proved unable to cope effectively with the culture of scandal that has emerged since the late '60s and es-

Rule of Law

By Terry Eastland

pecially Watergate. As his friend Leonard Garment, who served as counsel to President Nixon in 1973-74, sympathetically puts it, he was "not very well versed in the ways of Washington."

Ironically, Mr. Nussbaum served (along with Hillary Rodham Clinton) on the House Judiciary Committee during its investigation of Watergate, and it is more his party than the GOP that over the past 20 years has harped on the importance of "ethics in government," especially by the president and the executive branch. The culture of scandal that embraces that idea is defined by the ethics laws and regulations (most put in place in the past 30 years) that govern the executive and that are enforced by Congress, government ethics officers and, in its own loud and visible way, the press. Central to this culture is the independent (or special) counsel, who is summoned to conduct criminal probes of executive officers even in contexts in which ordinary prosecutors would

find no reasonable basis to proceed.

Also central to this culture is the notion that executive officers are supposed to avoid even the "appearance" of impropriety. Found in an executive order issued by President Lyndon Johnson in 1965, this standard is especially endorsed by the press, which tends to regard any appearance infraction as a possible first step on the slippery slope to another Watergate.

The White House has denied interfering with the criminal investigation of Whitewater, but the mere fact that Mr. Nussbaum met on three occasions with Treasury Department officials to discuss the case was universally judged a violation of the appearance standard. Mr. Nussbaum wasn't the only one guilty of this infraction, and sooner or later most of the others who participated will be made to pay, with their jobs and reputations. But Mr. Nussbaum was made to draw the first black bead because he, as the White House counsel and its designated agency ethics officer, should have known better.

In fact, Mr. Nussbaum should have known better, although the reason is not just to satisfy the modern appearance standard. Mr. Nussbaum conceived of his job as that of protecting his client, the president, and were he in the private sector his Whitewater-related actions would have caused no problems. But the White House counsel's job involves more than that. "You are also counsel to the presidential office," says Boyden Gray, who held Mr. Nussbaum's job under President Bush. "And it's your responsibility to leave the institution as strong as it was when you went in."

By that standard, the most important one, Mr. Nussbaum failed spectacularly. Actions, however unremarkable in a previous era, that today can provoke subpoenas of many high-ranking White House officials cannot be regarded as excellent public service. A Clinton-Nussbaum legacy

is that it will be easier to subpoena top White House officials. More broadly, it will be harder for the president's lawyers to defend what Hamilton called "the constitutional rights of the executive."

Mr. Nussbaum's successor, Lloyd Cutler, will have to grapple with this legacy. This is the second time around for Mr. Cutler, who served as Jimmy Carter's White House counsel. He knows the basic work of the office—examining legislation sent to the president, vetting presidential nominations, judging pardon petitions, reviewing all the official remarks of the president, considering ethics questions, and so on. Unlike Mr. Nussbaum, he has a public record of engagement with constitutional issues—although note well that Mr. Cutler, a strong advocate of independent counsel legislation and a critic of the Constitution's separation of powers, has not been a strong proponent of executive power. Also unlike Mr. Nussbaum, he is well versed in the ways of Washington.

Still, he will find this job more difficult than the one he had under President Carter. For one thing, he will arrive not knowing whether the president or the first lady has violated any laws. This is a very dangerous spot to be in as a lawyer. Mr. Cutler will have to assume his client has done nothing wrong. But if he advises the president to do certain things and the president disagrees and Mr. Cutler doesn't know why he disagrees, Mr. Cutler could be drawn into a coverup.

For another, Mr. Cutler will discover people on the White House staff and elsewhere in the administration who seem to



Lloyd Cutler

think themselves a step above other mortals involved in politics. They see themselves as inherently good people who are doing good things for the country, and they could not possibly do anything wrong. The bad people were those Republicans who gave us the "greed decade," Iran-Contra and, long ago, Watergate. Whether Mr. Cutler—no personal friend of Bill's or Hillary's—can change this attitude is obviously doubtful; leadership must come from the president, whose public pronouncements so far would not appear to have encouraged penitence on the part of arrogant subordinates.

Finally, Mr. Cutler's job may be complicated by the unprecedented phenomenon of a de facto plural presidency. Past first ladies have influenced the decisions of their husband presidents, but Mrs. Clinton's different influence is not merely of degree but of kind. No first lady has ever been in charge of the most important policy initiative of her husband's presidency, and no first lady has had a political constituency within and outside the administration. She has in effect wielded the president's constitutional appointment powers, as her allies hold high positions in Justice and other agencies. It is not unthinkable that Mrs. Clinton's interests might diverge from her husband's, in Whitewater if nowhere else.

Mr. Cutler says he will serve the presidency and not be Mr. Clinton's private attorney. But which part of the presidency will he serve? If part of Mr. Nussbaum's job was to serve Mrs. Clinton, the "role and obligations of a lawyer," especially one asked to serve in this White House as its counsel, are more demanding and much trickier than anyone—save Mr. Nussbaum himself—has yet to understand.

Mr. Eastland is editor of Forbes Media-Critic and a fellow at the Ethics and Public Policy Center in Washington.

For 2nd day, Clinton tries to calm the waters

By Adam Nagourney
USA TODAY

In a second day of efforts to stem Whitewater damage, President Clinton Tuesday devoted more than 40 minutes to answering questions on the topic and said he would cooperate with a congressional probe.

Clinton also said it would be "hard for me to imagine a case" in which he would invoke lawyer-client or executive privilege to block the release of White House papers to special counsel Robert Fiske, who is investigating the Clintons' role in Whitewater and possible White House efforts to compromise the investigation.

The appointment of Lloyd Cutler, 76, as White House counsel for 130 days, and the lengthy question-and-answer session, marked the second effort by Clinton in as many days to calm the Whitewater rapids.

Clinton said again he could not recall when and how he learned that the Resolution Trust Corp. had made a "criminal referral" to the Justice Department — recommending it conduct a criminal probe of a failed Arkansas thrift with ties to Bill and Hillary Clinton.

That is an important question, because Fiske has subpoenaed six White House officials to ask about potentially improper contacts under which they received advanced, sensitive information about the probe.

Clinton aides said they believe he learned of the probe not because of the suspect conversations, but only after reporters began calling the White House asking for reaction.

Clinton, though, was much vaguer. He insisted he could not recall the details of a conversation in which he learned that the Justice Department was beginning a criminal investigation of Madison Savings & Loan, which had business and campaign ties to both he and his wife.

"All I remember is at some point in October, I heard about it and that my clear impression was that that was an action the RTC had taken to make this referral," he said. "It's just something that I knew and absorbed. I didn't discuss it or ask anybody to do anything or take action."

He said he suspected that senior adviser Bruce Lindsey told him. Lindsey has told colleagues he doesn't recall if he did.

Clinton also said a review of White House documents, computer record and phone logs over the past three days had turned up a few other incidents of contact between White

Mere suspicion merits a 'referral'

A "criminal referral" is a form that bank regulators fill out when they suspect a crime has occurred. The form is sent to the Justice Department, which decides whether to prosecute.

Criminal referrals are triggered by the mere suspicion of a crime.

"A fairly low threshold of evidence is required," says Rosemary Stewart, former enforcement chief at the Office of Thrift Supervision.

The referrals often don't result in prosecution, because the evidence is too slim or the amount involved is small.

Referrals are confidential, although they were sometimes leaked to reporters during the savings and loan scandals of the 1980s.

— Dennis Cauchon

House officials and Treasury Department officials. He said they were "incidental" and "had nothing to do with the substance" of the probe.

And while he seemed to rule out invoking any kind of executive or lawyer-client privilege, he did not say whether he would instruct his staff not to invoke Fifth Amendment protections against self-incrimination when they answer questions.

He dodged a question on whether his wife, at the center of the Whitewater story, should hold her own press conference: "She's perfectly capable of speaking for herself."

Clinton's decision not to resist a congressional probe, despite fears of advisers that it would only continue to fuel the story, reflected a bow to political reality, and the White House's diminishing political clout in this area.

Although Fiske asked Congress not to proceed with its own probe, saying it could be disruptive, Cutler advised Clinton to cooperate if it did.

Clinton — in contrast to his senior aides, including David Gergen and George Stephanopoulos — rejected the suggestion the White House shared much of the blame for allowing the Whitewater story to explode.

"You know, it's still what it always was: I mean, it's a real estate investment I made 15 years ago that I didn't make money on."

WEDNESDAY, MARCH 9, 1994 • USA TODAY

Clinton aides could face big legal bills

Legal problems may quickly turn to financial ones for White House aides who have been subpoenaed by the special counsel probing the Whitewater affair.

In the past, legal bills have exceeded \$500,000 for some government officials.

Under the special prosecutor law, now expired, the federal government could reimburse employees cleared in a criminal probe. Former attorney general Edwin Meese's lawyers got \$472,190.

But it's uncertain who would pay the bill for President Clinton's aides.

"It's hard on government officials of moderate means," says Notre Dame law professor Douglas Kmiec. "These fees mount up extremely quickly."

The White House is considering asking to

use a Justice Department fund that pays lawyers up to \$99 an hour to defend government officials.

But Justice Department spokesman Carl Stern says the fund generally is used in civil cases, not criminal ones.

Also, because the special counsel is working for the Justice Department, paying the defense lawyers "would put us on both sides of the case," Stern says.

No official request for the money has been made, Stern said.

Another possibility: a donation of time from a lawyer, called *pro bono* work.

"A *pro bono* case doesn't have to be for the poor. It only requires that the lawyer believe in the cause," Kmiec says.

— Dennis Cauchon

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Special counsel Fiske moves quickly — and aggressively

"(Fiske's) strategy is the quickest, best way. You bring as many witnesses as possible before as many grand juries as you need and knock them off boom, boom, boom." — Former prosecutor Nick Akerman

By Dennis Cauchon
USA TODAY

Special counsel Robert Fiske has chosen a strategy of quick and aggressive action in the Whitewater probe.

Rather than have FBI agents work quietly behind the scenes to gather information slowly, Fiske has taken a high-profile approach. He has:

- ▶ Slapped wide-ranging subpoenas on every possible witness, major or minor.

- ▶ Hurried witnesses before a grand jury in Little Rock.

- ▶ Ordered White House aides to appear before a grand jury in Washington, D.C., starting as early as Thursday.

- ▶ Personally phoned Republican legislators to discourage congressional hearings.

Veteran prosecutors say Fiske has the right strategy.

"A prosecutor would prefer a low-key approach," says Marvin Collins, U.S. attorney in Dallas under Reagan and Bush. "You get more information that way. Unfortunately, when the story is on the front page like Whitewater, you have to take a different route."

In his most assertive move, Fiske subpoenaed six White House staffers to testify before a grand jury about meetings they had on Whitewater with banks and loan regulators.

By expanding the probe to include a possible White House cover-up, Fiske has made the investigation more dangerous for the White House.

White House counsel Bernard Nussbaum lost his job as a result. And White House staffers have hired private lawyers.

The lawyers are working out when White House aides will testify and turn over documents to the grand jury. The appearances could start as early as Thursday, says Allen Snyder, lawyer for White House senior adviser Bruce Lindsey.

President Clinton has



By Danny Johnston, AP

DANGER SIGNAL: Probing a possible cover-up, Robert Fiske has made the investigation more dangerous for the White House.

pledged full cooperation. Four hundred White House staffers signed papers this week to certify that they had turned over every Whitewater document on their desk or in their trash.

The search appears likely to produce more embarrassment. The White House says the search turned up additional contacts, albeit minor ones, with other agencies about Whitewater.

Deputy Treasury Secretary Roger Altman, one of the officials who will testify before a grand jury, has said he had minor hallway discussions about Whitewater, but only one significant meeting.

Legal experts say Nussbaum got the Clinton staff into trouble because he misunderstood the White House counsel's role.

"He serves the office of the presidency, not President Bill

Clinton," says legal ethics scholar Monroe Freedman.

Bush White House counsel C. Boyden Gray says he wanted to help Bush on some legal issues but didn't: "There are times when you simply have to hold back and not get involved."

Fiske, who earned a reputation prosecuting organized crime, appears prepared to pick through every strand of the Whitewater web.

He has offices in three cities — Little Rock, New York and Washington, D.C. — and two separate grand juries.

His Washington office is 1001 Pennsylvania Avenue — six blocks from the White House. The building's other tenants include former Bush campaign manager James Baker and Bush budget director Richard Darman.

By using two grand juries to investigate, Fiske gains several advantages. He:

- ▶ Gets testimony from witnesses outside the presence of defense lawyers, who aren't allowed in the grand jury room.

- ▶ Avoids the slow process of waiting for FBI agents to process paperwork on what happened in an interview.

- ▶ Makes it hard for witnesses to change or soften their story during the lengthy probe.

- ▶ Gets testimony before Congress does, avoiding the chance that congressional immunity might make the information impossible to use in court. That problem plagued Iran-contra prosecutors.

"This strategy is the quickest, fastest, best way. You bring as many witnesses as possible before as many grand juries as you need and knock them off boom, boom, boom," says former federal prosecutor Nick Akerman, who worked for Fiske when Fiske was U.S. attorney in New York.

▶ Cutler appointed, 1A
▶ What Clinton knew, 5A

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Again, a veteran to rescue

A cool hand to navigate crisis

By Bill Nichols
USA TODAY

Over the weekend, President Clinton was looking for a "Lloyd Cutler type" to replace departing White House counsel Bernard Nussbaum and help calm a nearly week-long crisis over the Whitewater affair.

But finally, as Clinton said Tuesday, "I just decided I would go to the original first and see how I could do."

The original, a 76-year-old veteran of the Carter administration and a quintessential Washington operator, now is charged with injecting his prestige and savvy into a White House once more in dire need of a cool, seasoned hand.

Said Cutler: "In government, as in other aspects of life, trust is the coin of the realm, and, Mr. President, I pledge myself to do what I can to assure that that trust is maintained."

The selection of Cutler, who was chief counsel in the Carter White House from 1979-81, to follow Nussbaum's messy, forced departure had almost unanimous bipartisan support.

Cutler, who called himself a "senior citizen," will stay on the job no more than 130 days, working for free. He mentioned possibly donating his pay to a federal deficit fund.

Old friends said Cutler is a perfect choice to guide Clinton through the rising Whitewater furor.

Special counsel Robert Fiske last week subpoenaed six senior White House aides in the latest development of his probe of the relationship of a failed Arkansas savings and loan to the first family's White-



By H. Darr Beiser, USA TODAY

'THE ORIGINAL': President Clinton turned to Lloyd Cutler, 76, chief counsel in the Carter White House from 1979-81, to help guide the administration through the rising furor over the Whitewater affair.

water real estate venture.

Said Cutler of his much-criticized predecessor: "I think Bernie Nussbaum had a lot of bad luck."

Cutler "was always calm and reasoned and brought the kind of approach where you didn't have fits of panic in a crisis," said former Carter budget chief Bert Lance. "He brings experience and institutional memory ... and all those things are so important."

Cutler's appointment also follows a long Clinton pattern that reaches back to his days as governor in Arkansas. When in trouble, bring in a older, respected, establishment type to smooth the waters.

In the campaign, when Clinton was under fire on charges of evading the draft during the Vietnam war, he brought forth former Joint Chiefs of Staff chairman, retired admiral William Crowe, then 68, for help.

During the early days of the administration, David Gergen, just 51 but perhaps the ultimate Washington insider of his generation and a veteran of three Republican White Houses, was hustled aboard as

“(Cutler) brings experience and institutional memory ... and all those things are so important.”

— Bert Lance, budget chief under President Carter

counselor.

A self-described liberal Democrat who has been both a Washington and Democratic Party powerbroker for decades, Cutler seems to the left of Clinton's "New Democrat" administration, but he has also shown an independent streak.

His clients, in recent years, have included conservative Rep. Henry Hyde, R-Ill., and former secretary of State George Shultz.

And in 1987, when most Democrats were working to defeat the Supreme Court nomination of Robert Bork, Cutler scandalized his liberal peers by defending Bork.

Cutler, who served on President Bush's Commission on Federal Ethics Reform, also is no stranger to White House ethics brush fires.

He came into the Carter White House under similar circumstances, during a period in which Carter also was trying to soothe Washington's power elite by bringing in one of their own and when presidential brother Billy Carter's ties to Libya were under congressional investigation.

In USA TODAY last July, Cutler gently chided the administration for last year's tumultuous reorganization of the White House travel office, citing "the personal ambition and excessive zeal displayed by some White House staffers."

On Whitewater, he offered this advice in *The Washington Post* recently, words that may now have new meaning.

"There are no winning solutions," Cutler wrote. "If you had all the experience in the world, these are still very difficult choices to make."

► Cutler appointed, 1A

A two-track investigation

Special counsel Robert Fiske is on a two-track course in looking at President Clinton's and Hillary Rodham Clinton's involvement in the Whitewater land development deal in Arkansas. Six White House aides and four Treasury Department officials have been subpoenaed to appear Thursday at the special counsel's office in Washington. A look at the probes:

IN LITTLE ROCK

Fiske has a special grand jury looking at Whitewater and all its tentacles:

► **President Clinton's involvement**, both financially and influentially, when he was governor of Arkansas.

► **Hillary Rodham Clinton's role**, both as an investor in Whitewater and as lawyer for Madison Guaranty Savings & Loan.

► **Madison S&L** run by Whitewater partner James McDougal. Its failure cost taxpayers at least \$47 million. Questions include: whether state regulators went easy on McDougal and Madison because of the Clinton connection; whether Madison funds were illegally diverted to cover Clinton campaign costs.

► **Possible destruction** of Whitewater documents by Hillary Clinton and her Rose Law Firm, a charge denied by the president and the law firm.

Source: USA TODAY research



HILLARY CLINTON: Two roles examined



McDOUGAL: Partner in land venture

IN WASHINGTON

Fiske's staffers are looking at the possible obstruction of justice by Clinton administration officials:

► **Conversations** between White House aides and Treasury Department officials about a Resolution Trust Corp. investigation into Madison S&L's failure.

► **Confidential information** given to President Clinton that the RTC was investigating whether his gubernatorial campaign had received improper donations from Madison. Clinton said he was told about the probe in October, but said he didn't recall who told him.

► **Suicide** of White House deputy counsel Vince Foster, a partner with Hillary Clinton in the Rose Law Firm. The probe focuses on both the investigation into Foster's death and possible removal of Whitewater documents from his office by resigned White House counsel Bernard Nussbaum.

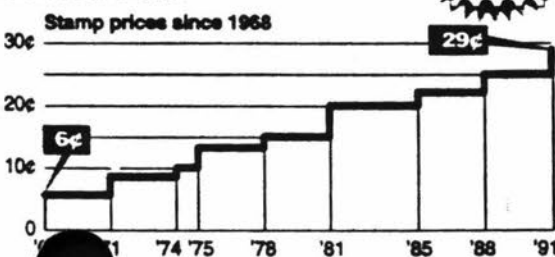
► **Possible destruction** of Whitewater documents beyond those believed taken from Foster's office by Nussbaum. One sign of the probe: Piles of trash accumulated in White House offices as more than 400 employees were told not to destroy their trash, phone logs or computer files.



NUSSBAUM: Quit White House post

Rising cost of stamps

The Post Office wants to raise the price of first-class stamps to 32¢, and raise other rates.



Effect of the increase

	Current rate	New rate
Birthday cards (first class, 1 oz.)	29¢	32¢
Heavy letters (first class, 2 oz.)	52¢	57¢
Bank statements (first class, 3 oz.)	75¢	82¢
Christmas gift (parcel post, 7 lb.)	\$4.64	\$5.26
Post cards	19¢	21¢
Stamped envelope	34¢	38¢
Priority mail (1 lb.)	\$2.90	\$3.20
Express mail (8 oz.)	\$9.95	\$10.95

Source: Postal Rate Commission

By Marty Baumann, USA TODAY

Post haste? Not here

Slow mail service angers Chicagoans amid talk of a 32¢ stamp

By Kevin Johnson
USA TODAY

CHICAGO — "The check is in the mail" is not a comment city residents want to hear — because it could be a while.

"Checks are missing, checks are lost, checks are delayed," says Pat O'Shea, a 48th Ward aide in Chicago's Uptown neighborhood. "And it goes in reverse. People have credit problems because the checks they send out are lost."

In a recent Postal Service study, the city's mail service ranked last with a 64% customer satisfaction rating. Manhattan was next at 75%. The national average was 88%.

Tuesday's announcement of a proposed 3-cent increase in the cost of a first-class stamp didn't sit well with Chicagoans.

If it passes, "they would be outraged, absolutely outraged," says Alderman Joe Moore.

Among the postal district's problems:

► 5.9 million pieces of for-

warded mail, normally delivered in three days, were delayed as long as a month.

► Last month, about 100 sacks of mail, containing 40,000 pieces, were found in the truck of a letter carrier whose route included 484 customers. The carrier has been suspended pending an investigation.

► A day later, workers found a two-foot stack of undelivered mail beneath a hydraulic lift South Side postal station.

► In January, test letters mailed to some city addresses wound up in a Minneapolis dead-letter office.

The Chicago Sun-Times reported last week that some mail carriers refused to go out in the cold.

"The number of complaints has risen exponentially," Moore says. "Social Security checks are late; mail isn't delivered for several days. People get their November phone bills in January. Whatever happened to the 'neither rain, nor sleet, nor snow' motto?"

Postal spokesman Jim Mruk says the service is "in trouble," and is trying to improve.

Mruk says the problems in the areas rated worst are that customers move frequently, live in apartment buildings and have mailboxes in unusual places. "But that doesn't relieve us of the responsibility for quality service," he says.

He says improvements are in the works, including:

► More supervisors and "improvement teams" at poor performing stations.

► More phone operators to field complaints and questions.

► Construction of a new main post office.

► A new processing center.

Ron Erday, 42, says he will believe it when he sees it. He says a mail carrier has skipped his block an average of once a month the nine months he has lived there. "How many times have we heard things will be better before?" he says.

► Rate increase, 1A

The Fiske Coverup

Independent Counsel Robert Fiske is a distinguished member of the New York bar, and he is only doing what any good lawyer would do. But when this approach is applied to broad public policy concerns, as distinguished New York attorney Bernard Nussbaum found, it can produce preposterous results.

So in preparation for Mr. Fiske's meeting this morning to urge Senator D'Amato and the rest of Congress to shut up and get out of the way, we'd like to offer an update on *Dou Jones v. Department of Justice*. As most readers know, we've filed suit under the Freedom of Information Act for the release of reports on the death of Vincent Foster. The Justice Department's reply consists of a letter from Mr. Fiske saying the reports should not be released because it would compromise his investigation.

At the time Mr. Fiske was appointed, we'd already been waiting for these reports for five months. We filed our original FOIA request back in August, because we thought that's what the Justice Department was asking us to do. "As soon as the FOIA section processes the report, it'll be available to you. That has already started before this meeting even took place," spokesman Carl Stern told the press. So we filed the request and let the process proceed.



Robert Fiske Jr.

As it proceeded, Mr. Foster's death was widely blamed on us, because prior to his death we were the only people suggesting there might be an issue concerning ethics among former members of the Rose Law Firm. Michael Kinsley cast the first stone, as is his wont, and the blame-laying reached a crescendo with the headline on Jonathan Alter's Newsweek column: "Journalism as a Blood Sport."

We never viewed this theme as an accident. John Hanchette, national correspondent for the Gannett News Service, recently confirmed our suspicions, telling Peter Bronson of the Cincinnati Inquirer, "Reporters got unsolicited calls from the White House saying that they were at fault, that the press was vultures picking over his bones." And of course, we were designated as chief vultures, on the basis of the note found six days after Mr. Foster's death, torn up at the bottom of his briefcase but supposedly missed in previous searches.

In one of the copious leaks from the report that Justice and Mr. Fiske say we can't have, we learn that a Park Police investigator says he had earlier watched Mr. Nussbaum examine the briefcase. This account appeared in the New York Times the week after our suit was filed. Most people, having learned about Whitewater files in and mysterious visits to Mr. Foster's office, no longer attach much credence to the theme of blaming the press.

Leaks from the reports we're suing for, however, continue to press the original White House theme. In its Feb. 11 report based on "secret police

files reviewed yesterday," the New York Daily News reports that Mr. Foster's widow said he suffered from "humiliation." The paper's Karen Ball added, "Foster and the Rose firm were the targets of acerbic Wall Street Journal editorials." And New York magazine quotes this comment on our lawsuit, "They didn't even have the grace to say they're sorry," says a White House official. "And they've picked up right where they left off."

In replying to our suit, the Justice Department concedes nearly all of our FOIA contentions, but claims an exemption for information on investigations. Mr. Fiske's supporting letter says, "The public disclosure of all or any part of the Park Police or FBI report at this time would substantially prejudice the ability of the Office of the Independent Counsel to conduct its investigation. For example, if a witness has access to what another person has said about a particular fact or to conclusions reached in a report, that witness's testimony or statements in an interview could be tainted by that knowledge."

Sounds lawyerly. What in blazes is he talking about? His witnesses are the same people who'd been sitting on this report for five months before he took office. Which of the following hasn't had access to it: Mr. Nussbaum, Bruce Lindsey, Harold Ickes, Mark Gearan, Maggie Williams, Lisa Caputo? These people or those who work for or with them, we feel entitled to suspect, are also behind the spin on the secret report intended to blacken our name. They and compatriots like Webster Hubbell at Justice also understand that Mr. Fiske will do what every good lawyer would, and that this will continue their coverup beyond the Congressional election and with luck beyond the Presidential one.

There's more. When we filed suit we also filed a separate request for a photocopy of the Foster note. The text had been released, and a photocopy has been available for inspection in Mr. Stern's office. The Justice Department has replied to this request with a letter saying "the handwritten note will be treated as part of your earlier request," throwing it under Mr. Fiske's "all or any part" umbrella. In other words, the distinguished lawyer is arguing that his investigation will be jeopardized by release of a letter the text of which has already been printed in every newspaper in the land, and the copy of which has been available for those willing to visit Mr. Stern's office.

Perhaps some of the members of Congress would like to explore this logic in their meeting with Mr. Fiske this morning. It is a taste of what they can expect if they defer to what any good lawyer would do, and shirk their own responsibility to air important concerns in public. They should tell Mr. Fiske that they ultimately don't care whether someone goes to jail; for our own part we hope no one does. The more important responsibility is to give the public the facts it needs to judge the performance of its government; deciding whether to indict is less important than deciding whether to throw the rascals out.

Jobs: Help wanted ✓

Few of the well-paid workers at Corning's Blacksburg, Va., ceramics plant had more than high school degrees when the plant closed in 1983.

So, despite years of loyal service, many lost out when Corning reopened a high-tech plant in town several years later. They just didn't have the technical skill needed.

That story has echoed from factory to factory across America for more than a decade. Since 1981, 10 million low-skill, high-pay manufacturing jobs have disappeared; and the jobs replacing them require skills laid-off workers often lack.

The result: Workers let go today take months longer to find jobs. And when they find one, it often pays less than 80% of their old wage.

President Clinton and Labor Secretary Robert Reich today unveil a plan they say can change that glum picture.

They want to revamp the unemployment system and convert its temporary aid to displaced workers into permanent skills and good jobs. In the process, they'd get rid of some old training programs and set up one-stop-shopping centers in which the unemployed could pick the programs that best serve their needs.

The cost? Just \$3.4 billion a year.

That's a pittance, if it works. But will it?

Federal training programs often haven't:

Not for those retrained under the Trade Adjustment Assistance Act after losing jobs to foreign imports. An evaluation for the Labor Department found they did no better than those who simply sought work.

Not for young men trained under the Job Training Partnership Act. A private study found they earned less than a comparable group that fended for themselves.

Not for food-stamp recipients trained with Agricultural Department aid. A study for the department found "every taxpayer dollar went down a rat hole."

Indeed, not for most displaced workers. According to the Congressional Budget Office, simple job search programs did as well for them as retraining.

Yet the government spends \$24 billion a year on 150 training and education programs.

Trimming and streamlining can only help. But history hints at a better approach.

Business itself spends \$30 billion a year on training. And studies show that those whom business trains do earn more, where government's trainees don't.

As it takes up Clinton's plan, Congress should keep that in mind.

► Jobs plan, 2B

The 'first spouse' questions we never asked

As Whitewater hits close to home, what do we do if the first turns out to be true? ✓

I have a question: What if Hillary Rodham Clinton is deeply involved in this Whitewater thing and Bill Clinton isn't?

I mean, what could the president do about that?

What if she were indicted?

How could he respond?

He couldn't condone her behavior. Yet he couldn't ask her to resign, for she has no title, draws no salary and has no official job. He couldn't dissociate himself from her, the way he did Lani Guinier, because they have been rather close for a number of years. He couldn't send her packing back to Arkansas, the way he is sending Bernard Nussbaum back to New York, for she is, after all, his wife. And it hardly seems like grounds for divorce.

There's never been anything like this in history. Presidents have had to deal with goofy brothers, like Billy Carter or Donald Nixon; and bullying fathers, like Joe Kennedy; and errant children, like Neil Bush;

and a crooked vice president, Spiro Agnew; and a host of ill-serving aides, from Sherman Adams to John Sununu.

But an unethical wife? An unethical wife who is a sort of co-president?

Of course, nothing has been turned up that proves Hillary Clinton did anything unethical in Arkansas or unconscionable in Washington, but every day there are new developments in this scandal, and, if your home is the White House, they're hitting awfully close to home.

If she is truly and deeply involved, this could be an enormous problem. You could make jokes about it — and as fodder for comedians it already is damaging to the president — but what could really be done about it if she were accused of a crime?

The answer, probably, is nothing.

This seems to be the one contingency no one thought of when the president announced that his wife would have a major



By Michael Gartner, editor and chairman of the Ames, Iowa, *Daily Tribune*.

role in his administration. It was applauded as being a modern, '90s-type action — a two-career couple in the White House, just like in your house. It was cheered by feminists — why should a bright, educated first lady be relegated to baking cookies or doing good deeds for charities? It was seen as the ultimate in job-sharing.

Oh, there were objections. Some old people thought it unseemly. Some young people viewed her unkindly. Some conservatives thought it unmotherly.

But that was just carping.

No one, apparently, thought of the one unthinkable issue: What if she's a crook?

Perhaps this whole thing will take a different turn. Perhaps it will center on others in the Rose Law Firm in Arkansas or in the White House in Washington. Perhaps there is nothing to it. Or, perhaps, there is something to it but, like Iran-contra, the nation won't care.

But perhaps those perhapses are all wrong. Then what do we do? What do we do if Hillary Clinton is in Whitewater a lot deeper than she should be? What do we do if Hillary Clinton is a buccaneer?

► Whitewater, 1A, 4A, 5A

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White House discloses more talks with probers

By Paul Bedard
THE WASHINGTON TIMES

AI

A search of White House records and computers has uncovered additional contacts between President Clinton's aides and federal regulators investigating the Whitewater-Madison connection, the White House conceded yesterday.

These disclosures were made as the president introduced his new White House counsel, 76-year-old Washington insider and super-lawyer Lloyd Cutler.

For the second straight day, Mr. Clinton answered questions from reporters, some of them more pointed than the day before, and the president again characterized the Whitewater-Madison affair as a Republican attempt to play "the politics of personal destruction."

Mr. Clinton got in several jabs at Republicans who have been his most vocal critics.

When a reporter asked whether first lady Hillary Rodham Clinton had been briefed by her chief of staff about White House meetings on the investigation, the president avoided an answer.

Instead, he mocked the role of Sen. Alfonse M. D'Amato, New York Republican, who in the past faced ethics questions, as one of his sharpest Whitewater-Madison critics.

"You know, look," the president said. "I don't — the Republicans have decided that Senator D'Amato will be the ethical spokesman for the Republican Party in the Congress. That is their right to do that. I'm not in the business of answering his questions. I am cooperating with the special counsel."

When Mr. Cutler was asked whether he agrees that the Whitewater probe is a Republican ven-

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detta, he said: "I think I'll stick to giving legal advice."

The White House said further contacts with Treasury officials — to discuss the inquiry into the Clintons' links to the failed Madison Guaranty Savings and Loan Association in Arkansas — were discovered as it complied with a subpoena from Whitewater-Madison special counsel Robert B. Fiske Jr., who has demanded all documents detailing the secret meetings.

"Any contacts were incidental and were follow-up conversations which had nothing to do with the substance of the RTC investigations," Mr. Clinton said, referring to the Resolution Trust Corp., which handles S&L bailouts.

White House Press Secretary Dee Dee Myers said the additional contacts were largely telephone calls, presumably to discuss press inquiries into the scandal, from the White House to Treasury officials aware of the probe.

The RTC is investigating whether Madison illegally diverted money to Mr. Clinton's 1984 gubernatorial campaign and to the Whitewater Development Corp., a northern Arkansas real estate development owned by the Clintons, James B. McDougal, Madison's owner, and his wife, Susan.

"I haven't done anything wrong, and I'm not going to do anything wrong," Mr. Clinton said.

As the White House remained under fire, Rep. Jim Leach, Iowa Republican, and other House Banking Committee Republicans released the names of 40 witnesses, including top White House officials and key federal regulators, they want to question during a March 24 oversight hearing on the Whitewater-Madison affair.

Senate Minority Leader Bob Dole of Kansas said GOP senators may seek a vote on a resolution demanding a congressional investigation of the affair and make the vote a 1994 campaign issue against Democrats.

Revelations of three White House meetings with federal regulators about the Whitewater-Madison investigation had raised questions about whether Mr. Clinton's aides were trying to meddle in the affair. Six White House officials and four Treasury officials were subpoenaed to testify tomorrow in U.S. District Court.

Another subpoena is expected for White House Chief of Staff Thomas F. "Mack" McLarty, who has said he helped arrange one of the meetings.

Mr. Clinton again said he knew in October that his name had been raised in the criminal probe of Madison, but he repeated that he does not know how he knew. He suggested that personal aide Bruce Lindsey told him in October — when he first became aware of the "criminal referral" — but he

was not sure.

"My clear — I don't even remember when or exactly how I learned it — but my clear impression was that the RTC had made a referral on this and that it — I understood the issue and I just absorbed it and did — I did nothing about it. I ordered no action to be taken. And I honestly don't remember what date it occurred on," Mr. Clinton said.

His comments, however, countered those by aide Jeff Eller, who told the Associated Press on Oct. 31 that neither Mr. Clinton nor the White House had been told about the referral.

On Monday, Mr. Clinton said he was made aware of the RTC criminal referral after the second meeting with Treasury officials Oct. 10. A senior administration official said the meeting was held to discuss how to handle press inquiries about the criminal link to the Clintons in the probe.

Treasury Secretary Lloyd Bentsen told a House subcommittee yesterday that the department's inspector general decided not to conduct a separate Whitewater-Madison investigation after conferring with Mr. Fiske.

The existence of the Treasury-White House contacts — in September, October and February — prompted Mr. Clinton to force White House Counsel Bernard Nussbaum to resign Saturday. He will stay until April to provide a smooth transition with Mr. Cutler and the eventual successor to Mr. Cutler.

Mr. Cutler, who agreed to stay for 130 days, will begin work immediately to set up long-desired work rules for the counsel's office.

Mr. Cutler, a Carter administration trouble-shooter and counsel, represents the institutional Washington that Mr. Clinton rejected for his White House but has been forced to turn to during crises.

A senior administration official said the hiring of Mr. Cutler was the first indication that Mr. Clinton was shifting his legal team's leadership away from Mrs. Clinton and her former law partners.

"Cutler can stand up to Hillary," said the official.

The official said Mr. Cutler will bring political professionalism to the White House and add an air of independence from the group gathered by Mrs. Clinton, including Mr. Nussbaum, Associate Attorney General Webster L. Hubbell, White House Associate Counsel William Kennedy III and former White House Deputy Counsel Vincent W. Foster Jr.

Republicans seek to question 40

By Jerry Seper
THE WASHINGTON TIMES

A1

House Banking Committee Republicans yesterday listed 40 witnesses they want to question at a March 24 oversight hearing on the Whitewater-Madison affair, including top White House officials and key federal regulators.

The list, offered by Republicans yesterday to committee Chairman Henry B. Gonzalez, Texas Democrat, includes a wide range of potential witnesses, outlining several areas of concerns by GOP panel mem-

bers.

The GOP lawmakers acknowledged, however, they were "doubtful that certain of the witnesses ... will voluntarily appear before the committee." The Republicans, composing the minority, do not have the power to subpoena the witnesses.

"The committee will have ample opportunity to consider whether the issuance of subpoenas would be appropriate," said Rep. Jim Leach, Iowa Republican and ranking GOP committee member, in a letter signed by

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all 20 Republican members of the committee.

Mr. Gonzalez has said he does not intend to raise Whitewater-Madison concerns during the hearing — a semiannual oversight session of the Thrift Depositor Protection Oversight Board, which oversees the Resolution Trust Corp. — and will not allow Republicans to question administration officials subpoenaed by Whitewater-Madison special counsel Robert B. Fiske Jr.

But President Clinton said yesterday he would not invoke executive privilege to keep administration officials from testifying before Congress.

Mr. Fiske has argued against holding congressional hearings. He said granting immunity to witnesses in exchange for their testimony — as in Iran-Contra hearings for Marine Lt. Col. Oliver North — could result in premature public disclosures of "matters at the core of the criminal investigation."

Mr. Leach said in a letter to Mr. Fiske that he saw "no reason" to grant immunity to witnesses.

"The Banking Committee not only has the authority but the obligation to conduct investigatory hearings into Whitewater-Madison," he said. "The key is to ensure your ongoing investigation is assisted, not undercut."

The witness list suggests Republicans want information about loans to then-Gov. Bill Clinton and if Whitewater Development Corp., an Arkansas real estate venture, illegally repaid those debts; whether other moneys were improperly routed to Mr. Clinton from other sources, including state bond fees; and whether ethics were violated during White House briefings on the Whitewater-Madison affair.

The list also suggests GOP members will ask about ethics violations concerning Hillary Rodham Clinton's representation of Madison Guaranty Savings and Loan Association before state bank regulators, and whether documents at the Rose Law Firm, where she was a senior partner, were shredded.

On the Republican wish list are James B. McDougal, who owned Madison, and his ex-wife, Susan, who were partners with the Clintons in the Whitewater project; White House Chief of Staff Thomas F. "Mack" McLarty; Paula J. Casey, U.S. attorney in Little Rock; and Justice Department prosecutor Donald B. Mackay, who took

over the probe when Mrs. Casey recused herself.

Others include:

- David L. Hale, owner of a Small Business Administration-approved lending agency in Little Rock, who said Mr. Clinton pressured him for an illegal \$300,000 loan. Arkansas critics of Mr. Clinton say he is the key to "unraveling" Whitewater.

- Lawyer James M. Lyons and accountant Leslie Patten, both of Denver, who wrote a 1992 report saying the Clintons lost \$68,900 on the Whitewater venture.

- Beverly Bassett Schaffer, former head of the Arkansas Securities Department, whose ruling on Madison in 1985 kept the S&L in business.

- Dan R. Lasater, a convicted cocaine distributor and former Little Rock investment executive whose firm received more than \$664 million in state-approved, tax-exempt bond sales contracts.

- Don Denton, a Little Rock banker who helped arrange a \$20,000 loan to Mr. McDougal and Mr. Clinton for the down payment on the Whitewater venture. He said the loan was repaid with money from a separate loan to Mr. McDougal.

- Sheffield Nelson, a Little Rock lawyer who talked with Mr. McDougal in 1992 about reported financial irregularities involving Mr. Clinton. He was the 1990 Republican nominee for governor.

Also on the list are several employees at the Rose Law Firm, including couriers. Some employees of the firm have said they shredded documents, beginning during the 1992 presidential campaign.

The most obvious names on the list are six Clinton administration aides, including White House Counsel Bernard W. Nussbaum, and four current and former Treasury Department officials involved in Whitewater-Madison briefings at the White House.

Other White House officials are presidential adviser Bruce Lindsey; Communications Director Mark Gearan; Deputy Chief of Staff Harold Ickes; Lisa Caputo, Mrs. Clinton's press secretary; and Margaret A. "Maggie" Williams, the first lady's chief of staff.

Treasury officials are Deputy Secretary Roger C. Altman; Deputy Counsel Jean Hanson; Josh Steiner, Treasury Secretary Lloyd Bentsen's chief of staff; and Jack Devore, Mr. Bentsen's former spokesman.

Lloyd Cutler, named yesterday by Mr. Clinton to replace Mr. Nussbaum, said, "It would be my recommendation that everyone in the White House cooperate."

White House and Treasury officials already are scheduled to

appear before a federal grand jury in Washington tomorrow on subpoenas issued by Mr. Fiske. They also seek information and documents on the White House briefings.

The White House has said Mr. Nussbaum, who announced his resignation this week, attended at least three meetings with Resolution Trust Corp. and Treasury officials, beginning in late September of last year.

There was no indication Mr. Leach planned to expand his witness list after White House acknowledgment yesterday of additional secret meetings between administration and regulatory officials.

The witness list also includes the names of 10 federal regulators, including seven officials from the RTC, the federal agency that oversees failed S&Ls, and one each from the Federal Deposit Insurance Corp., the Small Business Administration and the Office of Thrift Supervision.

The RTC, which has no prosecutorial power, forwarded nine criminal referrals to the Justice Department in 1992 regarding financial irregularities by Madison and Mr. McDougal. The agency is trying to determine why Madison, which showed evidence of insolvency as early as 1984, was allowed to remain in business until 1989.

Mr. Fiske's inquiry is looking into the representation of Madison by Mrs. Clinton in 1985 before Arkansas banking regulators, who agreed to keep the S&L open after reviewing arguments from Mrs. Clinton and others at the Rose firm. At the time, her husband as governor appointed and oversaw the regulators.

Mr. McDougal has said he paid Mrs. Clinton a \$2,000-a-month retainer for the legal help.

The FDIC also is investigating a possible conflict of interest involving the Rose firm's former managing partner, Webster L. Hubbell, in his 1989 representation of the government in a lawsuit against an Arkansas accounting firm, Frost & Co., which was accused of negligence in Madison's failure. Mr. Hubbell is now associate attorney general.

The government suit challenged an audit by Frost the Rose firm had used four years earlier to argue that the S&L was solvent.

The SBA's involvement centers on allegations by Mr. Hale that he was pressured in 1986 by Mr. Clinton and Mr. McDougal for the \$300,000 loan to Mr. McDougal's wife.

About a third of the loan, which was never repaid, went to the Whitewater account.

Subdued party on the Hill

Democrats lie low on Whitewater

By Donald Lambro and Paul M. Rodriguez
THE WASHINGTON TIMES

AI

Congressional Democrats said yesterday they are reluctant to rush to the defense of President Clinton as the probe into the Whitewater-Madison scandal expands and Republican calls for inquiries mount.

Many said their hesitancy stems from the complexity of the Whitewater case, doubts over the White House's handling of the matter and uncertainty about the Clintons' role in the tangled affair.

The Democrats' chorus of silence has not escaped the ears of the White House, whose frustration was voiced yesterday by presidential political adviser Paul Begala.

He said he has asked members of his party: "How come when these Republicans get up and demagogue on these issues there are no Democrats rushing into the breach?"

Mr. Begala said he has received a standard answer: "They say when they go home that people never mention it, so why not leave it as a bunch of hot air from the Republicans?"

A few Democrats have come to the defense of the president and the first lady. One is Rep. Bill Richardson of New Mexico, who said Whitewater-Madison "is a Beltway issue" that Republicans are using "purely for partisan exploitation."

But a significant number of Democrats privately make it clear they are in no hurry to circle the wagons around the president on hope and faith alone.

"Many members want to be sympathetic to Clinton but have learned from just the past few

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PARTY

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days that defending the president is risky," said a House Democrat who asked not to be identified.

"Hell, just last week we had to read it in the newspapers that they've been holding secret meetings," he said, referring to meetings held by White House aides and federal officials investigating Whitewater-related matters.

According to one Democratic senator, "there are a lot of Democrats today sending a message to the White House: 'Clean up your act.'"

"You don't go out on a limb without having the full details of what it is you are defending," said another Senate Democrat. "It's hard to mount a defense without having all of the information, and even the White House doesn't seem to know all the details."

A veteran House Democrat said: "Basically, we want to believe the president, but we trust in our instincts more strongly that this is a no-win situation. . . . Maybe down the road, if this starts to clear up, you'll see some of the boys standing up for him, but not now — at least not publicly."

Many Democrats in Congress said that Whitewater-Madison has become a big issue in their home districts only recently and that many lawmakers have been content to have their leaders respond for the party.

Others said they have shied away from commenting on the scandal out of fear that any position they take now could come back to haunt them if the controversy worsens.

With midterm elections on the horizon, many Democrats obviously fear the Whitewater-Madison affair will become a campaign bugbear. Senate Minority Leader Bob Dole of Kansas nurtured that fear yesterday, saying Republicans would raise the issue in the states of Democrats who oppose holding congressional hearings into the affair.

Rep. Jim Leach of Iowa, ranking Republican on the House Banking Committee, which is expected to hold hearings on the controversy, predicts future disclosures of "blockbuster proportions" on Whitewater.

Under increased pressure from Mr. Clinton's political advisers to mount a counteroffensive, Democratic leaders said yesterday they expect more Democrats soon will speak out to keep the president's GOP critics at bay.

"In the next few days you will see Democrats more and more aggressively coming to the president's defense," Democratic National Chairman David Wilhelm said. "The Republican frenzy here is really out of desperation, but we're not going to leave it unanswered."

Yet, until recently, little if any defense of Mr. Clinton and first lady Hillary Rodham Clinton was heard from congressional Democratic leaders.

House Speaker Thomas S. Foley of Washington said Monday: "There's no evidence of any wrongdoing in this matter. None."

Other Democrats have been less vigorous in their defense. In fact, there has been little vocal support for the president from House Majority Leader Richard A. Gephardt of Missouri, Senate Majority Leader George Mitchell of Maine or their deputies.

Sen. John B. Breaux, Louisiana Democrat, said on NBC-TV's "Today" show that congressional hearings on Whitewater-Madison are "clearly not necessary" and accused Republicans of "stirring up the waters" instead of tackling legislation on health care reform and crime.

But he did not counter assertions made by House Minority Whip Newt Gingrich of Georgia, who said the Clintons' Whitewater land deal may have been mixed up in a Small Business Administration fraud case and "an effort to manipulate the entire regulatory process of Arkansas."

As Whitewater-Madison continued to dominate the news and the White House's attention, rank-and-file Democrats became increasingly uneasy over the affair and its political impact on their party in an election year.

The New York state Democratic Party said it received 53 phone calls on Friday after disclosures that documents had been shredded by the Rose Law Firm in Little Rock.

Mrs. Clinton and several administration officials worked for the law firm.

"The White House has succeeded in taking what probably wasn't a major story and one that involved Arkansas and made it into a front-page White House story," said Rep. Charles W. Stenholm, Texas Democrat.

Rep. Timothy J. Penny, Minnesota Democrat, complained that "it is still amateur hour down at the White House."

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

Clinton picks man of stature to take Nussbaum's place

Lloyd Cutler is Washington insider

By Frank J. Murray
THE WASHINGTON TIMES

In choosing a lawyer's lawyer to stand in as temporary White House counsel, President Clinton picked a man who survived his own ethics crisis and tried to soften the independent counsel law.

"In short, I wanted a Lloyd Cutler-type of lawyer, so I just decided I would go to the original first and see how I could do," Mr. Clinton said in announcing to the press his replacement for Bernard Nussbaum, who quit under fire on Saturday.

Mr. Cutler, whose \$370-an-hour fees helped run up former Secretary of State George Shultz's \$281,397 legal bill in the Iran-Contra inquiries, always posed something of a paradox.

This Washington "wise man" is the:

- Counselor who wound up defending himself before Congress for keeping President Carter posted on what he learned about investigations of Billy Carter's ties with Libya.

- Liberal Democrat who enraged legal colleagues by backing the failed 1987 Supreme Court nomination of Appellate Judge Robert Bork.

- The mentor of Zoe Baird who proposed her for attorney general.

- Man who once argued in print that committing adultery might be a good prerequisite for being president.

In an op-ed column, Mr. Cutler said it was irrelevant whether Sen. Charles Robb, Virginia Democrat, had committed adultery.

"Some of our best presidents have committed adultery while holding our highest office and who knows how many others have done so before reaching the White House?" Mr. Cutler wrote in *The Washington Post*.

- Lawyer who advocated mak-

ing it tougher to trigger the now-expired independent counsel law.

Mr. Cutler, 76, said he may donate his \$133,000 salary back to reduce the federal debt and would limit his service to 130 working days because of his years and because he wants to spend more time with his "very young and peppy wife," Polly Kraft.

Mr. Cutler drew one line in agreeing to become counsel to "the president in office" and to "the presidency." He said he would leave to private lawyers the job of advising Mr. Clinton on matters occurring before he was elected.

"In government, as in other aspects of life, trust is the coin of the realm, and, Mr. President, I pledge myself to do what I can to assure that that trust is maintained," he said yesterday.

In his public life he has been a man about town who showed up often in gossip columns, one of the faces in Jack Kent Cooke's owners box at Redskins' games, and reviewer of "The Man to See," Evan Thomas' 1991 biography of Edward Bennett Williams, which Mr. Cutler deemed the book to read.

He served on a 1990 public commission seeking ways to tighten espionage laws to better catch spies, joined a 20th Century Fund panel denunciation of covert action by intelligence agencies, and chaired the 1989 Quadrennial Commission on Federal Pay, which advocated 51 percent pay raises to Congress and top officials.

"This pay problem is as close to an insoluble problem as we have," he said.

Mr. Cutler said yesterday he will abide by current ethics rules in divesting himself from affairs of his law firm, Wilmer, Cutler & Pickering, where his client list has included Rep. Henry J. Hyde, Illinois Republican, in a term-limits case, and former Secretary of State Henry Kissinger, for whom he won changes purging a draft

Senate report of accusations he and President Nixon abandoned prisoners of war after Vietnam.

Mr. Cutler, who was criticized for daring to seek access to that report, was called on the Senate carpet in the summer of 1980 for briefing President Carter when his brother, Billy, was hired for \$220,000 by the Libyan government and for getting Billy to register as a foreign agent.

Mr. Cutler recommended a private lawyer, who was hired for Billy and stuck with his job after telling a Senate subcommittee he acted ethically.

"I'm sure 10 other competent lawyers, if they had my job, might have done it a different way," he testified. "Looking back, I like to think I did it just about right."

LLOYD N. CUTLER

Named White House special counsel

Born: Nov. 10, 1917, in New York City.

Family: Wife, Polly, and four children, Deborah Notman, Beverly Weaver, Lloyd N. Cutler Jr. and Louisiana Johnson.

Education: Bachelor's degree, Yale University, 1936; law degree, Yale University, 1939.

Career highlights: Private law practice, New York City, 1940-42; private law practice, 1946-present; partner, Wilmer, Cutler and Pickering, 1962-79, 1981-90; secretary, Lawyers Commission on Civil Rights Under Law, 1963-65; co-chairman, Lawyers Commission on Civil Rights Under Law, 1971-73; chairman, D.C. Commission on Administration Justice Under Emergency Conditions, 1968; executive director, National Commission on the Causes and Prevention of Violence, 1968-69; president's special representative for maritime boundary and resource negotiations with Canada, 1977-79; counsel to President Carter, 1979-81; member, U.S. Group to Permanent Court Arbitration, The Hague, 1984-93; member, Quadrennial Commission on Legislative, Executive and Judicial Salaries, 1984; chairman, 1989; member, President's Commission on Federal Ethics Law Reform, 1989.

Source: *The Washington Times*, March 9, 1994

The Washington Times

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Gearan



Caputo



Ickes



Altman

INVESTIGATING WHITEWATER

Republicans on the House Banking Committee released a list yesterday of 40 witnesses in the Whitewater Development Corp. case they want to call before a panel hearing scheduled for March 24. They don't have power to force them to testify.

1. James McDougal, former head of defunct Madison Guaranty Savings and Loan Association

2. Susan McDougal, partner in Whitewater Development Corp.

3. David Hale, president, Capital Management Services

4. Sheffield Nelson, lawyer, Jack, Lyons and Jones

5. April Breslaw, Resolution Trust Corp.

6. James Dudine, RTC

7. Lee Ausen, supervisory investigator, RTC

8. Richard Torio, field investigative officer, RTC

9. Jean Lewis, investigator, RTC

10. Mike Caron, senior investigator, RTC

11. Donald B. Mackay, trial attorney, Justice Department

12. Paula Casey, U.S. attorney, Little Rock, Ark.

13. Leslie Patten, lawyer, Patten, McCarthy and Associates

14. James Lyons, lawyer

15. Stanley Tate, former Clinton nominee to head the RTC

16. William Roelle, Federal Deposit Insurance Corp.

17. Mack McLarty, White House chief of staff

18. Bernard Nussbaum, former White House counsel

19. Harold Ickes, deputy White House chief of staff

20. Margaret Williams, first lady's chief of staff

21. Mark Gearan, White House communications director

22. Bruce Lindsey, senior adviser to President Clinton

23. David Caputo, first lady's press secretary

24. William Hanson, general counsel, Treasury Department

25. Josh Steiner, chief of staff, Treasury Department

26. Jack DeVore, former spokesman for Treasury Secretary Lloyd Bentsen

27. Beverly Bassett-Schaffer, lawyer, Wright, Lindsey and Jennings, Fayetteville, Ark.

28. Don Lasater, head of failed investment firm and longtime friend and campaign contributor to the president

29. Greg Young, Little Rock

30. Don Denton, Little Rock

31. Lisa Aunspaugh, Little Rock

32. Erskine Bowles, administrator, Small Business Administration

33. Charles E. James, Little Rock

34. Sue Strayhorn, Little Rock

35. Ellen Kuika, general counsel, RTC

36. Jeremy Hedges, Rose Law Firm clerk, Little Rock

37. Clayton Lindsey, Little Rock

38. Ricki Stacy, Little Rock

39. Roger Altman, deputy Treasury secretary

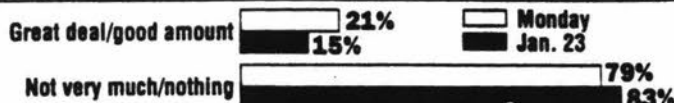
40. Jonathan Fiechter, acting director, Office of Thrift Supervision

The Washington Times

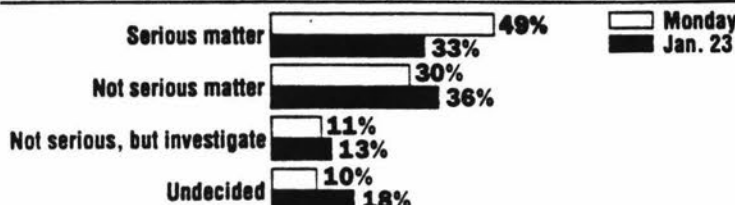
SLIPPING SUPPORT

ABC News' "Nightline" asked 525 adults what they think of the Clintons and their dealings with the Whitewater real estate development. Margin of error is 5 percentage points. Numbers may not equal 100 due to rounding.

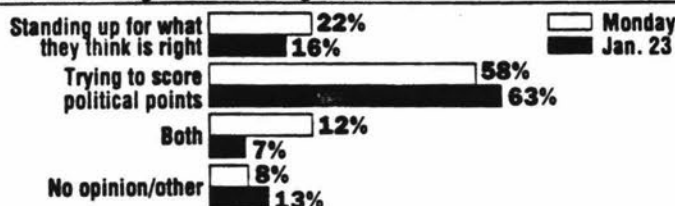
How much do you know about President Clinton's investment in an Arkansas real estate venture called Whitewater Development Corp.?



Is Whitewater a serious matter that requires a full-scale federal investigation, or not a serious matter that should be dropped?



Republicans calling for an investigation are...



Did Bill Clinton or Hillary Rodham Clinton do anything illegal in Whitewater?

	Bill Jan. 23		Hillary Jan. 23	
Yes	36%	23%	36%	22%
No	44	42	42	43
No opinion	20	35	22	35

How do you feel about President Clinton's handling of the Whitewater affair?



*Question was not asked in January

The Washington Times

Clinton putting bitterness aside

THE WASHINGTON TIMES

Wendell Groler of AP Radio asked President Clinton at a White House news conference about media coverage of the Whitewater-Madison affair.

Wendell Groler: You have not even been accused of doing anything improper, and yet look at the cost. Diversion from your policies, from your message for weeks, if not months. Are you bitter about this, sir, and are we wrong for pursuing it the way we have — the press corps I'm talking about?

President Clinton: Well, the answer — am I bitter about it? No.

Groler: Why not?

Clinton: Because I think — because I think as you grow older bitterness is something you have to learn to put aside. As you strive to be more mature, one of the things you have to give up in life is your bitterness about everything. You have to work through that. I mean, I think — I mean, that's part of my personal mission in life. It has nothing to do with being president, really.

I also think you can't be a very good president if you're consumed with bitterness. I mean, if I wake up every day all agitated about this, then I can't deal with the problems of the people. If I'm thinking about me, I can't

be thinking about them. The American people hired me.

Now, you will have to make a judgment. The only thing I have — I will just reiterate what you said. I've still not been accused of anything wrong because I haven't done anything wrong and I'm not going to do anything wrong. I'm going to — I revere the responsibility that I have been given and I am not going to abuse it.

But I — do I expect to learn something out of this? Do I expect Lloyd [Cutler] to bring something special to this White House and help us to then have a procedure that has the confidence of you and the American people? Yes, I do. I think we'll do better. Do I think we're in danger of spending too much time on it? That's why I wanted the special counsel. If you'll go back when I said — I said I'm for the special counsel; let him do the job. Let us do that.

Let's don't fill the airways talking about something that we need to draw definitive conclusions about, and that's what the special counsel will do. And I hope earnestly that we can go back to doing just that. That's what's in the public interest, to let the special counsel do the job and not clutter up the public life of this country with something that's going to be clearly and firmly resolved eventually.

Spectator bash finds endless fun in Clintons



Columnist Ben Stein leads the laughs as master of ceremonies.



Forbes Publisher Malcolm S. Forbes Jr., who received the American Spectator's Free Expression Award at the magazine's annual dinner Monday night, talks with former federal appeals Judge Robert Bork and his wife, Mary Ellen.

The reviews are in on Bill Clinton's most recent TV performance.

And here's what some of the president's staunchest conservative critics — assembled for the American Spectator's annual dinner Monday night — had to say about the chief exec's spirited defense of his wife's involvement in Whitewatergate:

■ "Did you see it? He just about had a heart attack!" said columnist **Ben Stein**, master of ceremonies for the political journal's bash.

Mr. Stein especially liked the logic the president used to defend first lady Hillary Clinton against this newspaper's report that she sent documents and papers from the Arkansas governor's mansion to the Rose Law Firm in downtown Little Rock for shredding.

Mr. Clinton's argument, Mr. Stein said, amounted to "How could anyone possibly know, in fact, that the shredded papers had anything to do with Whitewater?"

■ "It's really kind of pathetic," said Spectator Managing Editor **Wladyslaw Pleszczynski**, "blaming everything on the Republican Congress. ... It's over for him. That's not to say he won't be able to come back — he always does — but his credibility is gone right now."

■ "Terrible," said humorist **P.J. O'Rourke**, the original "Republican Party Reptile." "Here's a guy who was governor of the state. His wife was a partner in the most powerful firm in the state. They had the agencies and all the banks wired — and they still lost money! This is the guy in charge

of the national economy?"

■ Reagan speech writer and Spectator contributor **Aram Bakshian** could only shake his head with amusement.

"I don't see this leading to impeachment," he said, "but it will certainly be an irritant for many years. If it leads to poor off-year elections for the Democrats, and that's just one of the many interesting possibilities here, I think we'll see a lot of them jumping ship."

Those who missed Mr. Clinton's testy, nervous news conference on CNN — he again declared that neither he nor his wife had done anything wrong in tangled dealings with a failed thrift and failed real estate deal in Arkansas — were sorry. It was the party's No. 1 conversation piece.

Among the luminaries sighted: financier **T. Boone**



David Brock, an investigative reporter for American Spectator, addresses the conservative crowd Monday night. His boss, R. Emmett Tyrrell Jr., poses with Sen. Richard G. Lugar, Indiana Republican, during the festivities.

Brief encounters

Making headlines: Let's compare how some prominent publications handled President Clinton's spirited defense of his wife's role in Whitewatergate.

The Washington Times, ever tasteful, used this headline yesterday: "Clinton jumps to defense of Hillary's ethics."

Another Washington newspaper wrote: "Clinton: Whitewater, Watergate not alike."

But it gets to be fun when we start looking at the New York tabloids. The Post front page reads: "Bill on Hillary: SHE'S NOT A CROOK."

The Daily News counters with this teaser: "LAY OFF HER!"

The Washington Times WEDNESDAY, MARCH 9, 1994

Pickens, columnists **Fred Barnes** and **Ben Wattenberg**, "Hell of a Ride" author **John Podhoretz**, **Leonard** and **Suzanne Garment**, former federal Judge **Robert Bork**, former Republican National Committee chief **Frank Fahrenkopf**, and Spectator Publisher **Ronald E. Burr**.

Forbes Publisher **Malcolm S. Forbes Jr.** received the American Spectator's Free Expression Award.

Spectator reporter **David**

Brock, who's hot, hot, hot, got a standing ovation in recognition of his investigative reporting on Anita Hill and the Arkansas state troopers who detailed how they arranged sexual encounter for Gov. Clinton.

Mr. Brock said he had been invited to go on television with an opinion on the "murder of Vince Foster." He told the crowd his editor, Mr. Pleszczynski, asked him, "If the Clinton people are capable of that, why are you still alive?"

The guests were in such good spirits that you would have thought one of their number was in the White House — and we don't mean David Gergen. The night clipped along quickly, full of good cheer and humor: Even the dinner invocations were strained — not to say tasteless — attempts at funny.

Spectator Editor in Chief **R. Emmett Tyrrell Jr.** couldn't say enough about the president.

"Brilliant. Suave. And, as usual, wrong," he said of the president's news conference. "But I don't want anything to happen to Bill Clinton. Bill Clinton is a gift from God. I've got a circulation over 250,000 now [compared with 114,000 this time last year] thanks to him. When [Al] Gore gets into office, that's going to double."

Whoa! Surely he's not suggesting that the vice president will have to take over

"I suppose we could have an indicted president for two or three years, but I think Bill Clinton is about ready to explode," Mr. Tyrrell said.

—Jeffrey Stagg

New Mexicowater

Bill Clinton, it turns out, wasn't the only Democratic governor involved in a questionable land deal.

A federal judge said New Mexico Gov. Bruce King's family business got the better part of a deal when it swapped parcels of land with the Bureau of Land Management, the Albuquerque Journal reports. In his ruling, U.S. District Judge John E. Conway said the Kings "came out smelling like a rose" in the land swap.

"The Kings ... took the best land," said the judge, "and left the government with junk."

The governor and his brothers, Don and Sam, gave up 17,000 acres of ranch land in rural Cibola County to obtain about 800 more desirable acres west of trendy Santa Fe.

Packwood: 'Our fight'

A cheering crowd in Oregon heard Republican Sen. Bob Packwood accuse the media of lying about him, saying the "politically correct" press has not given his side of sexual-misconduct accusations.

Mr. Packwood, who founded the annual Oregon coast gathering 30 years ago, complained that reporters have failed to seek out witnesses who support him, the Portland Oregonian reports.

The senator declared, "This, is your press at work, ladies and gentleman — lying, harassing, doing things that all of you would regard as uncivil, untoward, ungentlemanly."

He sought contributions to his defense fund, noting that his costs were nearly \$1 million. "His voice nearly choking with emotion, Packwood caused some in the room to go misty-eyed," the Oregonian reported.

"I ask for your hands and your help and your hearts," Mr. Packwood was quoted as saying. "This is not just my fight or yours. It is our fight."

Her view

Hillary Rodham Clinton gives her take on Whitewater-Madison in an interview in the current issue of Elle magazine, describing a "well-organized and well-financed" effort to undermine the Clinton administration.

"I know nothing happened," Mrs. Clinton told the magazine. "And that's what everybody's going to know, as they should know now, since they have yet to come forward with anything but the wildest kind of

paranoid conspiracies."

On ABC-TV's "Nightline," presidential counselor David Gergen said, "I think it's only fair to say that the first family, along with many people in the White House ... are frustrated about a lot of this because there is so little at the core."

"There are no credible allegations, and yet this thing keeps mushrooming and metastasizing. So people — you know, naturally there's frustration."

"Why does this keep happening when we've got all these important things to do like health care and the crime bill and that sort of thing? So naturally there's a frustration."

Meanwhile, Michael Barone of U.S. News & World Report said on CBS-TV, "We got a statement from the president yesterday that was in the nature of 'She's not a crook.' You are never in a good position politically when you are forced to make a statement like that."

Today's quote

"In a nutshell, Whitewater is about the arrogance of power — political conflicts of interest that are self-evidently unseemly," Rep. Jim Leach, Iowa Republican, told USA Today. "Can a president ask others to play by the rules, i.e. obey the law, if he doesn't play by them himself? ... Obstruction of justice is now clearly at issue."

Gergen: 'Preoccupied'

David Gergen, counselor to the president, appeared on ABC-TV's "Nightline" to argue that Whitewater-Madison did not represent a major abuse of power.

Mr. Gergen: "Let's not forget why Bill Clinton came to Washington and why Hillary Clinton's in Washington, and that is to deal with the country's problems. That's what the people of this country really want."

ABC's Cokie Roberts: "And you think that'll be possible now?"

Mr. Gergen: "I think we're going to be preoccupied in the next few days, but after that I think we'll get back to it."

The spill

Trying to assess the impact Whitewater-Madison will have on health care reform, the Los Angeles Times quoted an unnamed senior congressional aide who said, "I now have to admit it does feel as though there has been a spillover."

Even if the White House is entirely innocent, he said, "What's

wrong with it is that the White House has allowed itself to be overwhelmed by this thing."

"It doesn't matter what the thing is. ... The White House is not in a governing mode, it is in scandal-defense mode. It is not in control of its own work."

Aspin recalled

Former Defense Secretary Les Aspin is about to get a job that will allow him to continue to participate in the consideration of national security issues, the Los Angeles Times reports.

President Clinton is getting ready to appoint Mr. Aspin as head of the president's Foreign Intelligence Advisory Board to replace retired Adm. William J. Crowe Jr., who will become U.S. envoy to Britain.

The Times said that while the board has become little more than a resting place for "outer-circle politicians" such as Vernon Jordan and Zoe Baird, it could provide a platform for someone who wants to do more with it.

The newspaper says that friends of Mr. Aspin say he eventually hopes to become president of a major university.

Breaux on deck

Sen. John B. Breaux, Louisiana Democrat, yesterday expressed interest in replacing retiring Senate Majority Leader George Mitchell.

"I'm going to take a look at it," Mr. Breaux, a member of the Senate Democratic leadership, said on NBC-TV's "Today." "But many of my colleagues who are well qualified will also be taking a look at it."

Meanwhile, Senate Majority Whip Wendell H. Ford, Kentucky Democrat, is taking soundings and a spokesman said that he is interested. Sen. Tom Daschle, South Dakota Democrat, is reported to be deferring to Mr. Ford.

Mr. Daschle, who is close to

Excerpts from a Whitewater journal

Un-believ-able. Roger Altman at the (no longer) independent Resolution Trust Corp. wasn't the only official from the Treasury Department to let the Clinton administration know the presidential couple had become part of a confidential investigation.

Twice last fall, prominent officials from Treasury got together with White House types to discuss the impending investigation into the Arkansas savings and loan near the murky center of what has become known as Whitewatergate. To call this improper would be like saying Richard Nixon got into a tad of trouble while president.

A whole Who's Who of the Clinton administration attended these meetings. The Richard M. Nixon Memorial Axiom was never so clear: It's not the original scandal that gets a president in trouble but his aides' unbelievably dumb responses to it.

Remember back in 1992, when Bill Clinton was calling the Bush administration brain-dead? Sounds like his own needs an electroencephalogram.

Worse than a crime: This is carrying nostalgia for the 1970s too far. It now has been revealed that a whole raft of Clintonoids in the White House and Treasury Department have been conferring with one another since last fall about a supposedly confidential investigation into Madison Guaranty, the defunct savings and loan that is making more news than it ever did when it was in business.

Remember how the "brains" in the Nixon mob took a third-rate burglary that needn't ever have involved the president and turned it into a first-rate impeachment process? Did our new elite of the 1990s learn nothing from an episode

they must have relished at the time? Bernard Nussbaum, who resigned as chief counsel to the president over the weekend, helped conduct the Watergate investigation.

To rephrase a line attributed to Talleyrand, these secret confabs were worse than a crime; they were a blunder.

The unraveling administration: The word comes straight from Dee Dee Myers. You remember her — the press spokeswoman for the Clinton organization who explained how Bill Clinton regularly re-reads "The Meditations of Marcus Aurelius," his favorite book. She might as well have said that Richard Nixon, in his spare time, practices Zen.

Well, on Friday, she was assuring all within hearing that talk about the resignation of Bernard Nussbaum, chief counsel and embarrassment to the president, was "news to Bernie," and that he continued to enjoy the confidence of the president.

That settled it. Mr. Nussbaum might as well have cleared out his desk right then. He and the French chefs who also are leaving the White House can share a cab. The chefs will be missed. Only Republicans may miss Counselor Nussbaum, who has kept the opposition well supplied with snafus to uncover.

Meanwhile, the president of the United States was taking responsibility in his usual, manful way. Pressed on the latest spate of embarrassments, Bill Clinton said he wanted people to remember

"that no one has still accused me ... of doing anything wrong in this whole encounter."

Why, sure. He only appointed these people. He only works there.

"No one has ... accused me ... of doing anything wrong in this whole encounter." That must be Clinton-speak for "I am not a crook."

Whence Whitewatergate? Why all this hubbub over so much smoke, so little fire? Why did the press go ape and the administration panic?

Can it be because the respectable press found another scandal — call it Fornigate — not a scandal at all by the licentious standards, or non-

standards, of the Nonchalant Nineties?

So, in order to make up for its lack of interest in the same old sins, the mediaocracy had to redouble its interest in a nonsexy scandal that has to do with the most sexless of factors — savings and loans, real estate, income tax deductions ... the kind of things that would titillate only a CPA. And to think, most of us went into this trade because we couldn't cut it in math class.

There is a curious kind of puritanism to the coverage of contemporary scandals. We inky wretches will not lower ourselves to pay attention to sex scandals, which are left to the supermarket tabloids and the American Spectator, at least till they can no longer be ignored.

But the resulting Scandal Gap must be filled, so we fixate on finances. The way a president handles money is considered a much more relevant and respectable topic

than the way he handles people. Which says something about the age.

Things have come to a medium sorry pass, it occurs to this columnist, when the crank letters that regularly cross my desk start making more sense than official government pronouncements. (Let's hope that this is not a sign that the columnist himself has passed over into terminal crank-hood.)

There was a time — wasn't there? — when it was so clear that those who thought the government was some kind of nefarious plot were just wrongheaded conspiracy nuts. Now it's the White House that sounds loopy.

This administration somehow manages to combine a self-righteous War Room mentality with an oh-so-reasonable, every-thing-is-negotiable strategy. The combo is about to kill its health plan.

Those tricky Clinton Clauses

used to be an adjunct to every program. Now the programs seem but adjuncts to the Clinton Clauses.

All right, maybe the administration's explanations for one crisis after another aren't as nutty as they sound. We inky wretches have to guard against overstatements. Exaggeration weakens, and understatement strengthens, any argument. But could we agree that these days the White House demonstrates a certain, uh, eccentricity?

An eerie thing about the president: Nobody can do a good imitation of him. Have you noticed that? What's there to caricature? Where's the there there?

Paul Greenberg is editorial page editor of the Arkansas Democrat Gazette in Little Rock and a nationally syndicated columnist.

by Bruce Tinsley



Embassy Row

President Clinton plans to nominate an old friend, political ally and Christian missionary — but not the outfielder for the Baltimore Orioles — as his next ambassador to Tanzania.

Brady Anderson, 48, has cleared his background checks and hopes to have his nomination sent soon to the Senate for confirmation.

Mr. Anderson, a Little Rock, Ark., lawyer, was in Washington this week for talks with State Department officials and learned for the first time that he has a famous name.

"Everywhere I've been up here, people say something about the baseball player," he said.

Mr. Anderson has been a certified Friend of Bill for more than 20 years.

He served as an assistant attorney general when Mr. Clinton was attorney general of Arkansas in the 1970s.

In 1985, Mr. Anderson studied at a Christian college in England and later became a missionary to Tanzania and Ethiopia, where he dealt with Bible translations and literacy programs. He now lives with his wife, Betty, and their two daughters in Little Rock.

If he is confirmed to the post in Tanzania, he will be replacing a career Foreign Service officer, Ambassador Peter Jon de Vos, who was appointed by former President Bush.

Tex Harris felt vindicated when he learned that M. Larry Lawrence admitted, after Mr. Clinton named him ambassador to Switzerland, that he had broken federal laws on campaign donations.

Mr. Harris, president of the American Foreign Service Association (AFSA), had opposed Mr. Lawrence's nomination, calling it a political payoff and an example of how presidents use diplomatic posts to reward fat-cat contributors.

Federal regulators said his donations to Democratic candidates pushed him over the \$25,000 limit on individual campaign donations, and Mr. Lawrence agreed to pay a fine of more than \$7,000 to the Federal Election Commission.

In a letter to the FEC in November, Mr. Lawrence, a wealthy California luxury hotel owner, said he had been unaware that some of his 1987 contributions counted toward the 1988 total.

"I sincerely apologize for unintentionally exceeding the 1988 federal campaign-contribution limit," he said.

Mr. Lawrence said he only learned he had violated the limits after Mr. Harris raised the issue with the Senate Foreign Relations Committee, which then took the unusual step of sending his nomination to the full Senate without an endorsement. Mr. Lawrence, nevertheless, was confirmed last

month.

Mr. Lawrence, who could not be reached for comment, plans to take up his post later this month.

Mr. Harris told us this week that White House and State Department investigators should have known about Mr. Lawrence's campaign violations.

"AFSA in its review of the financial contributions of a number of ambassadors . . . turned up this information and dutifully reported these contribution abuses . . . to the Senate Foreign Relations Committee," he said.

"There is clearly a flaw in the scrutiny of the political contributors."

Croatian Ambassador Peter Sarcevic is so hopeful of success in talks between Bosnian Croats and the Muslim-led Bosnia government that he has rescheduled a reception marking the opening of the Croatian Embassy.

He hopes to mark the official opening of the embassy along with a celebration of a federation between Bosnian Croats and the Bosnian government.

The opening, originally scheduled tomorrow, will now be held March 17, St. Patrick's Day.

Maybe that will bring them some luck.

No immunity, just hearings on Whitewater

It is understandable that the Whitewater special prosecutor, Robert Fiske Jr., does not want his investigation trampled by clumsy congressional inquiries. The history of Capitol Hill's show trials is not a pretty one, with the truth often lost in the process rather than revealed. The Iran-Contra hearings are a case in point, and as Mr. Fiske argued in his letters to lawmakers Monday, that investigation proved to be a legal stumbling block that independent counsel Lawrence Walsh never was able to hurdle. Mr. Fiske has so far made it clear that he is no prosecutorial wallflower, and he should be given room to do his job. But a congressional airing of Whitewater does not have to be an impediment to the special prosecutor. Short of undesirable interference with Mr. Fiske's work, the public's need and right to know about Whitewater far outweighs any reservations the special counsel might have.

The disaster that was the Iran-Contra investigation was built out of a bundle of grants of immunity. Democrats on the Hill believed they had their chance to ruin Ronald Reagan and were so eager to bring him down that they granted immunity to almost every player in Iran-Contra. Once granted immunity, Democrats were sure they would hear from a string of witnesses who would point their fingers at the president. Instead, the actions of dubious legality turned out to have been undertaken without the president's approval. At the end of the day, all the ringleaders had confessed, conveniently under a grant of immunity. It should be remembered that Mr. Reagan escaped prosecution because the prosecutors had nothing on him, not because he had been granted immunity.

The great flaw of the Iran-Contra hearings does not have to be repeated in Whitewater hearings. The solution: Give no grants of immunity. Without immunity, congressional investigation into Whitewater is more likely to help the special prosecutor than hinder him. Events and facts may come to light in thorough questioning on the Hill that might not have turned up in Mr. Fiske's efforts. Already the efforts of those doing independent investigative work have aided Mr. Fiske. The special prosecutor was put on to the issue of document shredding at the Rose law firm after an account of it appeared in *The Washington Times*. Reporters and congressmen turning up new information will not hurt Mr. Fiske's probe.

Without grants of immunity, no one guilty of wrongdoing will get an easy out. Congress can subpoena witnesses, and those who don't wish to answer the Hill's questions will not have to. They can simply invoke the Fifth Amendment's protection against self-incrimination and remain silent.

Congressional Democrats are latching onto Mr. Fiske's request as just one more excuse to avoid hearings that will gravely embarrass their party. But it becomes apparent to more of the electorate every day that it is partisan politics that has the hearing rooms silent. Democrats attacked every hint of Republican scandal with unsuppressed glee for more than a decade, always with long-winded and self-congratulatory sermons about the independent investigative role of the legislative branch. Now, they think no inquiry at all is appropriate. Democratic leaders can try to hide behind Mr. Fiske's request that they not interfere, but the hypocrisy is just too large for the fig leaf.

bc-whitewater times - a1916

(ATTN: National editors) (Includes optional trims)

Clinton Enlists Cutler as Temporary Special Counsel (Washn)

By Paul Richter= (c) 1994, Los Angeles Times=

WASHINGTON President Clinton Tuesday enlisted eminent Washington lawyer Lloyd N. Cutler in the effort to safeguard the reputation of his White House, even as he acknowledged that its staff had several previously undisclosed contacts with federal regulators about the Whitewater controversy.

In announcing that Cutler would serve as special counsel to the president for 130 days, Clinton said that the additional contacts were "incidental," involving mostly follow-up phone calls and informal, hallway conversations about earlier meetings. They had "nothing to do with the substance" of the regulators' case, Clinton asserted in a news conference that served as a forum for his second lengthy discussion of Whitewater in as many days.

White House aides declined to provide further elaboration about the contacts, which came to light as White House officials searched their files, trash baskets and phone logs to comply with a request from Whitewater special counsel Robert B. Fiske Jr. for any documents related to the Whitewater matter.

Fiske was appointed by Attorney General Janet Reno to investigate President Clinton's and first lady Hillary Rodham Clinton's partnership with the owner of a failed savings and loan in an Arkansas real estate company known as the Whitewater Development Corp.

Aides left open the possibility that a review of the documents will unearth still more contacts between White House aides and regulatory officials, although they insisted that those, too, would be incidental.

The issue of contacts between White House aides and regulators has given rise to new and troubling questions about Whitewater, suggesting that White House officials were meddling in an official inquiry or at least improperly benefiting from information gleaned from it.

The question of improper contacts with investigators, along with other political missteps, forced the resignation last Saturday of White House counsel Bernard Nussbaum. Cutler's temporary appointment will give the White House time to find a permanent replacement as the president's legal counsel.

With the selection of Cutler, who 15 years ago served in the same role in the White House of President Carter, Clinton is turning again to a consummate Washington insider.

Introducing Cutler in the White House briefing room, Clinton said that the 76-year-old lawyer-lobbyist is a man of "seasoned judgment, impeccable professional credentials and the highest ethical standards. ... I wanted a Lloyd Cutler type of lawyer, so I just decided I would go to the original and see how I could do."

Cutler, describing himself as a "senior citizen," said that he had to "negotiate hard" to ensure that he would not have to remain in the intensely demanding job for more than a few months. He said that, while he would fulfill all the duties of the position, he would concentrate on "the procedures and actions necessary to maintain public confidence in the integrity and the openness of the presidency."

"Trust is the coin of the realm," he said, adding that he thought Nussbaum "had a lot of bad luck."

The 45-minute news conference carried live by four networks was another effort by Clinton to demonstrate his willingness to tackle difficult questions. Smiling and even joking as he fielded dozens of queries, Clinton insisted: "I'm very relaxed about this. I didn't do anything wrong. There's nothing here."

(Begin optional trim)

Without making a firm commitment, Clinton suggested that he has no intention of invoking "executive privilege" to prevent release of any White

House documents. The measure is designed to protect the presidency from undue scrutiny by other branches of government.

"I have no idea what will come up but it is hard for me to imagine a case in which I would invoke it," Clinton said. "My interest here is to get the facts out."

(End optional trim)

In his news conference, Clinton shed more light on how he may have learned of an Oct. 8 meeting in which White House officials were notified that the Resolution Trust Corp., which is overseeing the liquidation of failed savings and loans, would seek a Justice Department investigation of Whitewater.

Questions have been raised about whether Clinton learned of the request before it became public and thus gained the knowledge improperly. On Monday Clinton said that he "probably" learned of the request from Bruce Lindsey, his aide and longtime confidante, although he added: "I literally don't remember."

(Optional add end)

On Capitol Hill, meanwhile, Republicans kept up their pressure for special Whitewater hearings, rejecting Democratic arguments that a congressional inquiry would only compromise Fiske's investigation. Republicans on the House Banking, Finance and Urban Affairs Committee released a list of 40 witnesses that they hope to call to testify at a March 24 hearing on the performance of the RTC.

The list resembled a Who's Who of the Whitewater controversy, from senior White House aides to RTC officials and members of the Rose Law Firm in Little Rock, Ark., where Mrs. Clinton was a partner. Among the witnesses the Republicans hope to call are White House Chief of Staff Thomas F. "Mack" McLarty; Deputy Treasury Secretary and RTC head Roger Altman; Nussbaum; James B. McDougal, owner of the failed Madison Guaranty Savings & Loan; his wife, Susan McDougal; and Hillary Clinton aides Margaret Williams and Lisa Caputo.

Clinton said that he would try to cooperate if Congress decides to conduct hearings on Whitewater.

If Congress ignores special counsel Fiske's request that it convene no hearings because of the danger to future prosecutions, "then I think that's something we would have to take very seriously," he said. "My inclination would be to obviously participate."

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(ATTN: National editors) (Includes optional trims)

Adding material on shredding of Foster documents

Clinton Enlists Cutler as Temporary Special Counsel (Washn)

By Paul Richter= (c) 1994, Los Angeles Times=

WASHINGTON President Clinton Tuesday enlisted eminent Washington lawyer Lloyd N. Cutler in the effort to safeguard the reputation of his White House, even as he acknowledged that its staff had several previously undisclosed contacts with federal regulators about the Whitewater controversy.

In announcing that Cutler would serve as special counsel to the president for 130 days, Clinton said that the additional contacts were "incidental," involving mostly follow-up phone calls and informal, hallway conversations about earlier meetings. They had "nothing to do with the substance" of the regulators' case, Clinton asserted in a news conference that served as a forum for his second lengthy discussion of Whitewater in as many days.

White House aides declined to provide further elaboration about the contacts, which came to light as White House officials searched their files, trash baskets and phone logs to comply with a request from Whitewater special counsel Robert B. Fiske Jr. for any documents related to the Whitewater matter.

Fiske was appointed by Attorney General Janet Reno to investigate President Clinton's and first lady Hillary Rodham Clinton's partnership with the owner of a failed savings and loan in an Arkansas real estate company known as the Whitewater Development Corp.

Aides left open the possibility that a review of the documents will unearth still more contacts between White House aides and regulatory officials, although they insisted that those, too, would be incidental.

The issue of contacts between White House aides and regulators has given rise to new and troubling questions about Whitewater, suggesting that White House officials were meddling in an official inquiry or at least improperly benefiting from information gleaned from it.

The question of improper contacts with investigators, along with other political missteps, forced the resignation last Saturday of White House counsel Bernard Nussbaum. Cutler's temporary appointment will give the White House time to find a permanent replacement as the president's legal counsel.

In a related development, a Rose Law Firm courier in Little Rock, who has told a grand jury that he helped shred documents from the files of the late White House deputy counsel Vincent W. Foster Jr., said Tuesday that the order to do so came after Fiske had announced that his investigation would include the circumstances of Foster's apparent suicide, the New York Times reported in Tuesday's editions.

Jeremy Hedges, a part-time employee of the firm, told the newspaper that he shared the chore with another courier, Clayton Lindsey. Both couriers have said that they told grand jurors they knew the papers belonged to Foster because the box and the file folders inside bore Foster's initials. Both couriers said that they saw many of the papers they shredded and none mentioned Whitewater.

Ron Clark, a Rose partner and its chief operating officer, confirmed in an interview with the Los Angeles Times on Tuesday that documents were destroyed after Fiske's appointment but said that they had nothing to do with Foster or the Whitewater case. Clark said that four Rose firm witnesses—two clerks and two lawyers—are willing to verify as much under oath.

The account of the shredding provides no strong evidence of wrongdoing but does fuel speculation about a possible coverup. The documents apparently were destroyed before Fiske issued a subpoena for documents in the case.

Foster had worked on Whitewater matters, both as a member of the Rose firm and later at the White House.

By selecting Cutler, who 15 years ago served in the same role in the White House in the Carter administration, Clinton is turning again to a consummate Washington insider. PICK UP 9TH GRAF: Introducing Cutler xxx

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(ATTN: National editors)

Clinton Chooses to Stay Out of Bunker on Whitewater (Washn)

by David Lauter= (c) 1994, Los Angeles Times=

WASHINGTON Seeking to convey the clearest possible contrast with the hunkered-down, closed-in White Houses of scandals past, President Clinton has embarked on a potentially risky strategy of public exposure clearly demonstrated Tuesday in one of the longest press conferences of his tenure.

With his new White House counsel, Lloyd Cutler, standing by his side, Clinton held forth in the White House briefing room for roughly 45 minutes, remaining relaxed and smiling, and avoiding the sort of testy defensiveness that has often marked his public question-and-answer sessions.

The display marked a sharp contrast with the approach the White House has taken on Whitewater in the past, which generally has been to try to keep Clinton from answering questions.

Asked if the back-to-back press conferences of the last two days stemmed from a change in strategy, one senior aide said, "Yes, absolutely."

"The president today stayed and answered every single question," the aide said. "This is the president's strong feeling, that we have nothing to hide and should show that. That's what happened today, and I hope you'll see more of it."

Not everyone in the White House agreed.

Officials originally scheduled Clinton to appear in the White House briefing room, where he would meet with the roughly 200 members of the White House press corps. Officials then changed plans to have the president make the announcement before a small number of reporters in the more controlled environment of the Roosevelt Room. In the end, however, they reverted to the earlier schedule and put Clinton before the larger group.

Those who have doubts about the new approach could point to one clear potential downside: someone answering dozens of questions on a complicated matter is almost certain to provide new information that leads to new questions.

Monday, for example, Clinton revealed that in October, before the matter became public, he was informed that the Resolution Trust Corp., a subsidiary of the Treasury Department, had made a criminal referral to the Justice Department in a matter related to the Whitewater affair. Contacts between the White House and Treasury have been the center of the renewed controversy over Whitewater in the last two weeks, and Clinton's words quickly were treated as a new revelation that triggered headlines Tuesday.

Despite that risk, a majority of White House aides and advisers hope for a more important payoff: a public perception that Clinton wants to clear the air. As he said repeatedly: "I'm cooperating. I'm not doing what some people have done in the past. I am cooperating. I'm being open."

Indeed, in case people were not getting the message, Clinton repeated words to that effect six times during the press conference.

"We're open, not closed; there's no bunker mentality," he said at one point.

"You have to understand, I am very relaxed about this," he said at another. "I did not do anything wrong. There is nothing here."

Afterward, in a White House staff meeting, Clinton repeated his message, telling aides that if they had made any mistakes, they should "own up." He entertained them with a children's story he said he had once read to his daughter Chelsea, the point of which was that sometimes bystanders can unintentionally become participants. Aides quickly retold the story to reporters.

The purpose of all those moves was to try to distinguish this White House from the one so many Americans remember: the grim memory of Richard M. Nixon avoiding reporters and hunkering down in a White House that by all accounts was very much besieged during Watergate. With polls showing that the vast majority of Americans are still quite unsure of what to make of Whitewater, Clinton's advisers believe that the image they convey is important to what Americans come to believe about the matter.

Another set of images Clinton's advisers would like to avoid are those from Clinton's own presidential campaign, when he often appeared beleaguered, surrounded by mobs of reporters and often ill-at-ease in responding to questions. The campaign appearances gave many Americans an unfavorable image of Clinton that his advisers would like to avoid now.

This time, by contrast, Clinton's demeanor backed up his words about openness. Clinton maintained a relaxed smile throughout, guaranteeing that Americans tuning in their nightly television news programs would see him appearing the very picture of calm.

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(ATTN: National editors) (Includes optional trims)

Take-Charge Attitude Makes Ickes Perfect for White House Job (Washn)

By Paul Richter= (c) 1994, Los Angeles Times=

WASHINGTON The scene is an early morning staff meeting at the 1992 Democratic National Convention, where a throng of Clinton campaign aides are debating, at mind-numbing length, the relative merits of printed and hand-lettered signs, of white-on-red ones versus blue-on-white ones.

At one end of the table, Harold M. Ickes is pacing, opening and closing his eyes with the look of a man in the grip of an excruciating headache. Finally, he raises his arm to order silence.

"This may not be the greatest policy issue this group will ever decide," he snaps. "But let's get a decision."

This snippet, from the documentary film "The War Room," offers a glimpse of the style of the labor lawyer and veteran Democrat who joined the White House last month to manage the administration's centerpiece health reform program. With long campaign experience and legendary bluntness, Ickes is charged with plotting tactics, cobbling a political alliance and maintaining order among the two dozen-odd White House staff members who spend most of their time on the massive project.

"He doesn't tolerate ineptitude or sloppiness," said Jack Quinn, Vice President Al Gore's chief of staff.

Ickes' mission recently has been broadened to include supervision of the White House efforts to minimize losses in the mid-year elections. Some insiders are predicting that even wider influence lies ahead for the 54-year-old Ickes at the White House provided, of course, all goes smoothly with health reform.

The son of Harold L. Ickes, longtime interior secretary to President Franklin D. Roosevelt, Ickes' assets include strong personal ties to President Clinton, whom he met in 1972. The bonds were strengthened in 1992 when Ickes helped guide a battle-scarred Clinton through the pivotal New York primary, ran the Democratic Convention and put in dutiful service in the White House transition.

Ickes has been unafraid to disagree forcefully with Hillary Rodham Clinton a habit that is somewhat rare in the White House but one that the first lady apparently likes. "I give her my candid advice," he said mildly.

Also on his side is Thomas "Mack" McLarty, whose regard for Ickes' skills was evident when, on the day of Ickes' arrival, he asked the New Yorker to temporarily oversee handling of developments in the Whitewater land deal.

That assignment, however, has earned Ickes criticism from some who believed his acute political antennae failed an early test. He was among those who joined in a controversial February meeting between White House aides and Treasury officials to discuss the status of Whitewater. As a result, last Friday he became one of six White House aides to receive subpoenas from the special counsel investigating the Whitewater affair.

Still unclear is how Ickes will share power with the forceful personalities involved in the health reform effort, including George Stephanopoulos, the presidential adviser; Margaret Williams, Hillary Rodham Clinton's chief of staff; and perhaps especially Ira Magaziner, the senior policy aide who is the plan's primary architect. Magaziner is to remain the health team's senior policy expert, while Ickes will play the role of manager and have a greater role with lawmakers and interest groups, among others.

But neither of the two is supposed to outrank the other, and their roles remain somewhat undefined.

Ickes' resume would appear to have some shortcomings for his new position. He has no background in health care, and his only direct experience with Congress was working for a congressman in the summer of 1967.

"I'm not steeped in the policy," Ickes acknowledged. But he maintains

that the White House has already assembled a "very skillful team" that is well-equipped for policy-making and congressional relations.

Ickes has labored for most of his political career for a long list of liberal candidates: Eugene J. McCarthy, Morris Udall, Sen. Edward M. Kennedy, the Rev. Jesse Jackson and, last year, former New York Mayor David N. Dinkins.

Asked if his long ties to liberals could make it difficult for him to broker a deal on the reform bill with conservatives, Ickes slyly interrupted: "Ed Muskie!" His work for the more moderate Maine senator, he meant, shows that his ties have not been exclusively with the left.

And the idea of compromise, he insisted, "wouldn't be a problem for me."

(Begin optional trim)

Without question, he is one of the more unexpected personalities in a White House that tilts to the conventional.

A man whose speech hints at his privileged background, Ickes fancies bright floral ties, French cuffs and expensive cuff links. He wears his belt buckle on his hip. He buys classically tailored suits and hangs onto them for many years.

After a look at his wardrobe, his 9-year-old daughter recently observed, approvingly, that he dressed like Sky Masterson, the street-slick hero of the musical "Guys and Dolls." Masterson's wardrobe ran to fedoras, double-breasted suits, light ties and dark shirts.

Ickes has a love for the West that developed at his family's ranch when he was young, and he still rides horses. He grew up in Washington, where his family lived while his father was a Cabinet member from 1933 to 1945. But he came to mistrust the city, and after high school wanted to get as far from it as he could.

He spent two years breaking horses on Western ranches before going on to Stanford University and Columbia University law school.

(End optional trim)

Clinton asked him in 1992 to manage his campaign, when a number of political veterans were receiving such invitations. After the election, he wanted Ickes to come aboard as deputy chief of staff.

The move was held up for a year by allegations that Ickes' Mineola, N.Y., law firm had represented a union with ties to organized crime. But last December, when an investigation found no support for those allegations, Ickes balked again at a move partly out of concern about the disruption that it would create for his daughter and his wife, who is an attorney, and partly the change it would force in his own practice.

Ickes has gotten an ample taste of the job's rewards and frustrations as he moved into a warren of offices in the White House basement, just around the corner from presidential adviser David Gergen.

He helped oversee the many revisions to the State of the Union address, mediated arguments among aides on whether Clinton should threaten in the speech to veto an unacceptable health reform bill and immersed himself in the efforts largely unsuccessful to sell the health plan to business groups. In his own view, the White House invested too much effort in trying to win over the Business Roundtable, he has said privately.

His current assignment is expected to call on the tactical skills he developed while campaigning.

In the 1992 New York primary, Ickes helped Clinton find his way through a minefield of challenges from labor, liberals, blacks and the forces of his chief rival in the state, former California Gov. Edmund G. "Jerry" Brown Jr. Building from the support of the David Dinkins camp of New York Democrats, Ickes patched together a coalition.

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Leach rejects objections to hearings on Whitewater

By JANE NORMAN

OF THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — Iowa Republican Jim Leach said Tuesday that "no credible possibility exists" that congressional hearings on the Whitewater affair could compromise a special counsel's investigation.

Also Tuesday, Leach's office released a list of witnesses expected at a March 24 hearing of the House Banking Committee where the failed Madison Guaranty Savings and Loan, and its links to the president and his wife, are expected to be scrutinized.



Leach
Wants hearings

Leach, the senior Republican on the committee, has led a minority investigation of Whitewater after the committee's Democratic chairman declined to continue a bipartisan inquiry.

Leach has promised disclosures of "blockbuster proportions" at the hearing, although it was unclear how many of his witnesses will appear.

Leach and other committee Republicans said in a letter they doubt all witnesses will show, and they asked the chairman to send invitations immediately so "the committee will have ample opportunity to consider whether the issuance of subpoenas would be appropriate."

The witnesses on Leach's list include James McDougal, owner of the failed thrift, and his former wife.

Susan; various officials of the Resolution Trust Corp., which disposes of failed savings and loans; Treasury Department officials; and Jeremy Hedges, the 18-year-old courier who reportedly told a grand jury looking into Whitewater that he shredded documents at the request of lawyers in Hillary Clinton's former law firm in Little Rock.

Leach appeared ready to push ahead with his hearing, despite Special Counsel Robert Fiske's request that members of the House and Senate banking panels cancel plans to look into Whitewater in a congressional forum.

Fiske warned that Congress could interfere with his own investigation into Madison, the Whitewater real estate venture and the suicide of White House aide Vincent Foster.

Fiske cited a grand jury's investigation into these areas. He has also subpoenaed 10 White House staff members in the wake of revelations they had secret meetings with Treasury Department officials about the status of a confidential inquiry into Whitewater by federal regulators.

Most are included on Leach's witness list. But Banking Committee Chairman Henry Gonzalez, D-Texas, already has indicated he won't allow questioning of those officials, the Washington Post reported, because they are "not vital" to the hearing — which is supposed to be on the progress of the savings and loan bailout.

"Public's Concerns"

Leach said congressional hearings he has pushed would not have a "chilling" effect on the special counsel's investigation.

"I understand your concern for the integrity of the criminal justice

process," Leach wrote Fiske. "However, the public's concerns, such as the integrity of the regulatory system, abuse of executive branch power, and the need for legislative remedies, are broader than just those issues and events which rise to the level of criminal wrongdoing."

Fiske also had said members of Congress should not subpoena those people related to his investigation. Leach countered that it was a congressional hearing in the Senate that produced the disclosure that private meetings on Whitewater took place between Treasury Department officials and White House staff.

Leach also pointed out that during Watergate, congressional committees met at the same time that the special prosecutor, Archibald Cox, was conducting his investigation.

"It was Sen. Sam Ervin's congressional investigation which brought out the existence of the Watergate tapes, an integral finding for the Watergate prosecutor," said Leach.

He said the Constitution, Supreme Court precedent and statutes "clearly establish" Congress' investigatory power as an essential component of its legislative function.

Democrats have pointed out that Oliver North was granted immunity during the Iran-Contra congressional hearings, and his conviction later was overturned on the ground that his testimony may have been improperly used against him. But Leach said that "I see no reason the Banking Committee should consider offering any individuals immunity in this hearing."

Committee rules also allow for the protection of confidential and potentially defamatory material, Leach said.

OVER THE COFFEE



**Donald
KAUL**

A certain ring to Whitewater

I have been having a recurring dream lately. President Clinton emerges from a weeklong series of around-the-clock meetings with Boris Yeltsen, Yasser Arafat, Yitzhak Rabin, the prime minister of Japan, Mother Teresa and a panel of scientists from the National Institutes of Health.

Drawn and haggard, he steps to the microphone and says:

"It is my great pleasure to announce that Russia has agreed to unilateral nuclear disarmament in return for being included in the next expansion of major-league baseball; Israel has granted total autonomy and a vested pension plan to a new Palestinian state, which in turn has adopted Yiddish as a second language; Japan has agreed to buy as many American cars as it takes to make the trade deficit go away, even if it means using them for doorstops; we've come up with a plan that will end world poverty in 10 years without any rise in taxes and we've found a cure for cancer and a vaccine for AIDS. Are there any questions?"

A woman whose face looks familiar in a 6 o'clock news sort of way stands and says:

"Do you and Hillary plan to resign and then enter a monastery and convent, respectively, as a result of the recent Whitewater revelations?"

Whitewater. It has kind of a ring to it, doesn't it? I'll bet Clinton is wishing the developer had called it Whitesands or Whitecloud or anything that didn't blend seamlessly with "Watergate."

Watergate. The gold standard of political scandals. All scandals since, big and small, have been given the "gate" suffix — Irangate, Koreagate, Travelgate — but it is Clinton's special misfortune that his scandal brought its

own water to the party. Whitewatergate.

"This is not Watergate," he keeps saying. "There is no cover-up, no wrongdoing."

But the Republicans keep boring in, picking at it like a scab on a wound. If it isn't the glowering Bob Dole, it's crabby Phil Gramm or Knuckles D'Aмато or Gentleman Jim Leach. An odd quartet, that; as though the Four Horsemen of the Apocalypse were named War, Famine, Pestilence and Low-Fat Yogurt.

Leach is the guy in the white suit whose assiduous pursuit of the Whitewater matter gives the Republicans a credibility they would otherwise lack. He's spent years building a reputation as one of the good guys and now he's putting that reputation at the service of his party.

There's an outside chance that the Republicans can ride this Whitewater thing into control of the Senate and even back into the White House. I don't see it, but stranger things have happened.

Certainly Clinton's performance thus far has not inspired confidence in his cleaner-than-a-hound's-toothness. His protestations of innocence remind one of his early statements on marijuana taking and his Vietnam draft status — full of loopholes. For example:

"No one has accused me of any abuse of authority in office."

Put that under a microscope and you can't tell whether he's saying he hasn't done anything or just hasn't been accused. Even his defense of his wife has something of that equivocation:

"I do not believe for a moment that she has done anything wrong," he said. *Believe?*

Is that just a habit of mind or does it mean something? I don't know.

I do know that the controversy comes at an unpropitious time. Just as we struggle with the reform of our health-care system, with welfare reform on the near horizon, and as the world looks to us for leadership in its attempt to emerge from a century of warfare, we are becoming increasingly bogged down in contemplation of a small-time real-estate deal that apparently didn't make the participants any money.

I suppose, when push comes to shove, I agree with this statement by the president: "It is essential that we not be so distracted by events such as this that we neglect the vital work before us, before this nation, before America, at a time of critical importance to America and the world."

Unfortunately for Clinton, the president who said that was Richard Nixon, in 1973. He was talking about Watergate.

The ironic thing about this is that if we had listened to Jim Leach years ago instead of ignoring him when he warned us about the coming S & L scandals, we'd be \$300 billion ahead right now, which we could spend on a national health-care plan, which we're not going to get because this time we are listening to Jim Leach.

It doesn't seem fair, somehow.

Clinton turns to Cutler

Insider is tapped to quell Whitewater storm

By John Aloysius Farrell
GLOBE STAFF

WASHINGTON — President Clinton named longtime Washington lawyer Lloyd Cutler as interim White House counsel yesterday, seeking to quell criticism even as he acknowledged further contacts between his aides and federal officials overseeing the Whitewater probe.

Clinton made his announcement in a spirited 40-minute press conference at which he joshed and joked with Cutler, lashed his Republican critics for playing "the politics of personal destruction," and agreed to let his aides testify in court or on Capitol Hill if Congress decides to ignore the warnings of the Whitewater special prosecutor and conduct public hearings.

"I am very relaxed about this. I did not do anything wrong. There is nothing here," Clinton said. "There is no bunker mentality."

But Clinton acknowledged that, in addition to three meetings that have already been disclosed, there were other contacts between White House staff members and federal officials overseeing the Resolution Trust Corp.'s investigation of Madison Guaranty, a failed Arkansas savings and loan.

Clinton said the counsel's office, in response to a subpoena from Whitewater special prosecutor Robert Fiske, had canvassed the White House staff and discovered further "incidental . . . follow-up conversations."

The president said the contacts, which give the appearance of impropriety but are not in themselves illegal, "had nothing to do with the substance of the RTC investigations." Clinton said: "I do not have any information that anyone has done anything wrong, that anyone has tried to use the authority of the White House in any way, shape or form, and I can tell you for darned sure I haven't."

The details of the additional contacts are being turned over to Fiske, Clinton said. Though he defended his wife, Hillary Rodham Clinton, once again yesterday, Clinton dodged a question about her knowledge of the RTC investigation and her own staff's contacts with the Treasury officials.

[Meanwhile, The New York Times reported today that Jeremy Hedges, a Rose Law Firm employee who testified before a federal grand jury about destroying documents from the files of Vincent Foster, now says he shredded the material after Fiske said he would look into the apparent suicide of the deputy White House counsel as part of his probe. Mrs. Clinton worked at the law firm with Foster,

who had represented the Clintons in Whitewater and other personal matters.]

Clinton's choice of Cutler was hailed on Capitol Hill, even by such aggressive critics as Rep. Jim Leach, a Republican from Iowa, who said: "Lloyd Cutler is an impeccable choice to help manage one of the most awkward public ethics issues of our time."

Leach, Senate Republican leader Bob Dole of Kansas and other Republicans called throughout the day for congressional hearings on Whitewater, threatening to make Democratic reluctance a campaign issue in the fall. Fiske has warned that hearings could seriously harm his investigation.

Clinton and Democratic congressional leaders said the GOP call for hearings demonstrated that Republicans, who had called for a special prosecutor in the first place, were only interested in partisan gain. "That tells you what this is," said Senate Democratic leader George Mitchell of Maine. "It's a campaign event . . . a political stunt."

"It was all the Republicans who were clamoring for a special counsel, clamoring, saying this is all we want," said Clinton. "If the Republicans are finally being honest that they want to make political hay out of this and that's their real concern, I think the American people have noticed that a long time ago."

"I do not believe that the politics of personal destruction is what the American people are interested in," said Clinton.

Responding to extended questions on Whitewater for the second day in a row, Clinton said it was unlikely that he would invoke a claim of "executive privilege" in an effort to keep aides from testifying or turning over records. Former President Richard M. Nixon set off a political firestorm by claiming executive privilege and refusing to turn over White House tape recordings during the Watergate scandal.

Clinton said yesterday he keeps no White House diary or personal notes, and that any records he made would be turned over to Fiske by his staff secretary, John Podesta. And are there Clinton White House tapes? "To the best of my knowledge there are not," the president said. "If there are, someone else made them, not the president."

The 76-year-old Cutler replaces Bernard Nussbaum, who resigned Saturday after reports that he and other White House aides had been briefed on the status of the Whitewater investigation at the three meetings with Treasury officials overseeing the RTC probe.

Cutler agreed to serve on an extended interim basis of about six months, saying this befitted the

demands of the job, his status as a "senior citizen" and his desire to spend time with his "young and peppy" second wife. He joked that he would then be replaced by another Democratic graybeard, former party chairman Robert Strauss.

The selection of Cutler marks the second time in less than a year that Clinton has responded to a political crisis by reaching out to a Washington insider. Last spring, beset by a similar storm of political and journalistic attacks, Clinton lured David Gergen, an adviser to three Republican presidents, to the West Wing as a senior adviser.

"I wanted a Lloyd Cutler type of lawyer, so I just decided I would go to the original first and see how I could do," said Clinton. The president admitted that he underestimated the insider "culture" of the capital and would henceforth have to be more "sensitive" to the concerns of those who work, scheme and gossip here.

Forget it! is ex-presidential consultants' advice to Clinton

By Bob Hohler
GLOBE STAFF
and John Mashek
SPECIAL TO THE GLOBE

WASHINGTON — A few words of advice to President Clinton on Whitewater: Ride rapidly away from it.

Several consultants to past presidents suggested yesterday that Clinton's best strategy amid the Whitewater furor would be to place the case immediately in the hands of Lloyd Cutler, his new White House counsel, and try to refocus on his legislative agenda.

"If he's smart enough to keep his nose out of it, it can't hurt him politically," said Marlin Fitzwater, White House press secretary during the Reagan and Bush presidencies. "I'd tell him to forget about it."

The more time Clinton spends addressing the two-year-old Whitewater allegations, the more he appears entangled by it, the less he will be able to advance his highly ambitious agenda, said Fitzwater and other prominent political consultants.

"He ought to pay attention to being president and let others take care of the frenzy," said Frank Mankiewicz, a former adviser to presidential candidates Robert F. Kennedy and George McGovern. "What the country really is concerned about is health care, employment and how to take care of a 90-year-old grandmother with little or no insurance."

Clinton was steering clear of the Whitewater affair, several political advisers said, until word broke that his staff had met with investigators about the case, prompting critics to assert that White House officials had abused their power.

In a bid to reclaim the high ground, the president took necessary steps by shaking up his staff, calling for a new vigilance on ethics and disclosing what he knew about his staff's actions, according to Susan Estrich, manager of Michael S. Dukakis' presidential campaign.

"The wounds of Whitewater were largely self-inflicted by the president's aides, who were providing the fish for the media feeding frenzy," Estrich said. "The best thing for him to do is: Don't be cute, don't hide anything and get back to the issues people care about."

She said Whitewater allegations have caused Clinton less damage than has "his appearance of

trying to make it go away."

All the consultants interviewed yesterday praised Clinton's choice of Cutler as White House counsel to succeed Bernard Nussbaum, who resigned last week amid growing criticism of his political judgment in taking part in briefings on the Whitewater probe.

But Cutler may need help, suggested Charles Manatt, a former chairman of the Democratic National Committee. "The White House should move very quickly to add another seasoned person who would help them redirect the focus onto the domestic agenda," Manatt said.

He suggested several potential candidates, including Kirk O'Donnell, a former top aide to the late House Speaker Thomas P. (Tip) O'Neill Jr.

But others, including Leonard Garment, a former special consultant and counsel to President Richard M. Nixon, suggested Clinton should show some aides the door.

"I'd call them all together and find out who were the self-destructive, self-serving fools — the descendants of the Medici — who were trying to advance themselves or their views and make themselves look close to the president," Garment said. "Then I'd get them out of the White House as fast as possible."

The next person who should go, Fitzwater asserted, is Harold Ickes, Clinton's deputy chief of staff, who took part in White House meetings with Whitewater investigators. "It was Ickes and his group who brought the whole thing into the White House and got the president involved again," Fitzwater said.

Although none of the consultants called comparisons between Whitewater and Watergate credible, several said Clinton should remember some of Watergate's lessons.

"There has to be an impression of total cooperation and disclosure; no equivocation," said Robert Neuman, a former chairman of the Democratic National Committee. "If anything was learned from Watergate, that's it."

But Neuman, like the others, said he would urge Clinton not to be distracted by Whitewater.

Garment offered one final piece of advice for the president: "Have a lot of drinks."

David Sirihman of the Globe staff contributed to this report.

The Boston Globe

Fears suddenly ensnare the staff

By Michael Kranish
GLOBE STAFF

WASHINGTON — The White House communications director, facing a federal subpoena in the Whitewater case, isn't communicating.

The White House trash, covered under the same subpoena, isn't being picked up. Under federal order, presidential rubbish has been piled in offices and corridors. Included is malodorous, five-day-old food.

Throughout the executive mansion and the adjacent Old Executive Office Building, the young Turks of the Clinton campaign, some of whom once gleefully hurled Iran-Contra charges at President Bush, are gloomily wondering how this has happened to them. At least six top officials are being forced to hire lawyers at personal expense in response to subpoenas.

The White House appears filled with fear this week: fear that some staffers could be ruined, fear that this presidency could suffer irreversible damage over a small-time real estate deal and bad staff work. Some of the fighting spirit appeared to go out of those working on health care and other pressing issues.

"There is a feeling of concern for your friends who have been subpoenaed and had to hire lawyers out of their own funds, and a worry about how we can get on with our lives," said a senior administration official who spoke on condition of anonymity.

The official described how dozens of aides are collecting every conceivable Whitewater-related document, including newspaper clippings, to comply with a federal subpoena.

The somber mood appeared to soften last night, at least for a few hours, when Clinton held a private, unannounced meeting with his staff in the East Room, according to an official who attended the session. "The president assured us he would never do anything to harm the office and thanked us for helping him get here," the official said. "It wasn't as morose as it sounds. It was uplifting."

Perhaps the most intense focus in recent days has been on Hillary Rodham Clinton, who has gone from being described as the most powerful first lady in history to being portrayed as a subject of a federal

inquiry and an unelected but powerful figure whose influence may be diminished.

Just before President Clinton held a press conference Monday in which he defended his wife's actions, Mrs. Clinton discussed the matter with one of her best friends, Diane Blair of Fayetteville, Ark.

Blair, in a telephone interview yesterday, said Mrs. Clinton's feeling was that "it is not fun being a punching ball. It is not fun being the target in a shooting match."

Blair said she told the first lady that outside of Washington, most people thought the accusations were absurd.

"Most people out here think Washington has gone nuts," Blair said. "To try to turn the Clintons into suspected criminals is totally bizarre. If ever two people were not motivated by greed, it is the Clintons . . . yet they have to get up every morning wondering how they defend themselves against charges that haven't been made."

That defensive attitude now pervades the White House.

As White House officials explain it, they have been placed on "scandal alert." One presidential aide described it this way: Anything that can be used against you by the most unfair critic should not be done. Be careful of whom you are talking to and what you say.

The walls, it seems, have gone up. The White House, normally a frenzy of activity, suddenly appears frozen in motion as everyone from the president and Mrs. Clinton on down tries to deal with the Whitewater investigation. Briefings are canceled, many phone calls are not being returned.

Deputy White House press secretary Arthur Jones, while saying that "there is no paralysis," acknowledged that "everyone seems to have been distracted, including those critical of the White House and those supportive of it. It has been a distraction all around."

Still, Jones added, "It's not as if this administration hasn't had a few pebbles in the road during its 14 months. People here are used to keeping our heads above the game and slugging it out with whatever demons come our way."

The most visible activity revolves around the subpoena. In response to the order sought by independent counsel Robert Fiske, hundreds of

White House officials are spending their days sorting through "burn bags" and electronic mail to supply anything remotely related to the investigation.

With six top White House officials subpoenaed to appear before a grand jury, they are forbidden from having conversations with each other about Whitewater — lest they be accused of collaborating on testimony and obstructing justice.

On Monday, communications director Mark Gearan abruptly canceled a luncheon with a group of reporters. Gearan, a native of Gardner, Mass., is among the six.

By late yesterday, with Clinton's appointment of 76-year-old Lloyd Cutler as counsel, there was at last a feeling of some relief among the younger staff members who at one time disdained the idea of hiring such Carter administration veterans.

After a week of high anxiety, it was Clinton himself who tried to temper the tone. "I am very relaxed about this because I did not do anything wrong," Clinton said. "There is no bunker mentality."

The Boston Globe

BY MARTIN KASINDORF
WASHINGTON BUREAU

WASHINGTON PRESIDENT BILL CLINTON MOVED YESTERDAY TO QUIET AN UPROAR OVER WHITE HOUSE ETHICS IN THE WHITEWATER AFFAIR BY NAMING LLOYD CUTLER, A RESPECTED WASHINGTON INSIDER WITH CONSUMMATE POLITICAL SKILLS, AS SPECIAL PRESIDENTIAL COUNSEL FOR A TERM LIMITED AT HIS REQUEST TO ABOUT SIX MONTHS.

CUTLER, A 76-YEAR-OLD NATIVE NEW YORKER WHO HAS WALKED THE CORRIDORS OF WASHINGTON POWER SINCE 1946, WAS WHITE HOUSE COUNSEL FOR PRESIDENT JIMMY CARTER AND HAS HAD FORMER SECRETARIES OF STATE HENRY KISSINGER AND GEORGE SHULTZ AS CLIENTS OF HIS LAW FIRM. HE WILL SUCCEED BERNARD NUSSBAUM, WHO WAS FORCED TO RESIGN SATURDAY AFTER RECEIVING CONFIDENTIAL INFORMATION FROM TREASURY DEPARTMENT OFFICIALS ON A GOVERNMENT INVESTIGATION INVOLVING AN ARKANSAS THRIFT WHOSE OWNER HAD BUSINESS DEALINGS WITH THE PRESIDENT AND FIRST LADY HILLARY RODHAM CLINTON.

WE WANTED TO GET SOMEBODY IN RIGHT AWAY TO ASSURE PEOPLE THAT THIS WHITE HOUSE WAS OPERATING ACCORDING TO ETHICAL STANDARDS, AN ADMINISTRATION OFFICIAL SAID.

IN A WHITE HOUSE NEWS CONFERENCE WITH THE SILVER-HAIRED, COURTLY CUTLER, CLINTON SAID HE HAD FOUND A LAWYER OF THE REQUIRED INTEGRITY. I WANTED A LLOYD CUTLER TYPE OF LAWYER, SO I JUST DECIDED I WOULD GO TO THE ORIGINAL FIRST AND SEE HOW I COULD DO.

ACCEPTING THE POST AFTER TWO DAYS OF NEGOTIATIONS WITH CLINTON AND WHITE HOUSE CHIEF OF STAFF THOMAS (MACK) MCLARTY, CUTLER RESPONDED: IN GOVERNMENT, AS IN OTHER ASPECTS OF LIFE, TRUST IS THE COIN OF THE REALM, AND, MR. PRESIDENT, I PLEDGE MYSELF TO DO WHAT I CAN TO ASSURE THAT THAT TRUST IS MAINTAINED.

IN THE 130 WORKDAYS HE AGREED TO SERVE HE AMIABLY CITED HIS SENIOR CITIZEN STATUS, THE TOUGH JOB AND HIS DESIRE FOR TIME WITH THE VERY YOUNG AND PEPPY WIFE HE MARRIED AS A WIDOWER IN 1989 CUTLER WILL FOCUS ON HONING PROCEDURES TO MAINTAIN PUBLIC CONFIDENCE IN THE INTEGRITY AND THE OPENNESS OF THE PRESIDENCY, HE SAID.

INDEED, NEW QUESTIONS ABOUT POSSIBLE WHITE HOUSE MEDDLING IN REGULATORS' WHITEWATER DECISIONS WERE RAISED YESTERDAY. AN ADMINISTRATION OFFICIAL, WHO REQUESTED ANONYMITY, TOLD THE ASSOCIATED PRESS THAT A SUBPOENAED SEARCH FOR MORE INFORMATION HAD DISCLOSED WHITE HOUSE PERSONNEL HAD A FEW CONTACTS WITH THE TREASURY ON RESOLUTION TRUST CORP. INVESTIGATIONS OF WHITEWATER BEYOND THE THREE KNOWN MEETINGS INVOLVING NUSSBAUM.

CLINTON SAID THAT ANY CONTACTS WERE INCIDENTAL AND WERE FOLLOWUP CONVERSATIONS WHICH HAD NOTHING TO DO WITH THE SUBSTANCE OF THE RTC INVESTIGATIONS.

ANOTHER ISSUE FOR CUTLER'S IMMEDIATE ATTENTION, HE AND CLINTON SAID, IS A REQUEST MADE YESTERDAY BY REP. JIM LEACH (R-IOWA) TO CALL 40 WHITEWATER-CONNECTED WITNESSES AT A SCHEDULED MARCH 24 HOUSE BANKING COMMITTEE OVERSIGHT HEARING ON THE RTC.

LEACH'S PROPOSED WITNESSES INCLUDE MCLARTY JAMES MCDUGAL, THE FORMER MADISON GUARANTY SAVINGS & LOAN OWNER WHO WAS PARTNERED WITH THE CLINTONS IN A REAL-ESTATE VENTURE CALLED THE WHITEWATER DEVELOPMENT CO. AND ALL 10 WHITE HOUSE AND TREASURY OFFICIALS SUBPOENAED LAST WEEK BY WHITEWATER SPECIAL COUNSEL ROBERT FISKE TO TESTIFY TOMORROW BEFORE A WASHINGTON GRAND JURY.

ALTHOUGH FISKE PLEADED WITH CONGRESSIONAL LEADERS MONDAY NOT TO HOLD WHITEWATER HEARINGS BECAUSE THEY COULD COMPROMISE HIS INVESTIGATION, AIDES TO HOUSE BANKING COMMITTEE CHAIRMAN HENRY GONZALEZ (D-TEXAS) SAID THERE WAS NO LEGAL WAY TO AVOID GIVING LEACH THE DEMANDED FORUM ON WHITEWATER.

CUTLER SAID HE HAD RECOMMENDED THAT REQUESTED WHITE HOUSE WITNESSES GO TO CAPITOL HILL FOR THE HEARING. CLINTON, WHILE AGAIN COMPLAINING THAT REPUBLICANS WERE SEEKING PARTISAN GAINS AND SHOULD LET FISKE WORK UNIMPEDED, SAID HE WAS FULLY IN ACCORD WITH CUTLER'S RECOMMENDATION.

CLINTON ALSO SAID IT WAS HARD FOR ME TO IMAGINE A CASE IN WHICH HE WOULD INVOKE EXECUTIVE PRIVILEGE A FUZZY LEGAL DOCTRINE UNSUCCESSFULLY USED BY PRESIDENT RICHARD NIXON DURING THE WATERGATE SCANDAL TO PREVENT FISKE FROM OBTAINING EXECUTIVE-BRANCH DOCUMENTS OR TESTIMONY.

THE PRESIDENT REPEATED EARLIER ASSURANCES THAT HE HAD COMMITTED NO WRONGDOING IN HIS ARKANSAS DEALINGS. I AM VERY RELAXED ABOUT THIS, HE SAID. I DID NOT DO ANYTHING WRONG. THERE IS NOTHING HERE.

BY CHARLES V. ZEHREN
WASHINGTON BUREAU

WASHINGTON SEN. ALFONSE D'AMATO WILL BE THE FIRST TO ADMIT THAT HE DIDN'T THINK THERE WAS MUCH THERE WHEN HE STARTED POKING AROUND THE WHITEWATER AFFAIR LATE LAST FALL.

IT DIDN'T SEEM LIKE ANYTHING BIG, ' ' THE NEW YORK REPUBLICAN SAID IN AN INTERVIEW YESTERDAY. I REJECTED ALL THE WILD SPECULATION. ' '

BUT D'AMATO SAID EACH QUESTION HE ASKED SEEMED TO BRING ON YET ANOTHER, AND CLINTON ADMINISTRATION OFFICIALS WERE BRIDLING AT ANSWERING INQUIRIES. AND THEN, D'AMATO SAID, THE DEMOCRATS AND THE WHITE HOUSE BEGAN THE PERSONAL ATTACKS.

I WAS GETTING STONEWALLED. TOLD TO DROP DEAD. TOLD IT'S NONE OF MY BUSINESS. TOLD TO LEAVE THE ADMINISTRATION ALONE, ' ' D'AMATO SAID. THEY TOLD ME TO GO TO HELL. ' '

AS EVEN HIS HARSHTEST CRITICS WILL ADMIT, YOU NEVER WANT TO TELL AL D'AMATO TO GO TO HELL OR TO HAVE HIM THINK YOU HAVE. SOON, THE SENATOR ANGRY AND SUSPICIOUS WAS GRILLING TOP

CLINTON ADMINISTRATION OFFICIALS FROM HIS POST AS RANKING MINORITY MEMBER ON THE SENATE BANKING COMMITTEE.

AND THEN IT WAS REVEALED THAT WHITE HOUSE COUNSEL BERNARD NUSSBAUM AND OTHER AIDES TO THE DEMOCRATIC PRESIDENT MET THREE TIMES WITH OFFICIALS FROM THE RESOLUTION TRUST CORP. AND THE TREASURY DEPARTMENT ABOUT INVESTIGATIONS INTO THE FAILED MADISON GUARANTY SAVINGS & LOAN.

D'AMATO AND EVENTS SEEM TO OUTPACE THEMSELVES LAST WEEKEND AS NUSSBAUM RESIGNED AND INDEPENDENT COUNSEL ROBERT B. FISKE JR. ORDERED 10 CURRENT AND FORMER WHITE HOUSE AND TREASURY DEPARTMENT OFFICIALS TO REPORT TO A WASHINGTON GRAND JURY TOMMOROW. TODAY, D'AMATO IS SLATED TO MEET WITH FISKE TO ARGUE FOR CONGRESSIONAL HEARINGS, EVEN THOUGH THE PROSECUTOR SAYS SUCH PROCEEDINGS COULD HARM HIS INVESTIGATION.

ALL YOU HAVE TO DO IS SHOW ME THE FACTS, ' ' D'AMATO SAID. BUT DON'T TRY TO SHOUT ME DOWN. DON'T TRY TO BEAT ME DOWN. I DON'T STOP. ' '

PRESIDENT BILL CLINTON REPEATED YESTERDAY THAT HE HAD DONE NOTHING ILLEGAL, AND HE CHARGED THE REPUBLICANS WITH LAUNCHING A CONCERTED POLITICAL ATTACK. HE ALSO CHIDED HIS OPPONENTS FOR MAKING D'AMATO THE ETHICAL SPOKESMAN FOR THE REPUBLICAN PARTY IN CONGRESS. ' '

BUT D'AMATO SAYS WHAT'S FAIR IS FAIR. FOR YEARS, THE DEMOCRATS PROBED AND PRODDED THE BUSH AND REAGAN ADMINISTRATIONS AND HE PERSONALLY HAS BEEN REPEATEDLY CALLED TO YIELD DOCUMENTS AND TESTIFY FOR ALLEGED ETHICAL WRONDOING. NOW THE DEMOCRATS IN CONGRESS HAVE A RESPONSIBILITY TO MAKE THE WHITE HOUSE DISCLOSE EVERYTHING, HE SAYS.

WOULD ANYBODY EXPECT ANYTHING ELSE FROM AL D'AMATO?, ' ' ASKED NORMAN ORNSTEIN OF THE AMERICAN ENTERPRISE INSTITUTE. ... HE IS AN IN-YOUR-FACE TYPE GUY. ' '

D'AMATO HAS BEEN HOT, GRABBING PRIME FACE TIME ON NATIONAL TELEVISION, COMMANDING HEADLINES IN MAGAZINES AND NEWSPAPERS EVERYWHERE AND THE IRONY IS INESCAPABLE. THE REPUBLICAN WHOM DEMOCRATS TARRERED AS THE MOST INVESTIGATED UNITED STATES SENATOR IN THE HISTORY OF HIS COUNTRY ' ' DURING THE 1992 CAMPAIGN, HAS TURNED THE TABLES ON EVERYONE, JOINING REP. JIM LEACH (R-IOWA) IN LEADING THE CHARGE TO PROBE POSSIBLE ETHICAL IF NOT LEGAL TRANSGRESSIONS BY BILL CLINTON AND FIRST LADY HILLARY.

THE PRESIDENT'S DEFENSE OF HIS WIFE MONDAY DID LITTLE TO TEMPER D'AMATO'S ZEAL. AS DEMONSTRATORS OUTSIDE THE WHITE HOUSE PARADED IN SUPPORT FOR HILLARY CLINTON YESTERDAY, THERE WAS D'AMATO ON THE FLOOR OF THE SENATE QUESTIONING HER ROLE IN THE WHITEWATER DEVELOPMENT VENTURE, WHICH THE CLINTONS INVESTED IN WITH JAMES AND SUSAN MCDUGAL.

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THE SHOULDER HE BROKE IN A SKIING ACCIDENT IS NOW FREE FROM ITS SLING, LIBERATING HIM TO GESTURE WILDLY ONCE AGAIN. PUTTING

D'AMATO STARTED PRESSING THE DEMOCRATS ON WHITEWATER LATE LAST FALL AND IN DECEMBER HE REQUESTED THAT BANKING COMMITTEE CHAIRMAN DONALD RIEGLE JR. HOLD HEARINGS ON MADISON GUARANTY.

THEN RIEGLE AGREED TO ALLOW THE ACTING HEAD OF THE RTC, ROGER
ALTMAN, TO TESTIFY ON FEB. 24.

WHITEWATER EXPLODED THE NEXT DAY WHEN ALTMAN TESTIFIED UNDER QUESTIONING BY SEN. PHIL GRAMM (R-TEXAS) AND D'AMATO THAT HE AND OTHER REGULATORS HAD IN FACT MET WITH ADMINISTRATION OFFICIALS TO DISCUSS MADISON GUARANTY. OTHER MEETINGS WERE THEN REPORTED AND D'AMATO AND THE REPUBLICANS HAD THE WHITE HOUSE ON THE DEFENSE.

ON AUG. 2, 1991, D'AMATO WAS REBUKED BY THE SENATE ETHICS COMMITTEE AFTER A TWO-YEAR INVESTIGATION FOR RUNNING HIS OFFICE IN

THOSE WHO KNOW D'AMATO SAY THE PERSONAL ATTACKS WILL ONLY SPUR HIM ON. HE IS NOT THE TYPE OF PERSON WHO CAN BE THREATENED, SAID BILL POWERS, CHAIRMAN OF NEW YORK STATE'S REPUBLICAN PARTY AND A LONG-TIME FRIEND OF D'AMATO.

I NEVER HAD A DOCUMENT OR A DIARY. THEY TOOK 250 BOXES OF STUFF TWO-HUNDRED-FIFTY I WAS INVESTIGATED UP AND DOWN FOR TWO YEARS. WE BROKE NO LAWS, ' D'AMATO SAID. BUT I TOOK MY LUMPS. I DIDN'T RUN AROUND CRYING SAYING IT'S UNFAIR.

HEY, IT'S ALL PART OF THE BUSINESS. ''

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Clinton names new counsel

Cutler held same post during Carter years

By Carl P. Leubsdorf
Washington Bureau of The Dallas Morning News

WASHINGTON — President Clinton named veteran Washington lawyer Lloyd Cutler his temporary White House counsel Tuesday and pledged full cooperation if Congress holds hearings on the Whitewater controversy.

"My inclination would be to obviously participate," Mr. Clinton said.

The president said "it is hard for me to imagine a

■ Cutler career highlights.

19A

■ Witness list proposed by GOP.

19A

case" in which he would invoke executive privilege to avoid disclosing information about his involvement in a failed Arkansas real estate venture.

"We want to clear the air, and we will do that," Mr. Clinton said.

The president also acknowledged that an extensive internal review had found additional contacts between White House aides and other government officials beyond three meetings disclosed last week. But he played down their significance, describing them as "incidental."

House Republicans, meanwhile, issued a list of 40 witnesses they want the House Banking Committee to call to a March 24 hearing on the Resolution Trust Corp.'s efforts to clean up savings and loan failures.

The list included many top White House aides and others involved in aspects of the Whitewater affair. Democrats on the panel are expected to fight attempts to make the RTC hearing an inquiry into the relationship between Whitewater and a failed Arkansas thrift, Madison Guaranty Savings and Loan.

The Clintons were partners in Whitewater, an unsuccessful real estate venture in the Arkansas Ozarks, with the owner of Madison, James McDougal.

Robert Fiske Jr., the special prosecutor named last month to investigate Whitewater and Madison, has objected to calls for congressional hearings, saying they could hamper his work. And until now, the White House has resisted GOP calls for hearings.

But on Tuesday, the president and Mr. Cutler said they would cooperate if Congress went ahead. "It would be my recommendation that everyone in the White House cooperate," Mr. Cutler said.

The selection of Mr. Cutler drew bipartisan praise.

"Lloyd Cutler is a first-rate attorney who should be an asset to the president," said Sen. Phil Gramm, R-Texas, one of the most outspoken GOP critics of

Continued from Page 1A.

Mr. Clinton's handling of the Whitewater matter. But one veteran GOP lawmaker, Rep. James Quillen of Tennessee, said Mr. Clinton should resign.

"His staff has furnished the Whitewater affair by asking for briefings of the status of the case," Mr. Quillen said. "It looks like President Clinton is trying to whitewash the Whitewater affair."

In naming Mr. Cutler, 78, Mr. Clinton dipped into the Washington political establishment to help him deal with the growing controversy.

With Republicans raising ethical questions about his administration, the president said he wanted to name "an eminent lawyer who could step into the role immediately and bring to the job the stature, the standards and the experience that the American people expect."

In short, I wanted a Lloyd Cutler-type lawyer, so I just decided I would go to the original first and see how I could do," Mr. Clinton said.

He said he hoped that Mr. Cutler would establish procedures to deal with questions of potential conflicts, conceding that until now "there was a certain kind of ad hoc quality" in the way his White House dealt with such questions.

Mr. Cutler said he had agreed to return for 128 working days — up to six months — to the post he held in the final two years of the Carter administration. He said he would pick a permanent successor to Bernard Nathanson, who resigned earlier pressure to resign as White House counsel.

"This is hardly the way I expected to spend the spring of 1994," Mr. Cutler said, noting that he was eager to return to private life and spend time with his "very young and puppy wife." A widower, Mr. Cutler is married to Rhoda Watson "Polly" Kraft, the widow of the late Washington columnist, Joseph Kraft.

"I hope that very soon we can get on and get a fine new, younger counsel, like Bob Strauss," he said, referring to the 75-year-old Dallas-Washington lawyer who is an old friend.

The initial comments by Mr. Clinton and Mr. Cutler set a somewhat light-hearted tone for the news conference, the president's third in five days. It went on for about 45 minutes and contrasted sharply with Monday's session at which a grim-faced president thumped the lectern as he delivered vigorous defenses of himself and his wife, Hillary Rodham Clinton.

On Tuesday, Mr. Clinton sought to combine an impression of willingness to respond openly to questions surrounding Whitewater with an air of unconcern that he might be found to have done anything wrong.

"I am very relaxed about this," the president said. "I did not do anything wrong. There is nothing here."

At one point, Mr. Clinton was asked whether he might — like

some past presidents, including

LYOYD M. CUTLER

is TITLE: Special counsel to the president
is BORN: Nov. 14, 1917, New York City
is FAMILY: Widowed in 1988; married Rhoda Watson Kraft in 1989 (one daughter, Polly Kraft)
is EDUCATION: Bachelor of Arts degree, Yale University (1940); law degree, Yale University (1944)
is CAREER: Private law firm, New York City (1940-44); Lane, Bennett & Lane, New York City (1944-48); assistant foreign relations advisor, State Department (1948-50); private practice, Washington, D.C. (1950-70); partner, law firm, Washington, D.C. (1970-78); 1981-83, counsel to President Jimmy Carter, 1979-81
is SOURCE: Dallas Morning News, March 9, 1994

Richard Nixon — claim executive privilege or the lawyer-client relationship to withhold details about his actions.

"I have no way of knowing what will come up, but it is hard for me to imagine a case in which I would invoke it," he said.

As for the additional contacts between aides and other government officials that had been found in the internal review, Mr. Clinton said they were "incidental and follow-up conversations, which had nothing to do with the substance of the RTC investigations."

The president said that he still wasn't sure about the circumstances, or under which he learned that the RTC had referred a case to the Justice Department. The case involved the question of whether Mr. McDougal's Madison had funneled funds to his 1994 gubernatorial campaign.

But the president said that longtime adviser Bruce Lindsey, who has been the White House point man on Whitewater, "probably is the person who told me."

Mr. Lindsey, who attended an October 1993 meeting on how to handle news media inquiries on Whitewater, is one of six White House aides subpoenaed to appear Thursday before a federal grand jury looking into the Whitewater case.

Mr. Clinton sidestepped a question about a demand by Republican Sen. Alfonse D'Amato, R-N.Y., that Mrs. Clinton say whether she had been told about a Whitewater-related meeting attended by two of her aides.

"Is Senator D'Amato aware that there was an ethics counsel opinion that the meeting was not improper?" the president asked.

He said he had no intention of answering Mr. D'Amato's questions and asked the Republicans to bring named the senator, who has been animated himself in ethical controversies, as "the ethical spokesman for the Republican Party in the Congress."

sends GOP fishing for 40

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Republicans said Tuesday that they want an array of Arkansans and White House officials to appear this month before a congressional hearing on the Whitewater Development Corp. controversy.

• List of 40 people that Republicans want to testify 10A

Congressional aides described the eclectic 40-person list as a "Who's Who" of people connected to the Whitewater affair.

The group includes Arkansans such as White House chief of staff Thomas F. "Mac" McLarty, presidential adviser Bruce Lindsey, Little Rock businessman Dan Lasater and Little Rock lawyer Sheffield Nelson.

Republicans hope the group will appear voluntarily before the House banking committee hearing on March 24. House Democrats are considering whether to agree to the Republican request to call witnesses.

But Democratic leaders solidified their opposition to any congressional hearings into Whitewater and Madison Guaranty Savings & Loan Association. Senate Majority Leader George Mitchell, D-Maine, said such hearings would turn into a Republican political circus that would interfere with the work of special counsel Robert Fiske Jr.

"We can have a congressional hearing or a proper criminal investigation," Mitchell said. "I believe we should have the latter."

Fiske said Monday that any congressional hearings — including those of the House Banking Committee — present a severe risk to his independent Whitewater investigation, which is based in Little Rock.

But Republican leaders on Tuesday questioned Fiske's concerns. They said Congress should not be blocked from reviewing Whitewater issues.

Senate Minority Leader Bob Dole, R-Kan., said congressional hearings would not turn into a witch hunt and would not impede Fiske's work.

"There are big, important issues out there, and Congress has a responsibility," Dole said.

The partisan clash over Whitewater continued to dominate Capitol Hill's attention on Tuesday.

At the heart of the controversy is Whitewater, a 230-acre Marion County real estate development along the White River.

President Clinton and first lady Hillary Rodham Clinton once were partners with James and Susan McDougal in Whitewater.

James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least \$47 million.

Allegations that money was illegally transferred between Madison and Whitewater are among the issues being investigated by Fiske.

Fiske is scheduled to meet today in Washington with Sen. Al D'Amato, R-N.Y., and other leaders to discuss Republican attempts to examine Whitewater.

The GOP request has been headed up by Rep. Jim Leach, R-Iowa, and the party's ranking member of the House Banking Committee.

Leach released the 40-person list of potential witnesses for the March 24 committee hearing.

The routine hearing is devoted to reviewing the work of the Resolution Trust Corp. The federal agency oversees disposing of the assets of failed savings and loans such as Madison.

But Republicans promise to raise questions relating to Whitewater and Madison during the hearing. Under House rules, they also can call witnesses. So, Leach wants 40 people to appear.

The list includes a variety of Arkansans, White House officials, RTC investigators and other government officials. James and Susan McDougal are on the list, as are employees of Little Rock's Rose Law Firm.

Also on the list are a number of White House and Treasury Department officials subpoenaed by Fiske last week. Among them are Deputy Treasury Secretary Roger Altman.

House Banking Committee Henry Gonzalez, D-Texas, will consider sending out invitations for the 40 people to appear. If Gonzalez goes along, appearances by the witnesses would be voluntary — at least at first.

"We are doubtful that certain of the witnesses ... will voluntarily appear before the committee," Leach and other Republicans said in a letter.

If witnesses refused to appear, the Republicans said, the committee "will consider whether the issuance of a subpoena would be appropriate."

Subpoenas would force the people to testify before Congress. House Speaker Tom Foley, D-Wash., said he would not interfere with any committee decision to issue subpoenas. The Democratic-controlled committee would have to approve the subpoenas.

Just how deeply the Banking Committee can examine Whitewater is another question. Gonzalez said he is not willing to let the hearing hamper with Fiske's work.

"I do not intend for the committee to interfere in your investigation or any other law enforcement activity," Gonzalez said in a letter to Fiske.

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Clinton hires lawyer Cutler to reverse tide

BY RANDY LILLESTON

Democrat-Gazette Washington Bureau

WASHINGTON — President Clinton named Lloyd Cutler as the new White House counsel Tuesday, calling on a respected Washington insider for help in a deepening crisis.

The announcement came the same day administration officials disclosed new contacts between the White House and federal investigators involving the Whitewater Development Corp. controversy.

"I wanted a Lloyd Cutler type of lawyer, so I just decided I would go to the original first and see how I could do," Clinton said in announcing the appointment.

Cutler, 76, was President Carter's counsel and is a longtime fixture on the Washington legal scene. He is particularly well-known for providing counsel to major business figures.

"This is hardly the way I expected to spend the spring of 1994," Cutler said during a Tuesday news conference. "In government, as in other aspects of life, trust is the coin of the realm, and Mr. President, I pledge myself to do what I can to make sure that trust is maintained."

The appointment is a temporary one, limited to 130 working days, to give the White House time to select a permanent counsel. Cutler said he negotiated for the short appointment because of his age and because he is a newlywed.

The selection followed White House counsel Bernard Nussbaum's resignation Saturday after disclosures that he helped organize two meetings between Treasury Department officials and White House aides involving an investigation of Madison Guaranty Savings and Loan.

The failed Arkansas S&L has ties to Whitewater, a failed real estate investment Clinton and his wife, Hillary Rodham Clinton, entered into in the late 1970s. Among other questions, investigators are trying to determine whether funds from Whitewater accounts were diverted to Clinton gubernatorial re-election campaigns during the 1980s.

Earlier Tuesday, White

House aides confirmed more contacts related to Madison Guaranty between staff members and Resolution Trust Corp. officials. The RTC is in charge of the nation's savings and loan bailout.

Clinton also confirmed those contacts at the news conference Tuesday. But he said, "any contacts were incidental and were follow-up conversations which had nothing to do with the sub-

stance of the RTC investigations."

White House officials said the other contacts were uncovered as part of an effort to respond to a broad subpoena from the Whitewater special counsel, Robert Fiske Jr. That subpoena, served at the White House on Friday, requires the administration to turn over all documents involving contacts with investigators over Whitewater or Madison Guaranty.

The effects of that subpoena still were evident Tuesday. Trash cans, not emptied since last week, were overflowing in the West Wing of the White House. Meanwhile, representatives of Fiske's office met with White House Deputy Counsel, Joel Klein, to discuss the specifics of turning over the papers.

At both the White House and Capitol Hill, events on Whitewater developed rapidly Tuesday. Among those developments:

- Rep. Jim Leach, R-Iowa and the ranking Republican on the House banking committee, released a list of 40 witnesses Republicans want called before a banking committee hearing March 24. That list includes a number of prominent Arkansans and others associated with the Whitewater controversy.

- Republicans have promised to seek subpoenas for the witnesses, but such summonses would have to be approved by the full committee, which appears unlikely. Otherwise, the witnesses wouldn't be required to attend.

- Republicans again called for full Whitewater hearings, and one — Rep. James Quillen of Tennessee — said Clinton should resign.

- Cutler said he would recommend "that everyone in the White House cooperate" with any requests for testimony at the March 24 hearing.

- Fiske was to arrive in Washington late Tuesday for meetings today with members of the Senate banking committee. Thursday, he will question six White House aides and three Treasury Department officials under subpoena about two meetings involving the federal investigation of Madison Guaranty.

- Clinton said senior administration aide Bruce Lindsey "probably" informed him that the RTC was referring Madison

Guaranty questions to the Justice Department for possible criminal investigation. The president said Monday that he had been informed of that investigation before it was made public.

"I say 'probably' because I literally don't remember. All I remember is that at some point in October, I heard about it," Clinton said. The president said the information was "just something I knew and absorbed. ... I didn't discuss it or ask anybody to do anything or take any action."

Lindsey is one of the six White House officials under subpoena, along with Nussbaum; Deputy Chief of Staff Harold Ickes; Communications

Director Mark Gearan; Deputy Treasury Secretary Roger Altman; Margaret Williams, the first lady's chief of staff; and Lisa Caputo, her press secretary.

Tuesday's presidential news conference lasted about 35 minutes — longer than the typical session when a new appointment is announced. It first was added to the president's schedule Tuesday, then changed to an event that only a small "pool" of reporters could attend, then opened again.

"I haven't done anything wrong and I'm not going to do anything wrong," Clinton said Tuesday, repeating similar statements he made Monday.

Arkansas Democrat-Gazette

Democrats reject GOP call for Whitewater hearings

Joan Lowy

Scripts Howard News Service

WASHINGTON — Democrats Tuesday rejected Republican calls for congressional hearings on the Whitewater case, charging the demands are politically motivated.

Senate Republican leader Bob Dole of Kansas said GOP senators may seek a vote on a resolution demanding a congressional investigation.

House Republican leaders plan to expand an incoming Banking Committee hearing on the Resolution Trust Corporation, which took over Madison Guaranty after its failure, to include testimony from witnesses relating to the case.

Floyd Cofler, President Clinton's new counsel in his first pronouncement Tuesday, said that

the Banking Committee calls "White House witnesses." "It would be my recommendation that everyone in the White House cooperate."

Senate Democratic leader George Mitchell of Maine and House Speaker Tom Foley, D-Wash., said congressional hearings are unwarranted at this time and noted that special counsel Robert Fiske Jr. said such hearings might jeopardize potential prosecutions.

"We should be extraordinarily careful about interfering with the work of a special counsel," Foley said, noting that Republicans had demanded appointment of the counsel in the first place.

Mitchell called the demands for hearings "purely a political stunt" by Republicans.

Nussbaum misses the point

THE ISSUE:
White House counsel dismisses critics

OUR VIEW:
Actually, his own blunders brought him down

Forced to resign last weekend over his chronic mishandling of the Whitewater scandal, White House counsel Bernard Nussbaum dismissed his critics with contempt. It was another mistake.

Nussbaum offered just one reason for deciding to leave office, despite his "absolutely legal and ethical" performance of his job. The reason: "controversy generated by those who do not understand, nor wish to understand, the role and obligations of a lawyer, even one acting as White House counsel."

But there is another point of view. Abundant evidence suggests that Nussbaum himself confused the functions of a private-sector lawyer with those of the top attorney at the White House. Evidence emerged early on in several confirmation battles. But it was most glaringly demonstrated around the apparent suicide of his deputy, Vincent Foster, last July.

In a confidential report, the United States Police, who investigated the death of Nussbaum of impeding their inquiries.

He failed promptly to seal Foster's office; and he personally removed and gave to the president files relating to the Whitewater Development Corp. — a private investment of the Clintons — that had no business in the White House deputy counsel's office.

Most damagingly, Nussbaum insisted that lawyers from his staff sit in while investigators interviewed employees about Foster. This may have impeded candid testimony and brought vigorous protests from Philip Heymann, then deputy attorney general.

Nussbaum failed to see that his aggressive tactics to protect his "client" only aggravated suspicions that the president and Mrs. Clinton had something to hide. Thus, Nussbaum helped arrange for the Justice Department to subpoena Whitewater files in order to keep them away from reporters. Finally, sealing his fate, he met three times with Treasury appointees who briefed him and other top aides on the status of supposedly confidential inquiries by the Resolution Trust Corporation.

Nussbaum's subpoena to appear before a grand jury investigating Whitewater — and the subpoenas of five other White House and four Treasury officials — are the fruit of his job but of his own blunders.

Rocky Mountain News

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Hillary Clinton still in Whitewater probe spotlight

Actions of key aides
raise questions about
first lady's conduct

By Ann McFeatters

Scripts Howard News Service

WASHINGTON — Despite President Clinton's impassioned defense of his wife's "moral compass," Hillary Rodham Clinton remains a focal point of the Whitewater investigation, as her aides' actions testify.



Clinton

Lawyers working for independent counsel Robert Fiske want to know, for example, why Hillary Clinton's chief of staff, Margaret Williams, was in the office of White House deputy counsel Vincent Foster hours after he killed himself.

By law enforcement standards, the office should have been sealed but was not until the next day.

They also want to know why Williams and the first lady's press aide, Lisa Caputo, were at one or more secret meetings last fall

when Treasury officials improperly told White House staff the status of the investigation into Madison Guaranty Savings and Loan Association of Little Rock.

Fiske is concerned whether Madison made improper loans to Clinton's 1984 gubernatorial campaign. He also wants to know what its ties were to the Whitewater Development Corp. which the Clintons invested in in August 1978.

Williams and Caputo have been subpoenaed to testify Thursday before a grand jury looking into Whitewater.

Neel Lattimore, a spokesman for Hillary Clinton, said she did not know about the secret meetings until recently when she read about them in the newspaper.

But it seems odd to outsiders that two of Clinton's top aides, who are by her side every workday, would not have told her about the meetings.

Clinton, once rated one of the 100 top lawyers in America, does not like to be surprised and insists on being on top of matters for which she is responsible.

As a lawyer, she also might have been expected to understand that there must be a "fire wall," to use the president's term, between the White House and criminal investigations conducted by independent government agencies.

At the heart of Fiske's investigation is why Clinton represented Madison Guaranty, which had been in financial difficulty for some time, when her husband had appointed the state's top banking regulator. Then Hillary Clinton's firm, the Rose Law Firm, repre-

sented the Federal Deposit Insurance Corp. when it was trying to salvage money from the failure of Madison.

The White House has denied reports that Hillary Clinton ordered the shredding of any documents related to Whitewater during the 1992 campaign. The Clintons' personal Whitewater file was in Foster's care, and after his death it was turned over to a private lawyer.

The Clintons have refused to make public details of the file or how much tax they paid on what they said was a money-losing investment.

While nobody has suggested Clinton is guilty of anything illegal, the appearance of impropriety in her relations with state banking officials in Arkansas is troubling to investigators.

Clinton has not had a press conference or been interviewed on camera about Whitewater in light of recent developments. But in an interview last week with the magazine *Elle*, she strongly denounced what she called the partisan aspects of criticism. She accused critics of the Clintons' agenda of trying to use Whitewater to derail their programs.

While outspoken Republicans such as No. 2 House Republican Newt Gingrich of Georgia and Sen. Alfonse D'Amato of New York have been complaining about Whitewater for some time, moderates are beginning to say it seems more serious than they first thought.

Tuesday, Sen. Richard Lugar, R-Ind., said that if the Clintons had said at the start they were guilty of bad judgment in the Whitewater real estate deal and had accepted the embarrassment, it might be over.

What is troubling, he said, is Hillary Clinton's involvement as a lawyer.

Rocky Mountain News

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Some things just never change

Dear Diary: There was a special legislative session last week. A free-lance assignment kept me in the House chambers for most of it. It was a nice change of pace, but some of the spark of covering the Legislature is gone. Or maybe I'm jaded now instead of being slightly awestruck and certain that everything I heard was a story the way it was during my first session in 1985.

Bill Clinton didn't even have gray hair then, and the idea of him being president was just some wild-eyed, egotistical dream of his.

Now Clinton's in the White House and the Arkansas political machine is still slowly grinding. Last week, more than once I found myself thinking that the more things change, the more they stay the same. The reality of the sameness in the face of change got my attention when Rep. Ed Thicksten of Alma was explaining budget bills to the full chamber for approval.

Don't get me wrong, no one could confuse Thicksten with Rep. John E. Miller of Melbourne, who was ousted from the chairmanship of the Joint Budget Committee during the 1993 regular session.

Thicksten is this big, tall guy with a boxer's nose; talks kind of deep and to the point. Miller is short and wiry, with this high-pitched voice that probably played a part in keeping him out of some governor's race back in his prime. He comes across kind of whiny unless he's in one of those stem-winding, Baptist-preacher speeches about the need to pass a tax bill because of the little kids needing school books or some such.

One of my first introductions to Clinton's sense of humor came while he and his entourage were waiting in an ante-



Pam Strickland

room outside the House chambers during a debate over some tax bill or the other. He did this no-holds-barred imitation of Miller, intense and pounding the lectern. One thing hadn't changed about the budget process: Bill Goodman, the legislative staff finance guy, was right there telling Thicksten every word to say about every bill, just like he'd done all those years with Miller.

Well, OK, I don't know that he was feeding Thicksten his lines about the budget bills. But that's what it looked like, and if I had a question about appropriations or the budget, I wouldn't ask Thicksten, or even Miller. I'd go to Goodman. He's straightforward, factual. Never any indication how he feels. Just the facts, ma'am. You know, the legislators did him wrong by not making him director of the Bureau of Legislative Research after Marcus Halbrook retired.

Some of the faces in the House have changed, especially in the last four years. It's refreshing to see more blacks there and more women. Yet it seems that the aura of the process has killed any enthusiasm and desire for change that the new folks might have had when they came on board.

But this probably wasn't the best session to judge the strength of change: trying to fix a problem in the school funding formula. Thicksten seemed embar-

assed by the blatant obfuscation of the law. There was a lot of shrugging. The most insane thing said was that it was Hillary Rodham Clinton's fault because she was the point person for education reform in 1983.

Rep. Bynum Gibson of Dermott appeared calm and low-key in spite of all his roles. He had brought the funding formula snafu to Gov. Jim Guy Tucker's attention. It took him months of research for some Delta school districts that hired him because they thought — as it turned out, rightly — that they were being shortchanged.

Gibson refused to take part in the public debate last week, although he seemed to be everywhere having private conversations with key players. Of course, some of that could have been his new job as chairman of the state Democratic Party. So many hats. I'd be confused over which one to wear when.

Some routine things happened. Rep. N.B. "Nap" Murphy of Hamburg gave a senseless, rambling speech neither for nor against the formula. If ever there was a poster politician for term limits, it's Nap. Then again, the job could just as easily go to Rep. Bill Sanson of Vienna, champion of theitty bitty school districts, or Rep. Doug Wood of Sherwood, whose legislative work sometimes seems limited to supplying a new tin of his wife's fudge on a daily basis.

There was one thing that nobody said out loud last week, and I would love to know: What did Bill Clinton know about his Education Department's decision to ignore the law, and when did he know it? Whitewater could be nothing.

Pam Strickland's column appears every Wednesday.

It's too late for damage control

Bill Clinton has asked former President Richard M. Nixon to brief him on a trip to Russia that includes visits between Nixon and so-called hard-liners who have been shunned by the White House.

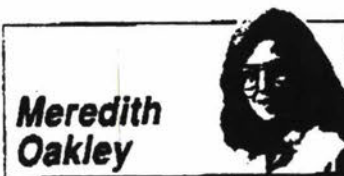
Clinton and Nixon talked by telephone before Nixon began a weeklong visit that tentatively includes talks with President Boris Yeltsin and several Yeltsin opponents, including the hateful, wild-eyed ultranationalist, Vladimir Zhirinovskiy.

"I think President Nixon told President Clinton who he planned to meet with and I think President Clinton asked him to report back," said Dee Dee Myers, the White House spinmistress. "I think President Clinton is anxious to hear how it went."

While the father of Watergate and the father of Whitewatergate are schmoozing, they might want to compare notes on other matters of mutual interest. Wouldn't you like to be a fly on the wall during that conversation?

At this point, about the only advice Nixon could offer is to hang tough. It is too late for damage control. The Whitewater-Madison controversy has become a full-blown scandal.

Clinton should be grateful that no one has dubbed it Hillarygate. Although the first lady has been keeping a very low profile of late, she is the focal point of Whitewater-Madison now, and all the passionate defenses in Clinton's repertoire will not deflect the public's attention for the time being.



Meredith Oakley

As *Newsday's* Gail Collins has observed, Hillary Clinton is in the middle of the fray, and "if she were anybody else, the president would be making contingency plans to dump her if things got worse."

The first lady's top aides are among those scheduled to testify before a special federal grand jury tomorrow to discuss their participation in secret briefings from Treasury Department officials about ongoing federal investigations into Whitewater-Madison.

In defending his wife Monday against allegations that she ordered the shredding of documents pertaining to Whitewater-Madison, Clinton said that "law firms dispose of their documents all the time ... and I do not believe for a moment that she has done anything wrong."

"If everybody in this country had a character as strong as hers," he added, "we wouldn't have half the problems we've got today. ... The American people can worry about something else. Her moral compass is as strong as anybody's in this country."

I don't know of anyone who is losing any sleep over the condition of Hillary's moral compass, although certainly she

is undergoing a different type of scrutiny from that visited upon her during the presidential campaign.

On the other hand, after many months of piecemeal revelations about a controversy too convoluted at its onset to fire the public's imagination, Whitewater-Madison is beginning to sway public opinion in a direction not at all to the Clinton administration's liking.

In a poll released Tuesday, more than one-third of those interviewed, or 36 percent, said they believe that both Bill and Hillary Clinton acted illegally in their Whitewater dealings; 48 percent said Whitewater was a "serious matter."

Afterthought

Last week, Webb Hubbell, the No. 3 man at the Justice Department, conceded that he had been questioned by his former law firm about his billings in past cases.

He said the Rose Law Firm's inquiry was "in no way out of the ordinary" — indeed, he suggested, law firms often check the records of departing partners as a matter of routine.

Which leads one to wonder whether Rose Law Firm checked the records of Hillary Clinton, Vince Foster and William Kennedy, three other partners who left the firm to go to Washington, D.C.

Associate Editor Meredith Oakley's column appears every Wednesday, Friday and Sunday.

MR. F. X. STEPENING

Old hand tapped to end troubles as new Clinton counsel

By Scott Shepard
WASHINGTON BUREAU

Washington — President Clinton turned to Lloyd Cutler, a pillar of the Washington establishment, on Tuesday to help dig him out of the Whitewater mess.

Cutler, 76, is in the same league with Clark Clifford and Robert Strauss, Washington lawyers with long experience working behind the scenes for presidents while doing their best to fix what's broken — or at least cut the losses.

"He will provide a firm, uncompromising and steady hand in a position of the utmost importance to me and to my administration," Clinton said at a White House news conference announcing his appointment of Cutler to replace Bernard Nussbaum, who is resigning as White House counsel after mishandling the Whitewater investigation.

Cutler said he lacks the vigor to remain in the job more than a few months, and he will serve only 130 days while a permanent counsel is sought.

"I am a senior citizen, you can see, and from direct experience I know the intensity and the rigors of this job," Cutler said, though he joked about having a "young, peppy wife" — Polly Kraft, a well-known painter in her mid-60s who is the widow of the late Washington columnist Joseph Kraft. Cutler, whose wife of 47 years died in 1988, married Kraft in 1989.

In a sense, the new job is a homecoming: Cutler served as President Jimmy Carter's White House counsel from 1979 to 1981.

He was brought into the Carter White House under similar circumstances, replacing Atlan-

The Lloyd Cutler file

► **Age:** 76; born Nov. 10, 1917.

► **Education:** Graduate of Yale University, 1936, and Yale Law School, 1939.

► **Experience:** Partner in Washington law firm of Wilmer, Cutler & Pickering. Served as counsel to President Jimmy Carter, 1979-81.

► **Family:** Widowed in 1988; three daughters and one son from first marriage. Married the former Rhoda Winton Kraft in 1989.

► **Tuesday quote:** "Trust is the coin of the realm."

ta lawyer Robert Lipschutz, who reportedly was overwhelmed by the duties of White House counsel. At a time of general disarray amid a youthful Carter staff, Cutler played the role of elder statesman.

Cutler was on the team that negotiated the release of Americans held hostage by Iranian students at the U.S. Embassy in Tehran. He also worked, with mixed results, to organize a boycott the 1980 Olympic Games in Moscow to protest the Soviet invasion of Afghanistan in 1979.

Jody Powell, Carter's press secretary, recalled that Cutler came to work early and stayed late, "just like everybody else."

"When we burned the midnight oil, he would sit by the lamp just like the rest of us."

The distinguished-looking Cutler, with his trademark snowy hair and horn-rimmed glasses, is a virtual central-casting image of Washington probity. He received his undergraduate degree from Yale in 1936 and his

law degree there in 1939, seven years before Clinton was born.

"I wanted a Lloyd Cutler type of lawyer," Clinton said, "so I decided to go to the original and see how I would do."

The selection of Cutler reflects the degree to which the White House has been shaken by a special investigation into the failed Whitewater real estate development involving Clinton and wife Hillary in the 1980s.

Cutler has a reputation for integrity and ability to work with Republicans and Democrats alike. His new role is intended not only to calm the turbulence of the Whitewater affair but also to get Clinton's presidency back on track toward reforms in health care and welfare.

Although a leader of the Democratic establishment, Cutler came to the defense of President Ronald Reagan's Supreme Court nomination of Robert Bork, represented former Secretary of State George Shultz in the Iran-contra investigation and defended Henry Kissinger before a Senate committee that looked into suspicions that he had ignored reports of missing Americans being held in Vietnam.

"He will be a real asset to this president," Powell said Tuesday. "He has a wealth of experience in the sometimes peculiar ways in which this town operates."

Hearst News Service contributed to this article.

THE ATLANTA CONSTITUTION

Under fire, Clinton gets new counsel

*Washington insider Cutler
will fill in at White House*

By AMY BAYER
Copley News Service

WASHINGTON — President Clinton, moving quickly to try to stanch the political bleeding from Whitewater, appointed veteran Washington lawyer Lloyd Cutler as his temporary counsel yesterday and promised full cooperation from the White House.

Cutler, who also served as White House counsel for President Carter, will act only as a stopgap attorney for the Clinton administration, now under scrutiny in a special counsel's investigation of Whitewater and under fire for its handling of the controversial land investment deal.

Citing the "intensity and rigors" of the job, Cutler, 76, agreed to serve only 130 days. He said he would concentrate on "the procedures and actions necessary to maintain public confidence in the integrity and the openness of the presidency."

Cutler replaces Bernard Nussbaum, the hard-driven New York lawyer and friend to both the president and Hillary Rodham Clinton who never quite mastered Washington politics and was accused of having a political tin ear.

Clinton said Cutler would help him "secure, maintain and deserve the trust of the American people."

The president, calmer than he was during a lectern-pounding defense of his wife the previous day, added that no one in the White House had done wrong or abused authority "in any way,

Clinton

Cutler is expected
to raise trust level

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shape or form."

He acknowledged additional White House contacts with federal regulators looking into the Whitewater deal but insisted that they were incidental and had nothing to do with the substance of the investigation.

"I am very relaxed about this," Clinton said of the investigation, which has led to the subpoenaing of 10 current and former administration officials.

"I did not do anything wrong. There is nothing here. I made an investment and I lost money ... And that's all there is."

Clinton said the White House had not attempted to cover up any information.

"I'm not going to do anything to abuse my authority," Clinton said. "I'm not going to knowingly ever do anything to undermine the respect of the American people for the presidency."

The president suggested that he would not invoke executive privilege to avoid participating in the investigation.

"My interest here is to get the facts out," Clinton said. "It's hard for me to imagine a circumstance in which that (invoking executive privilege) would be an appropriate thing for me to do."

Clinton again accused Republicans of using Whitewater for political gain. Republicans are calling for congressional hearings into Whitewater and accusing the administration of unethical behavior in its handling of the investigation.

The House Banking Committee has scheduled a Resolution Trust Corp. oversight hearing for March 24 that some in the GOP hope to use as a hearing on Whitewater.

For the first time, a Republican, Rep. James Quillen of Tennessee, said yesterday that Clinton should quit, accusing him of "trying to whitewash the Whitewater affair."

Clinton, however, dismissed the need for congressional hearings, saying the investigation is best left to the special counsel, Robert B. Fiske Jr.

He was supported in that view Monday by Fiske, who warned Congress that such hearings could interfere with his investigation. But, should Congress ignore Fiske's advice and schedule hearings, Cutler said, he would advise the White House to cooperate in any such inquiry.

Cutler assumes the White House counsel's office as it prepares to turn over thousands of documents

collected from aides to comply with subpoenas seeking more information about contacts between administration aides and federal regulators.

The president, who said he learned of the meetings only after they took place, said he had no such documents in his possession. He added that he neither tape-records Oval Office discussions nor keeps a diary.

Cutler said he will enforce new rules that require White House staff members to clear through his office any discussion or meeting that could be viewed as an improper in regard to the Whitewater investigation.

Clinton could persuade Cutler to serve only for a limited time, at least through this initial period of investigation, when six White House aides will be called to testify and others could be subpoenaed.

Cutler joked that he has limited his commitment because "I married fairly recently to a very young and peppy wife and I want to spend some more time with her."

But earlier in the day he hinted that he was less than enthusiastic about his new assignment.

"You're asked to do it and you have to do it," Cutler told reporters.

After his appearance with Cutler in the White House briefing room, the president summoned almost his entire staff to the East Room for an

important session designed to lift spirits that had been sagging since the subpoenas were issued Friday.

Clinton and Cutler were joined by Hillary Clinton, Vice President Al Gore and Chief of Staff Thomas F. "Mac" McLarty. One aide said the president stressed the importance of adhering to high ethical standards and of returning to a focus on issues such as health-care reform.

A wealthy, powerful and politically connected attorney, Cutler said he planned to serve without pay, perhaps turning any compensation over to the Treasury to reduce the public debt.

Cutler is a consummate Washington insider who used his Carter administration credentials to build a lucrative career.

His clients have included a host of large corporations and special interests, as well as Washington VIPs such as Henry Kissinger and George Shultz, both former secretaries of state.

Cutler has served on a number of commissions and advisory boards, including the Trilateral Commission and the Council on Foreign Relations.

In 1989, Cutler served on President Bush's Commission on Federal Ethics Law Reform, which Bush established early in his term to draw a distinction between his administration and the perceived ethical problems of the Reagan administration.

The San Diego

Union-Tribune.

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Gloom, disbelief beginning to lift at White House

By GEORGE E. CONDON Jr.
Copley News Service

WASHINGTON — In pulling the respected Lloyd Cutler back into government service and in — finally — devoting a full news conference to questions about the Whitewater morass, President Clinton has taken two important steps toward getting his administration back on track.

Barring fresh disclosures of inappropriate White House actions, future evidence of financial improprieties in Little Rock or new displays of staff stupidity, the president has a chance to get at least some of his aides refocused onto his legislative agenda.

Since Friday, too many of those aides have had their eyes set on grand jury dates, their ears tuned to their personal lawyers, and their heads

ANALYSIS

Analysis

Clinton helped his case
during news conference

Continued from A-1

quite literally in their wastebaskets looking for discarded notes and memos.

Whitewater — which has become a code word for anything to do with Clinton's pre-presidential friends or finances in Arkansas — is not going to go away just because of one appointment or one news conference. Neither special counsel Robert B. Fiske Jr. nor the Republicans would let that happen.

But the sense of gloom and disbelief that had enveloped the building when six White House aides were subpoenaed by Fiske has lifted somewhat, replaced by a more workmanlike approach toward climbing out of the political hole dug by more than a year of less-than-surefooted responses to Whitewater questions.

The most ballyhooed of the president's moves yesterday was his recruitment of the veteran Cutler to come out of semi-retirement to replace Bernard Nussbaum as White House counsel for the next few months. Nussbaum, with his abysmal lack of understanding of how politics and law intersect in the capital city, was forced out of his post last week after a long series of missteps.

"In this culture of Washington, Cutler is a superstar. They could not have done better for what they're seeking," said Stephen Hess, a presidential scholar at the Brookings Institution.

Ann Lewis, a veteran Democratic strategist, praised Cutler as having "both the scholar's knowledge of the Constitution and the practitioner's knowledge of how to get things done." Both were traits sorely missing in Nussbaum, an aggressive corporate attorney often blinded to political realities by his personal friendship with Bill and Hillary Clinton.

"Cutler brings his experience," said Lewis, adding that, under Nussbaum, "the single biggest problem was inexperience — not understanding the rules of Washington."

Hess was more blunt, stating Cutler "is lending the president his reputation."

But, as important as it is that Cutler is coming on board, the behavior of the president is more sig-

nificant in the long run. And, by fielding questions in a limited session Monday and a more extended forum yesterday, Clinton almost certainly helped his case.

Where he had been emotional on Monday, he was poised and relaxed yesterday. Where questions were cut off Monday, White House Press Secretary Dee Dee Myers boasted yesterday, "He took all the questions until there was nothing left out there."

Perhaps the most insightful comment by the president yesterday came when he reflected on the need to bring in an old hand like Cutler. "When we started out this administration," he said, "we had a lot of Washington experience in the Cabinet and not as much in the White House."

He added, "And I think that the culture here and the whole procedures here are quite different than they are in most any other place in the country, and I think it's something we have to be very sensitive to."

Just as he turned to a White House veteran in David Gergen last year when that inexperience got him in trouble, the call went out to Cutler this time.

But Terry Eastland, who served as spokesman for then-Attorney

General Edwin Meese III at a time when Meese was under heavy fire, warned yesterday that bringing in Cutler is only the first step that Clinton needs to take.

"He can put out edicts and he can try to get people to behave better. But there seems to be a level of arrogance on the part of the White House ... and it's a tall order to expect Cutler to change that ethos."

That, said Eastland, will only be changed if "the president sits down with his aides and talks to them, and tells them they need to be a little more humble."

That, of course, is a long-term solution. In the short term, Clinton must deal with a Republican demand for both hearings and blood and a press corps that, said Hess, is "smacking its lips over a good story."

For the first time in weeks, the GOP has been knocked off stride by Fiske's opposition to any public hearings. And Republican strategists misstepped as well by giving such a high profile to Sen. Alfonse d'Amato in his call for congressional hearings, permitting Clinton to sarcastically allude to the many past ethical allegations against the New York senator.

The San Diego
Union-Tribune

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3/10/94

With Boss Besieged, Gergen Minds Himself

By RICHARD L. BERKE
Special to The New York Times

WASHINGTON, March 9 — David R. Gergen was hired to salvage President Clinton's reputation. Now he is trying to salvage his own.

The former Republican aide who basked in accolades, perhaps overblown at times, for turning the Democrat President's fortunes around last summer has become the man most mistrusted by the most fervent Clinton loyalists in the White House. As he went underground during the heat of the Whitewater affair, apparently forsaking his role as chief White House spin doctor, the President's counselor also became the target of a whispering campaign unusual for a Presidential team that is fairly collegial by Washington standards.

Now, after weeks of keeping out of sight, Mr. Gergen has re-emerged on television and has resumed defending Mr. Clinton. But more important, the self-described knight errant of last summer, a man whose job it was to make Richard Nixon, Gerald Ford and Ronald Reagan more appealing to the public, is trying to preserve his own reputation.

When a reporter asked him for an interview on where he had been all these weeks, Mr. Gergen sought to persuade him to write about newly aggressive efforts by Thomas F. McLarty 3d, the White House chief of staff, to contain the Whitewater affair. "This is not a story," Mr. Gergen said. "The real story is Mack taking charge."

Then Mr. Gergen tried a different tack. In a demonstration of his skills at damage control, Mr. Gergen depicted his few remaining, albeit powerful, allies in the Administration. From the Vice President to the Chief of Staff and on down, they besieged a reporter with phone calls and offers for in-

terviews so they could extol Mr. Gergen's virtues.

"I think he's extremely valuable to the President," said Vice President Al Gore, "and gives both depth and breadth to the overall team supporting the President."

Mr. McLarty, who came up with the idea for the President to hire Mr. Gergen, said, "The President has felt that David was totally committed to this Administration."

Uncharitable Whispers

Despite such compliments, the questions about Mr. Gergen have been rife over the past several weeks: What happened to him? Why wasn't a veteran of the Watergate scandal front and center in protecting the President on this one?

As is always the case with Mr. Gergen, the answer is not so simple. He says that he was not included in the inner circle of Clinton aides on the Whitewater affair. His friends say the veteran campaign aides now at the White House don't trust Mr. Gergen and they shut him out.

The response (always in private) from the many White House officials who Mr. Gergen did not ask to talk about him today is not particularly kind. The most common accusations: He is not loyal to the President and First Lady. He intentionally stayed clear of the Whitewater matter. He will soon leave the White House and cash in on his connections. He leaks negative information to the press. He tries to tug the President to more moderate positions. He is a self-promoter who tries too much to get in the picture with the President (staff aides call it "pulling a Gergen").

Mr. Gergen has heard many of these charges again and again ever since he became a part of the Clinton White House. Sitting for an interview today in his favorite wing chair in his basement office, under the signed photograph of him surrounded by former Presidents Nixon, Reagan, Ford and Jimmy Carter (the only one he didn't serve), Mr. Gergen put in motion the lesson he learned so well in the Nixon White House: to dispute the attacks point by point.

What Long Knives?

Playing down the criticism as unavoidable, Mr. Gergen said: "Former member of the press, former participant in Republican Administrations, close to the so-called establishment. Three strikes and you're out."

While his friends say he is frustrated by the attacks, Mr. Gergen insists he is not. Speaking of his service for Republican Presidents, he said: "I have seen knives flash in the night that have been much longer and much more dangerous than the knives around here. It would have been foolish and naïve to come in thinking I would be a welcome player for everyone who worked their heart out for Bill Clinton in the campaign."

In a bit of self-congratulation that was also a jab at his critics, Mr. Gergen said, "The sentiment was, once we got out of the ditch, now that we're doing so well, why do we need him around?"

Mr. Gergen, who is 51, only hints at why he thinks some of his associates are out to get him. His defenders say the attacks are from younger liberals in the White House who resent that he was hired in the first place and view with disdain his position as a member of the Washington political/media establishment.

"There are a lot of liberals and a lot of 20 somethings on the White House staff who don't appreciate that a guy with his ideas is that close to the President," said Ben J. Wattenberg, a conservative Democrat who is an an-

alyst at the American Enterprise Institute. "He is much more substantive than 98 percent of journalists in Washington, and this is not true of every 20-something kid working on the Clinton White House staff."

Perhaps because he holds more moderate views than Hillary Rodham Clinton, Mr. Gergen was cut out of involvement on health care, the President's biggest domestic initiative. And Harold M. Ickes, the deputy chief of staff, who seems to have replaced Mr. Gergen as the White House's rescuer, is heading the Whitewater damage control effort.

Mr. Ickes is a liberal who is closer to the Clintons than Mr. Gergen and is well liked by aides who are not close to Mr. Gergen, like George Stephanopoulos, the senior adviser. But Mr. Gergen's detractors said that even before Mr. Ickes's arrival, Mr. Gergen was slow to involve himself in the Whitewater morass. (Mr. Gergen's backers are quick to note that he had argued for the White House to be more forthcoming on Whitewater from the start.)

Mr. Ickes angrily denied to a reporter that he was battling over turf with Mr. Gergen. But Mr. Gergen's comment about Mr. Ickes was less than effusive. "Harold and I have formed a better relationship," he said.

Delving Into Foreign Affairs

Because of his history as a Republican, Mr. Gergen also said he had taken himself out of the White House political operation during the mid-term campaign season. That has left him to spend much of his time on foreign policy and military matters, producing friction with Anthony Lake, the national security adviser.

As politically attuned as he is, Mr. Gergen has at times seemed to expose himself to criticism, as when he invited John D. Ehrlichman of the Nixon White House and Watergate fame to lunch at the White House mess last November.

"I'm not walking away from my friends," Mr. Gergen said. "The President wouldn't want me to do that." Defiant on that score, Mr. Gergen made a point to say he was having lunch today with Kenneth M. Duberstein, who was a chief of staff for Mr. Reagan.

More recently, there were rampant rumors that Mr. Gergen planned to jump ship to become Washington bureau chief for ABC News. Mr. Gergen denied that he is negotiating with ABC, and said that looking for a job while he is serving the President would pose a conflict of interest.

Mr. Gergen insists that he has no intention of departing before the end of the legislative session this year — and said he may hang on into next year. And even his detractors admit that he has been valuable in bringing perspective to the White House, and playing the role as the President's ambassador to the establishment.

Whenever Mr. Gergen does leave, he won't be welcomed with open arms into the Republican fold. Even Mr. Reagan, speaking at a recent dinner here, joked about Mr. Gergen's switched alliance to a Democratic Administration. Much like the liberals in the White House, Republicans gleefully exchange gossip about the troubles of a man who has long been a master at putting himself in a flattering light through carefully placed quotations in the newspapers.

Mr. Gergen's performance on "Nightline" Monday night was a classic display of this talent, as Republicans and Democrats sought to put their spin on his quotations. As an example, when Mr. Gergen said, "I've come out of hibernation tonight to be on your show," many people interpreted that to mean that he had nothing to do with the Administration's handling of Whitewater.

Continued on Page A20, Column 1

Treasury Deputy in Clinton Inquiry Asked White House Official's Advice

By DOUGLAS JEHL

Special to The New York Times

WASHINGTON, March 8 — Roger C. Altman, the deputy Treasury Secretary, spoke with at least one senior White House official last month about whether to recuse himself from a Resolution Trust Fund inquiry into an Arkansas savings and loan with ties to the Clintons, Administration officials said today.

The officials said Mr. Altman did not get any specific advice.

Mr. Altman's raising of that delicate issue came in one of two contacts between him and the White House about the agency's investigation that has not been disclosed, the Administration officials said.

In Congressional testimony last month, Mr. Altman, who is the acting head of the resolution trust, admitted taking part in one discussion with the White House about the inquiry. He recused himself from further agency deliberations about it the day after his testimony, which had prompted harsh criticism from Congressional Republicans.

Scores of Disclosures

As one of 10 senior Administration officials whose testimony has been subpoenaed by the special counsel investigating the Whitewater land deal, Robert B. Fiske Jr., Mr. Altman now intends to disclose the additional contacts to Congress and a Federal grand jury, the officials said.

An Administration official said the few disclosure about the two contacts were among scores of additional contacts that had been recalled by White House and Treasury aides since the disclosure of three private meetings on the status of the Federal inquiry prompted Mr. Fiske to issue subpoenas for any information about them.

While President Clinton acknowledged on Tuesday that some previously undisclosed contacts had taken place, the identification of Mr. Altman as a participant in at least two of the discussions provided the first detail about them. Asked today why Mr. Altman had not told Congress about the discussions, a Treasury Department spokesman, Howard Schloss, said, "Mr. Altman testified on Feb. 24 that he had only one substantive conversation, and he stands by that description."

Mr. Schloss would say only that in reviewing his papers in recent days Mr. Altman had "found that there may have been other conversations, but he considers them not substantive." Another Administration official sympathetic to Mr. Altman said both meetings fell under Mr. Clinton's blanket description of "incidental."

'Tell What Happened'

As the White House prepared to hand over to the special counsel a six-inch-thick stack of documents about the meetings, Mr. Fiske met with reporters today and praised the President and his aides for being "very responsive" in cooperating with the inquiry.

But an atmosphere of deep tension still prevailed at the White House, where a senior Clinton aide who met Mr. Altman and Treasury Secretary Lloyd Bentsen in a hallway today hesitated to greet them for fear that extended conversation would be construed as an official contact.

With as many as four White House aides scheduled to appear in Federal District Court here on Thursday to testify before a grand jury, Mr. Clinton described his advice to them as: "Just tell them what happened. Answer the questions and go on. Be very open."

But at least six of those who received subpoenas, including Mr. Altman, have

won permission to postpone their testimony at least until next week, lawyers involved in the case said today. Among others given permission to put off their court appearance, the lawyers said, are Harold Ickes, the deputy White House chief of staff, whose lawyer wanted more time to prepare; and Bruce Lindsey, a special adviser to Mr. Clinton, who plans instead to travel with Mr. Clinton to New York.

Aides to Mr. Clinton have said that they expect other White House officials to be subpoenaed soon, and George Stephanopoulos, the senior adviser to the President, has hired a lawyer in possible anticipation of being called.

None of the four Treasury Department officials will testify, an Administration official said, largely because the department itself is not likely to meet the Thursday deadline set by Mr. Fiske for the submission of documents sought by the special prosecutor.

But of the White House officials who were served with subpoenas last Friday, only Margaret Williams, Hillary Rodham Clinton's chief of staff, and Lisa Caputo, Mrs. Clinton's press secretary, were expected to testify on Thursday. Lawyers involved in the case said it was uncertain whether Bernard W. Nussbaum, the White House counsel who resigned last Saturday, and Mark D. Gearan, the White House communications director, would appear.

Any sharing of confidential information with the White House about the inquiry by the resolution trust into the Arkansas institution, Madison Guaranty Savings and Loan, is sensitive because a request by the R.T.C. for a criminal investigation on the topic listed Mr. Clinton and his wife, Hillary Rodham Clinton, as possible beneficiaries of improper actions by the institution. The savings and loan lies at the

center of Mr. Fiske's review of the Clintons' involvement in an Arkansas land venture, the Whitewater Development Company.

Administration officials familiar with previously undisclosed contacts involving Mr. Altman refused today to identify the senior White House aide or aides involved. While Mr. Schloss refused to comment about it, an official

sympathetic to Mr. Altman said he simply wanted to put the White House "on notice" that he was considering whether to submit to Republican calls that he recuse himself from R.T.C. deliberations about Madison Guaranty.

But that official and others acknowledged that the evidence of previously undisclosed meetings to be handed over to Mr. Fiske will prove at least

embarrassing for people like Mr. Altman.

Asked by Senate Banking Committee on Feb. 24 about "any communication" he had with the White House on the R.T.C. inquiry into Madison Guaranty, Mr. Altman described his participation in one meeting, and did not amend that account even in a follow-up letter on March 3.

THE NEW YORK TIMES THURSDAY, MARCH 10, 1994

G.O.P. Dismisses Qualms About Whitewater Hearing

By DAVID E. ROSENBAUM

Special to The New York Times

WASHINGTON, March 9 — Republicans in Congress today dismissed the concerns of the Whitewater special prosecutor that public hearings on the affair could disrupt his investigation. But the Republicans promised the prosecutor, Robert B. Fiske Jr., that if such hearings were held, Congress would not grant witnesses immunity from prosecution.

Still, after an hourlong meeting with two Republican Senators, Alfonse M. D'Amato of New York and William S. Cohen of Maine, Mr. Fiske said, "I would prefer that there be no Congressional hearings."

But Mr. D'Amato, the top Republican on the Banking Committee, said, "I think it's inevitable that there will be hearings."

In an odd role reversal, Democrats, who ignored the pleas of the special prosecutor when they wanted to hold Iran-contra hearings during the Reagan Administration, seized today on Mr. Fiske's qualms and held fast against a Congressional investigation.

At Least One Hearing

At least one day of public Congressional testimony seems bound to occur. That will be on March 24, when the House Banking Committee holds a hearing on the status of the savings and loan bailout. Republicans, seizing a chance to ask questions about the Whitewater matter, have asked 40 witnesses, including several top Administration officials, to appear.

Since the White House has promised to cooperate and since damage can probably be contained at a one-day session, the senior officials will probably testify.

But with Democratic majorities in the Senate and the House of Representatives, no full Congressional investigation can occur over their objection. Republicans are hoping they can force the Democrats to relent by accusing them of holding to a double standard when a Democrat is in the White House, but so far the public pressure has not reached the point where Democrats feel they must comply.

Mr. Fiske's arguments notwithstanding, the question of whether extensive public hearings will ever occur will turn exclusively on politics. Republicans hope to use issues involving Mr. Clinton's personal finances and the ethics of other top officials to undercut the Administration. Democrats appear willing to go to the mat to prevent that.

'Counsel of the Special Counsel'

The Senate majority leader, George J. Mitchell of Maine, was interviewed on all the television networks this morning, arguing that Congress should not rebuff Mr. Fiske.

Later this morning, at a news conference, Speaker Thomas S. Foley of Washington said: "I don't see any reason for hearings. I think we ought to pay special attention to the counsel of the special counsel, Mr. Fiske."

And after a caucus meeting of all Democratic representatives this morning, Representative Steny H. Hoyer of Maryland, the chairman of the caucus, said in an interview, "I don't know a single one who thinks hearings are needed."

After a meeting of leaders from both parties in the House this afternoon, Representative Newt Gingrich of Georgia, the Republican whip, said he did not believe that the Democrats had completely ruled out a Congressional hearing. But he said, "If we have to go to the country and talk about a cover-up Democrat Congress, we can do that, but we'd rather not."

Without strong political pressure

from outside Washington, the Democrats are unlikely to agree to a Congressional investigation.

So far, public opinion seems to be on the side of the Democrats. An ABC News poll of 525 adults taken by telephone Monday night found that only 22 percent believed Republicans were "standing up for what they think is right," while 58 percent said the calls for a Congressional investigation merely represented Republicans "trying to score political points against Clinton." The margin of sampling error was plus or minus five percentage points.

The immunity issue is important because a Federal appeals court overturned the Iran-contra convictions of Oliver L. North and John M. Poindexter on the ground that the trials had been tainted by their immunized Congressional testimony, saying the recollections of prosecution witnesses might have been swayed by the Congressional hearings.

Congress granted Mr. North and Mr. Poindexter immunity because otherwise they would have asserted their Fifth Amendment right against self-incrimination.

The Iran-contra prosecutor, Lawrence E. Walsh, warned at the time that the grants of immunity could ham-

The parties swap their stands since the Iran-contra hearings.

per his investigation. But Democrats in Congress rejected that argument, insisting, as the Republicans are now in the case of Whitewater, that a full and immediate airing of the facts should be paramount.

Mr. Fiske has also complained that Congressional hearings could lead witnesses to tailor their testimony to what others were saying and could possibly cause premature disclosure of evidence.

With that in mind, Mr. Cohen, the most experienced investigator among Republican senators, and Mr. D'Amato pledged that they would give Mr. Fiske weeks or even months to prepare his cases before they would ask for public hearings.

Mr. Fiske suggested that in a few weeks, or months at the most, he might be able to complete his investigation into the meetings of White House and Treasury Department officials on Whitewater developments. He said he would then be comfortable with Congressional hearings restricted to those matters, as long as Congress did not delve into the underlying issues of the Clintons' real estate in Arkansas and the collapse of Madison Guaranty, the savings and loan run by their partner in the real estate venture, James B. McDougal.

Mr. Fiske offered to meet with Representative Jim Leach of Iowa, the top Republican on the Banking Committee, but Mr. Leach declined, saying such a meeting would be inappropriate.

"I did not want to compromise his work, and I did not want him to compromise mine," Mr. Leach said today. He said, however, that Republican investigators working under him had turned over a material they had gathered, which he would not describe, to Mr. Fiske.

The Silent Partner

Amazingly, Tuesday was the second anniversary of the New York Times article that broke the Whitewater mess — as Whitewatergate is known to those of us who have not yet convicted the President. But it was just last weekend that the 16-year-old collision of a failed land deal and a failed S&L, a story comprehensible only with Rube Goldbergesque flow charts, became a national craze.

What changed? In substance Whitewater may have little in common with Watergate — an abuse of power by a President in office — but in form Whitewater has now started to resemble Watergate as cheerily as "Pygmalion" replays "Pygmalion."

Last week we got our first smoking gun (the meetings of White House and Treasury aides) and Saturday night mini-massacre (of Bernard Nussbaum). Not to mention subpoenas by a grand jury, shredded documents, threats of Congressional hearings and the Vice President's infelicitous talk of a White House "firewall" ("firestorm" meets "stonewall"?). Hovering above it all is Vincent Foster's suicide, far more compelling than Watergate's one mysterious fatality (remember the air-crash death of Mrs. Howard Hunt?).

Asked by The Washington Post why television coverage of Whitewater was minuscule late last year, a CBS News producer said, "It's one of the most difficult stories to explain that I've ever encountered." This week an ABC hand said why the once-impregnable yarn now leads the evening news: "Whitewater is no longer all in the past. It has a foreground set in the White House, with a clear narrative line being played out in real time. A perfect television scenario." Viewers can indeed follow the White House Whitewater drama of 1994 without even understanding the Arkansas Whitewater story of 1975.

What will hasten the narrative's end? Those of us who would like to see Bill Clinton's promising Administration get back to serious business cannot just wish the mess away, especially given the White House's propensity to "screw up" (David Gergen's spin) or "cover up" (as Mr. Integrity, the Republican Senator Alfonse D'Amato, insinuates). But one early step was suggested during the President's Tuesday news conference with his new counsel, Lloyd Cutler, when Brit Hume asked if the First Lady might hold her own Whitewater press conference.

"I think I'll let her speak for herself," was Mr. Clinton's non-reply. To which the unspoken follow-up question must be: Why doesn't she?

Hillary Rodham Clinton, after all, is among the most revered people in the country. Many, possibly most, Americans have accepted her in her precedent-breaking role as a partner in her husband's Government. And, as the week's events have made perfectly clear, she is at or near the center of nearly every Whitewater event, '78 and '94.

Since she has the political capital, the firsthand knowledge, the poise and brains to answer many of the growing list of Whitewater questions, why not do so? Especially since the health-care plan she steered hangs in the balance.

Hillary Clinton and Whitewater.

Yet Mrs. Clinton persists in ducking the press. The same counterproductive secrecy that whipped up suspicions about her task-force meetings on health care still rules. When she appeared in New York last week to tour a hospital, reporters were kept out of conversational range. Not even the subsequent departure of her mentor, Mr. Nussbaum, from Washington inspired a public word.

The press blackout is not total. Mrs. Clinton did find time in New York to have tea with gossip columnists who could be counted on not to ask about Whitewater. Last Friday she also gave an interview to Elle magazine — embargoed until April. The few vague excerpts in an Elle press release — in which Mrs. Clinton attacks her critics instead of answering them — stand as her sole comments on recent Whitewater eruptions.

Like everything else that does not parse in this mess, it makes no sense that Hillary Rodham Clinton, who has brought the job of First Lady into the late 20th century in every other respect, would follow a strictly restricted press diet more appropriate to Pat Nixon. If she were true to herself and spoke up for herself, she might put the brakes on Whitewater-Watergate analogies that increasingly leave the Administration twisting slowly, slowly in the wind.

Needed: A 'Team B'

WASHINGTON

Boris Yeltsin is in a snit. He canceled a date with Richard Nixon in Moscow because the former President dared to visit the recently freed Aleksandr Rutskoi, as well as the Communist Party chief and a motley assortment of Russian politicians, reformers, putschists and shovists, all lusting after Mr. Yeltsin's job.

"I am glad President Clinton supports this position," huffed the Russian President, apparently overinterpreting a sympathetic cluck from Mr. Clinton over the phone. To American reporters, Mr. Clinton mildly indicated otherwise.

Ironically, Clinton will have his own seeing-Nixon problem after the former President returns March 18. On one hand, Clinton sorely needs a bark-on, politically savvy assessment of the cast of characters vying for power in Moscow; a Nixon briefing would also show a Clinton interest in foreign affairs.

On the other hand, the White House spin doctors — constantly murmuring the mantra "Whitewater Ain't Watergate" — are frozen in horror at the prospect of a picture inviting wags to caption "Tricky to Slick: Try Modified Limited Hangout Route."

What to do? The split-the-difference photo op will probably be of Clinton listening intently to Nixon's report over the phone.

More important, what to do about an American policy toward Russia that has been overtaken by events? That's a subject that has been seeking a new consensus ever since December's democratic election derailed economic reform and put empire-revivalists within striking distance of power.

In a nutshell, Clinton is still zigging while Russia has zagged. We cannot talk of aid toward a market economy while Russians reject the rudiments of private property and contracts, nor sign accords about "strategic partnership" while Moscow issues stern warnings to nations reaching for NATO protection.

Nor can we reinvent the cold war, lest that quash the enlightened Russian minority's hopes for democratic progress, or lest simplistic neo-containment encourage an amalgam of nationalists, militarists and mafiosi.

The Administration that talked with such fervor about "change" now finds itself requiring basic change of early-90's changes, or at least a major course correction, but is fearful of making a historic mistake. Clinton's

Russia policy troika — Strobe Talbott and James Collins at State, Nicholas Burns at the N.S.C. — is well informed and articulate, but sticks to outdated partnership rhetoric rather than wrestle with grand theory.

To provide establishmentarians with a basic strategic fix, a cascade of heavy thinking is on the way.

1. In the current Foreign Affairs, Zbigniew Brzezinski calls for "the consolidation of geopolitical pluralism within the space of the former Soviet Union." Zbigese for balancing aid to Russia with aid to Ukraine and the other new independencies.

2. In an unnoticed but memorable speech last week titled "The Russians Are Tough Rivals, Not Partners," Senator Richard Lugar —

To reformulate Russia policy.

somebody's next Secretary of State — overcomes the present fear of line-drawing to call for "associate membership" in NATO for Eastern European states with ethnic and a timetable for full membership.

3. In a New York Times Op-Ed piece before leaving with Nixon on his current trip, Dimitri Simons urged the depersonalization of our Yeltsin relationship, and the exploration of lines to Grigory Yavlinsky, Sergei Shakhrai and even the non-reformist Viktor Chernomyrdin (New Yorker Yeltsin is in a snit).

4. In a recent 96-page report from Harvard's John F. Kennedy School, Fiona Hill and Pamela Jewett detail Russia's intimidation of neighbors in the guise of protecting its "near abroad" ethnic kin. The section on the Baltics is especially damning.

5. In Henry Kissinger's monumental book "Diplomacy" coming out April 18, the final chapter will offer his Weltanschauung of the new world order. The Kissinger course is both conceptual and specific, and today's water-treaders cannot ignore its intellectual reach and strategic grasp.

And then Nixon's "Beyond Peace" in May. With all this policy firepower incoming, would it not be a useful service to their President, for Talbott & Co. to appoint a prestigious "Team B" to suggest an alternative Russia policy to Mr. Clinton?

The Censorship Sweepstakes

School officials in California and New York, two states with supposedly sophisticated education systems, are in a race to see which can impose the more benighted censorship.

California got off to a big lead when it removed works by two Pulitzer Prize winners from a statewide English test for 8th and 10th graders. The students were supposed to read the literary selections, then write essays about them, in a major reform of the testing system designed to measure students' ability to think.

First on the chopping block was an Alice Walker story, entitled "Roselily," which describes the musings of a black woman from the South as she prepares to marry a Muslim and move to Chicago. A "Traditional Values" group denounced it as anti-religious because the Muslim man blames the woman's Christian crowd for following "the wrong God," and she thinks of his religion in the context of ropes, chains and handcuffs.

State education officials removed that story from the test. They had a fig leaf of rationalization — the test questions had been published in a newspaper and thus compromised. But officials also acknowledged they feared that controversy over the question could jeopardize the acceptance of the whole testing program.

The next whack was administered by two members of the State Board of Education who said two items should be removed or changed on grounds that verge on lunacy.

One, an Alice Walker essay entitled "Am I

Blue?" was yanked on the ground that it discussed "a particular dietary practice in political, dogmatic terms." It was, as one board member put it, "anti-meat-eating." The essay explores a woman's thoughts as she watches the unhappiness of a horse confined in a paddock; it ends with her spitting out the steak she was eating. One board member feared this would upset meat-loving students just at the time they were expected to write a good essay.

The other, a chapter from Annie Dillard's memoir, "An American Childhood," was removed because of its depiction of violence. The excerpt describes a gaggle of children, ages 7 to 10, who throw snowballs at cars and get chased by a driver who finally catches two and calls them "stupid kids." If that be violence, let's have more of it — snowballs for guns seems a good trade-off.

New York's censorship was perpetrated by local school officials, not the state. The Southampton middle school has just canceled a student production of the fairy tale "Peter Pan" because local Indians complained about references to "redskins" and "squaws" and the gibberish in the song "Ugg-a-Wugg." This is a tad more defensible than the California censorship; the Southampton children are younger and more impressionable.

Even so, the best way to deal with offensive stereotypes is to address them head on in class discussions, not duck a play that is ubiquitous in the culture — on television, in the movies, in live theater — and is, after all, a fantasy.

An Insider for Outsiders

Lloyd Cutler's arrival as White House special counsel marks the third time that President Clinton has reached for an outsider to repair damage inflicted by his inner circle of Arkansas cronies and campaign loyalists. David Gergen, a Republican who has largely disappeared during the Whitewater crisis, arrived last summer to reshape Mr. Clinton's public relations strategy; Harold Ickes, a New Yorker, came to rescue the health care plan only to be subpoenaed in the Whitewater mess.

Mr. Cutler has now been called upon to help clean up that mess. The 76-year-old Washington insider is no stranger to official quagmires. He advised Jimmy Carter when Mr. Carter's Administration had ethical problems, and served on Presi-

dent Bush's Commission on Federal Ethics Reform. He publicly chided the Clinton staff "for personal ambition and excessive zeal" during the uproar over the White House travel office.

Mr. Cutler also brings a psychic seniority that could give Mr. Clinton's operation the seasoning and direction it needs. He says he will ask senior officials to testify on Whitewater if Congress asks them to — and that all meetings between Federal agencies and White House staff members will be cleared through his office. He also promises to serve the office of the Presidency, not just the interests "of the President in office." This would be a refreshing change after months of evasiveness by the rest of Mr. Clinton's entourage.

Social Services' Little List

After an unfavorable court ruling, New York has agreed to be more careful in releasing the names of people who end up on its list of alleged child abusers. Too bad the state did not act before on its own, but its quick response should help correct a longstanding unfair practice.

The State Department of Social Services keeps a confidential list of suspected child abusers based on calls to a hot line. Within 60 days, local social service departments investigate the calls. If the complaint is unfounded, the state expunges the report. If the investigation finds "some credible evidence" to support the complaint, then the person stays on the list unless the evidence is shown to be false. The list, which now contains about 400,000 names, was originally designed to keep tabs on troubled families.

But a 1984 state law expanded its use by requiring that the names of potential employees who would work with children in schools, day care and foster care services and adoption agencies be checked against the list. Of about 90,000 such checks each year, about 1,000 names are matched.

Any person who is denied a job or loses one as a result of being on the list is entitled to a hearing, where the state has to sustain the allegation of abuse by a "fair preponderance of the evidence."

The fact that the state could put a person on the list with only "some credible evidence," but would then need a higher standard of proof for employment cases, was challenged by Anna Valmonte, a former teacher's aide living in Orange County. She made the list after slapping her 11-year-old daughter in the face. She insisted that her daughter had been caught stealing and that other forms of discipline had not worked. The state refused to remove her name, saying it didn't need to meet the higher standard, since she had not been denied a job. She sued to protect her right to future employment.

Her case was dismissed by a Federal district court last year. But last week the Federal Court of Appeals for the Second Circuit said it was unconstitutional for the state to require someone who wants to work with children to lose a job before being able to challenge the abuse registry. The court also warned that the credible-evidence standard for employment screening purposes posed an "unacceptably high risk of error."

Officials at the State Department of Social Services will now offer a hearing using the higher standard before telling an employer or agency that a prospective employee is listed in the registry. That is a reasonable way to avoid ruining someone's career and livelihood unjustifiably.

Mr. Stark's Race Backward

Representative Pete Stark, a California Democrat, heads the **House** subcommittee in charge of Medicare. So it comes as no surprise that his idea of health-care reform is to shove as many Americans as possible into Medicare, making him czar over an industry almost as large as the Italian economy.

But while Medicare-for-all might be the right prescription for Mr. Stark, it is the wrong reform for the rest of us. Medicare has demonstrably failed to control costs and provide first-rate care. Building reform on the Medicare model would send health care careering in the wrong direction.

Mr. Stark would open Medicare — the Government plan that pays hospital and doctor bills for the elderly — to the uninsured of any age. The new program, which he calls Medicare Part C, would charge premiums to cover its costs. That is unlike existing Medicare, which charges enrollees only 10 percent of their medical cost (a fact that explains the program's popularity among the elderly).

Mr. Stark rejects the reforms of Mr. Clinton and Representative Jim Cooper of Tennessee, which are designed to control costs by forcing large health plans to compete against one another. He would, instead, attempt to control costs by slapping price controls on doctors and hospitals. That is the system that Medicare uses now. And it fails. Medicare costs spiral out of control because while Wash-

ington can control prices, it cannot control volume — how many office visits, tests and procedures doctors provide patients.

The Stark plan is dismayingly backward-looking. Price controls, he proposes, would be based on how much Americans have spent in the past on individual health services. But in a system in which, as studies show, perhaps one-third of expenditures are wasted, such a calculation would lock in bad practice.

Medicare's fee-for-service coverage, which reimburses doctors for nearly anything they do, rewards doctors and hospitals for providing unneeded procedures. In attempting to control that problem, Washington has been forced to impose incomprehensibly complex regulations. The result is a system that does not constrain costs and drives providers toward procedures that patients do not need but that involve risk.

A better way to achieve high-quality, affordable health care is the creation of integrated networks of doctors and hospitals that are paid a fixed annual fee for taking care of enrollees. That way doctors have incentive to keep patients healthy, with ample doses of preventive care, and to weed out unwarranted procedures. That is the approach adopted by Mr. Clinton and Mr. Cooper. Mr. Stark wants to push health care back to the past.

Whitewater Scandal Hunters Come Up Short

To the Editor:

"Slovenly White House Ethics," your Feb. 27 editorial on the Whitewater matter, proves it is possible to hyperventilate on no oxygen at all.

The Clinton Administration hardly needs to be "educated" on "the normal protocols of governance." It is rather you who need a crash course on journalistic ethics. In a Jan. 11 editorial, you simultaneously acknowledged that there was "no specific charge against the President and Mrs. Clinton," yet called for the appointment of a special counsel nevertheless. You accused this Administration of ethical lapses — the same Administration that imposed the toughest set of government ethics regulations in a generation. The accusations against the President and the First Lady are ludicrous and almost beneath response. Almost.

Despite the hysterical innuendo of your Feb. 27 editorial, the basic facts of the Whitewater matter are well known by now. In 1978, the Clintons and two business partners bought 230 acres of land in northern Arkansas. Four years after this investment, James McDougal, the partner who managed Whitewater Development Company affairs, purchased Madison Guaranty Savings and Loan. The Clintons were never borrowers, owners, directors or officers of Madison Guaranty (although Mrs. Clinton briefly represented it in 1985).

Ultimately, the Clintons sold their stake in Whitewater and suffered a loss of more than \$68,000. When was the last "scandal" in which the key issue was not how much money the participants made, but how much money they lost? It is a measure of the Alice in Wonderland logic of Republicans and New York editorials that the Clintons have been chastised for not taking an extra tax deduction in this situation (they had deducted more than \$40,000 of these losses as interest payments). Surely, this is the first time in history a political figure has been criticized for not taking advantage of a tax loophole.

The whole Whitewater controversy is being used by the political opposition as a weapon to attack an Administration that is attempting to grapple with the real problems facing real people in America. Fair enough: politics is politics.

The Clintons, understanding that the forces of the status quo will stoop to anything to derail positive change, acknowledge when it's better to fight

another day. They are cooperating fully with the special counsel.

Has the Clinton team really taken the nation "back to the sham ethics of the early Reagan Administration"? Ed Meese, Rita Lavelle, Anne Burford, James Watt, Michael Deaver, Charles Wick, Ray Donovan, John Fedders, Louis Cordia, Michael Cardenas, Wesley Plummer, Louis Giuffrida — the list goes on, but nothing in the Clinton Administration compares with this "Hit Parade of Sleaze."

What is "just about tapped out now" is not the Clinton Administration's deposit of public trust, but rather the patience of the American people for scandalmongering without a scandal.

JAMES CARVILLE

Washington, March 4, 1994

The writer, a political consultant, directed Bill Clinton's 1992 campaign for President.

Partisan Politics

To the Editor:

Your Feb. 27 editorial inaccurately implies that I oppose a full investigation of the failure of Madison Guaranty Savings and Loan and its dealings



Knickerbocker

with the Whitewater Development Company. You also suggest that I am myopically defending the Clinton Administration. At no time in the Senate Banking Committee's hearing on the Resolution Trust Corporation did I defend anyone's actions. I stated several times that there are legitimate questions that need to be answered.

But I also made it clear that a partisan, political hearing is not the proper venue. Such a hearing could jeopardize the work of Robert Fiske, the independent counsel, a lifelong

Republican who was nominated by President Bush to be second in command at the Justice Department.

My primary concern is to prevent damage to the prosecutor's ability to carry out a full, fair and independent investigation. I stated this several times during the hearing, although you did not report it. Congress has proved it can interfere with and bumble investigations. Oliver North, John Poindexter and others had their convictions overturned because of conflicts that arose from the Congressional hearings into the Iran-contra affair. Mr. Fiske shares this concern.

At the hearing, I also expressed my belief that the partisan attacks appeared especially hypocritical in light of past Republican opposition to renewing an independent counsel statute and to extending a statute of limitations on recoveries against savings and loan wrongdoers. Moreover, they have asked not one question about the 193 failed savings and loans, which cost taxpayers much more than Madison.

Another concern is the apparent Republican apathy to larger issues in the savings and loan bailout. Not a single Republican member of the Senate Banking Committee bothered to attend a key hearing last September with five hours of testimony by 13 Resolution Trust whistleblowers, who described the agency's massive problems in excruciating detail. This reinforces the perception that there is little to the professed concern about Madison beyond the partisan intention of inflicting injury to a Democratic President and First Lady for matters that were not Federal, but state-regulated, and that took place before they entered the White House.

While you have focused on a single savings and loan, Madison, a number of us have tried to engage in oversight of Resolution Trust's handling of hundreds of failed institutions, most of them far more costly to taxpayers. Billions of dollars are being wasted at the Resolution Trust, and I have recommended steps to stop the financial hemorrhaging.

Your newspaper might consider deploying some of its investigative resources to exploring the reasons for the collapse of the Resolution Trust's ability to sue savings and loan wrongdoers in Texas, at a cost to taxpayers that would appear to be in the billions of dollars.

JOHN KERRY

U.S. Senator from Massachusetts
Washington, March 1, 1994

Talks Don't Sway Fiske On Hearings

Whitewater Counsel Repeats Objections After Sessions on Hill

By Helen Dewar and Ann Devroy
Washington Post Staff Writers

Special counsel Robert B. Fiske Jr. told Republicans yesterday he strongly opposes congressional hearings on any aspect of the Whitewater affair until he completes his probe of whether the White House intervened improperly in governmental investigations of the case.

After meeting with key Republicans and Democrats in the mounting controversy over congressional hearings on Whitewater, Fiske reiterated his objections to hearings on grounds that they could complicate his probe. "I would prefer that there be no hearings," he said.

But Fiske said he could live with hearings on White House aides' meetings to discuss the Resolution Trust Corp.'s investigation of Madison Guaranty Savings & Loan, a failed Arkansas thrift with ties to President Clinton and Hillary Rodham Clinton—so long as they do not begin until he completes that phase of his investigation.

As Fiske was meeting with leaders on Capitol Hill, the White House, Treasury Department and 10 senior administration officials subpoenaed by the special counsel were struggling to meet today's deadline for producing documents required by the subpoenas.

Senior White House officials said evidence of additional contacts between Clinton aides and Treasury officials involved in the Madison matter was found but described them as being primarily contacts generated by news inquiries or "hallway conversations." But one official with direct knowledge of the additional contacts declined to characterize them at all, saying those who were doing so had no firsthand knowledge because "that is closely held by only a couple people."

The White House and Treasury were warned by Fiske and his associates not to characterize the material turned over because to do so would be seen by the special counsel as an impediment to a full inquiry. White House staff secretary John Podesta, in charge of the search for Clinton documents because his office is the repository of them, would not even say if presidential documents are involved.

See FISKE, A28, Col. 1

■ Whitewater probe leaves Treasury's Altman in limbo. Page B10

FISKE, From A1

The White House had braced for a public relations disaster today, anticipating the en masse appearance of 10 senior Clinton administration officials before a federal grand jury. But the grand jury schedule became a more stretched out operation when most of the officials were granted delays because of conflicts in their own or their lawyers' schedules or for other routine reasons, they or their attorneys said yesterday.

But at least two members of Hillary Clinton's staff are scheduled to make appearances today and perhaps one or two of the other White House officials. All the Treasury officials reportedly have delayed their appearances until later this month. But the White House and Treasury plan to have officials deliver all documents sought by the subpoenas to the grand jury this afternoon.

Fiske, appointed after Republicans put pressure on the president, is investigating the Clintons' interest in the failed Whitewater land development venture in Arkansas and its

"He's asked us not to interfere.... I think we should respect his wishes."

— Sen. Donald W. Riegle Jr. (D-Mich.)

ties to the Madison S&L, including whether the Clintons benefited from questionable Madison transactions. He also is looking into the July suicide of former deputy White House counsel Vincent Foster and a series of White House meetings in which senior aides discussed a criminal referral from the RTC to the Justice Department that mentioned the Clintons' involvement with Madison.

Fiske said the White House is being "very responsive and cooperative" in the probe and estimated that his inquiry into the White House meetings would take "weeks, perhaps not more than a few months."

"We would have no objections to congressional hearings at that point so long as something can be done to protect against having the contents of the RTC referrals [to Justice] themselves coming out at those hearings," Fiske said. But, he added, "I do not think we've reached an agreement."

White House officials, directly and through surrogates, have appealed to Democratic congressional leaders to hold firm against hearings, sources said. One official said the White House believes if it can get through the next week without further revelations, pressure on Democrats to accede to hearings will abate.

Congressional hearings, even limited ones, would continue the drumbeat of media coverage of the Whitewater issue. "We are never going to get back to talking about what we want to talk about if everything is consumed by hearings on this on the Hill," said one administration official.

Sens. Alfonse M. D'Amato (R-N.Y.) and William S. Cohen (R-Maine) said after their nearly hour-long meeting with Fiske in D'Amato's office that they believed an ar-

rangement can be worked out so hearings can be held without complicating Fiske's probe.

They said they had assured Fiske that they would oppose granting immunity to witnesses, as Congress did in Iran-contra hearings, contributing to the reversals of several criminal convictions. The senators also said they would support allowing Fiske to call any witnesses before the grand jury prior to those witnesses' testimony on Capitol Hill and would back giving Fiske "sufficient latitude and time" to develop his case.

"We have assured the special counsel we can conduct our oversight hearings... in a manner that will not deter or preclude him from exercising his responsibilities," said D'Amato, ranking Republican on the Senate Banking, Housing and Urban Affairs Committee, who has led the fight for hearings—over strong Democratic objections.

While House Republicans are pressing ahead with calling 40 witnesses to testify at a March 24 oversight hearing on the RTC, hoping to turn it in to a forum on Whitewater, Democrats have objected to broader hearings, claiming they would thwart the special counsel's probe that Republicans themselves had demanded.

Democrats expressed strong doubts whether Fiske's probe could be shielded adequately in hearings ostensibly restricted to just part of the case.

Senate Majority Leader George J. Mitchell (D-Maine) said in an interview there is no realistic way to prevent a member of Congress from asking a question potentially damaging to Fiske's probe.

Senate Banking Committee Chairman Donald W. Riegle Jr. (D-Mich.) said he opposes hearings until Fiske could say they "raise no risk to the rest of my investigation." Riegle said he did not sense in his conversation with Fiske that the special counsel wants hearings of any kind. "He's asked us not to interfere.... I think we should respect his wishes in this area," Riegle said.

D'Amato said he believes public opinion would make hearings inevitable, and Cohen, while stopping short of suggesting inevitability, said he believes it is "not going to be politically possible" for Democrats to avoid them indefinitely.

While neither the American people nor Congress "wants to see the president nor the First Lady unfairly pilloried or the presidency paralyzed," Cohen said, "a cloud is gathering over the president that has to be removed, the sooner the better."

In the House, Rep. Jim Leach (R-Iowa), who is seeking to call Whitewater-related witnesses before the March 24 oversight hearing, said he declined an invitation to meet with Fiske. "I did not want to compromise his work, and I did not want him to compromise mine," Leach said, adding that he and Fiske have "two totally different responsibilities" in the Whitewater affair.

Leach also said that in the last three days he has turned over to Fiske "a substantial amount of material that will be very helpful to the special counsel's investigation."

Staff writers Kenneth J. Cooper and Sharon Walsh contributed to this report.

Clinton Welfare Task Force Proposes Time Limitations for Subsidized Jobs

By William Claiborne
Washington Post Staff Writer

An administration task force on welfare reform has agreed on measures to prod former recipients to leave subsidized or community service jobs and get work in the private sector as soon as possible.

The task force proposes to cut off welfare benefits to young adults after two years and force them to work—and the overall proposal envisions subsidized jobs if no private positions are available.

The purpose of the newly proposed “disincentives” for remaining in the

subsidized jobs, administration officials said yesterday, would be to discourage extended participation in costly programs designed as temporary, last-resort solutions to unemployment for people coming off welfare.

From the beginning, the welfare reform group has said its purpose has been to wean people off welfare and into private-sector jobs, even if they are entry-level positions paying the minimum wage of \$4.25 an hour.

As it is, the task force has estimated that the vocational training and job placement portion of President Clinton's welfare reform proposal could

cost federal and state governments about \$7 billion.

The total cost of overhauling the 59-year-old Aid to Families With Dependent Children (AFDC) program is estimated at \$14.8 billion.

Maintaining large numbers of former welfare recipients in subsidized, community jobs for long periods of time could bankrupt the welfare system and jeopardize gains made in other areas of welfare reform, officials said.

Under the welfare reform plan, which President Clinton is expected to submit to Congress early next

See WELFARE, A13, Col. 1

Private Jobs Favored for Ex-Welfare Recipients

WELFARE, From A12

month, recipients who are able to work would be limited to two years of cash assistance, during which they would receive vocational training, education and job placement services.

Recipients who fail to find jobs during the period, would be enrolled in a planned work program, which would refer them to private-sector jobs or, if none are available, place them in publicly funded community service jobs.

To make the jobs more attractive, the program would offer expanded earned income tax credits, child-care subsidies and health care benefits. During an initial phase-in period, the cut-off would apply only to parents receiving welfare who were born in 1972 or later. About 1.2 million par-

ents out of the 4.5 million recipients of AFDC would initially be affected.

Recommendations made to the Cabinet last weekend called for limiting the duration of state-subsidized jobs—12 months was suggested. After that the person would be expected to look for unsubsidized work in the private sector.

The problem of time-limiting subsidized jobs, senior task force members said, is what to do when individuals reach the limit. One strategy, according to a working paper presented to Cabinet members, would be to conduct evaluations of the former welfare recipients to determine if they should be sent back to job training.

The task force also recommended denying earned income tax credits for wages earned in subsidized jobs,

which officials said would provide a powerful incentive for participants to move from community service jobs into unsubsidized jobs. Under the administration's expanded tax credit program, the \$4.25 minimum-wage is equivalent to \$6.25 an hour.

The task force also agreed that refusal to accept a private sector job when one is available should result in termination of benefits under the planned “work for wages” part of welfare reform.

A final “disincentive” would gradually reduce the federal reimbursement to the states the longer people continued receiving benefits under the subsidized work program. This would encourage the states to move people into private sector employment, officials said.

Altman Awash in Whitewater

Prospects for Treasury Official Now Are in Limbo

By Clay Chandler
Washington Post Staff Writer

The heat generated by the furor over the White House's handling of the Whitewater matter has singed the wings of one of the Clinton administration's highest fliers: Deputy Treasury Secretary Roger C. Altman.

Until last week, Altman, a gung-ho former Wall Street investment banker who has known President Clinton since their days at Georgetown University, was revered—and feared—as one of the most formidable players on the Clinton team.

During the administration's first year Altman built up a tremendous store of goodwill with the president and Hillary Rodham Clinton as well as other core members of the president's team for championing key legislative proposals on budget policy, health reform and trade, and he was regarded as a cinch for future promotion.

But now Altman's prospects hang in limbo. The

ALTMAN, From B10

ing” and does not “foresee any circumstance under which that would occur,” a senior Treasury official said last night. “There is no hint or smidgen that” Altman did anything wrong, the official said.

White House officials scoff at the notion that Altman has fallen from grace. “Nobody here is counting Roger out,” said one senior official. “He's still very much a force.”

The White House officially rallied to his defense yesterday. “The president has full confidence in Mr. Altman,” Press Secretary Dee Dee Myers told the Reuter news service. Clinton believes Altman “is carrying out his various duties exceptionally well.” And Altman appeared in the Oval Office with Clinton, Vice President Gore and Treasury Secretary Lloyd Bentsen to promote a tax break for the working poor.

Altman's troubles began last month when he disclosed to the Senate Banking Committee that he gave Nussbaum

special counsel charged with investigating the Whitewater case has slapped Altman and three current or former Treasury officials with subpoenas, Republican lawmakers are calling for his head and Wall Street swirls with rumors that his days at Treasury are numbered.

At a U.S. Chamber of Commerce breakfast yesterday, Sen. Don Nickles (R-Okla.) suggested that Altman resign.

“I see Mr. Nussbaum has resigned,” Nickles said, a reference to White House counsel Bernard Nussbaum, who announced his departure from the administration this week following criticism over his meetings with Treasury officials, including Altman, in connection with the Whitewater case. “Well, what about Mr. Altman? . . . If there were somebody who was acting improperly, it's him. Why hasn't he gone?”

Altman has “no intention whatsoever of resign-

See ALTMAN, B12, Col. 1

ing out how the Resolution Trust Corp., which Altman then headed, might proceed with potential civil claims connected with Madison Guaranty Savings & Loan, a defunct Arkansas lender with ties to a real estate venture in which the Clintons had a stake.

At the time, one of the main potential claims involved Madison's legal representation by Hillary Clinton and her firm, the Rose Law Firm.

Altman has said he discussed procedures for civil fraud cases in a generic way at the meeting but did not discuss the details of the Madison investigation. He has acknowledged the meeting showed poor political judgment but has denied any wrongdoing.

The disclosure provoked criticism from Republican lawmakers, who assailed Altman for abusing his authority.

Altman was to have appeared before the grand jury today, but the date has been postponed, possibly to Tuesday, to allow officials to search for documents that might relate

Shredding Date Uncertain, Rose Firm Employees Say

By Sharon LaFraniere
Washington Post Staff Writer

LITTLE ROCK, Ark., March 9—Two employees of the Rose Law Firm said today that in late January they shredded documents from the files of Vincent W. Foster Jr., a former Rose partner and deputy White House counsel who committed suicide in July. But they said they were not certain when they destroyed the papers or whether the documents dealt with anything of interest to special counsel Robert B. Fiske Jr.

Jeremy Hedges, 20, and his roommate, Clayton Lindsey, 19, have become small-time celebrities in the past two days after describing to the New York Times and ABC News how they shredded the contents of a box labeled with Foster's initials in the law firm's basement. Students at the University of Arkansas at Little Rock with part-time jobs as couriers for the Rose firm, they have been interviewed by Fiske's investigators, and Hedges has testified before a federal grand jury about the incident.

Hedges said in an interview today he believed the shredding took place after Fiske was appointed Jan. 20 to investigate the Whitewater real estate venture partly owned by President Clinton and his wife and the circumstances of Foster's suicide. "We're pretty sure he had been [appointed]. I mean, I knew his name and I couldn't think of any other reason I would know his name other than hearing it on the TV and the radio," Hedges said.

But he added, "It's very likely it could have been some of Vince's files that were completely unrelated to the investigation. I've said that from the beginning. I don't know what it was."

Ronald M. Clark, the firm's managing partner, did not respond to inquiries for comment today. In previous interviews, Rose lawyers have said the box involved contained old documents related to internal workings of the firm, including minutes of partnership meetings and financial statements. Clark said a clerk assembled the box while clearing out space for a lawyer moving from one office to another.

Fiske's interest in the incident is evident from the subpoenas he issued last month. According to Lindsey, who is scheduled to appear before the grand jury Tuesday, at least two other Rose employees have testified besides Hedges: the office manager, Kathy Harris, and Ricki Stacy, the employee in charge of closed files.

Hedges said Rose law clerk Elise McShane called him to pick up a box of documents to be shredded sometime in late January. The outside of the box was labeled VWF, and it contained at least five or six files that were clearly Foster's, he said. Both Hedges and Lindsey, who took over the task after 30 minutes, said they remember files

labeled "VWF correspondence," "VWF pleadings," "VWF notes."

Hedges said he glanced at several documents and saw Foster's signature but no mention of Whitewater or Madison Guaranty Savings & Loan, the failed thrift also being investigated by Fiske. Lindsey said he paid little attention to the documents.

On Feb. 9, the Washington Times, quoting an unnamed Rose employee, said the firm had shredded Whitewater documents that related to the Clintons, who were partners with James B. McDougal in the venture. Two days later, Clark met with the firm's six couriers to inform them that FBI agents would be interviewing them the next day, according to Hedges and Lindsey.

Hedges said, "Ron Clark said basically, to tell the FBI everything we knew. Don't hold back anything. Don't think we have to protect the firm, or anybody in the firm."

When Hedges said he had shredded some of Foster's files about three weeks earlier, Jerry Jones, a Rose partner who attended the meetings, responded skeptically, according to Hedges. He said Jones asked him, "Do you know for sure? . . . I don't want you to assume something you didn't know."

Hedges said that when he insisted the files were Foster's, Jones asked him if he knew what the documents pertained to, then advised him, "Don't assume they had anything to do with the investigation."

The Rose firm began routinely shredding documents—a common practice at many firms—during the 1992 presidential campaign. Rose officials said they wanted to keep confidential client information out of the hands of the news media.

Since last month, the firm has been assembling a roomful of documents to turn over to Fiske, who served the firm with an extensive subpoena. The special counsel's wide-ranging investigation includes events related to Foster's apparent suicide last summer. Foster, Hillary Rodham Clinton and Associate Attorney General Webster L. Hubbell were Rose partners before the 1992 election.

Fiske's office is looking into a wide array of entities and individuals with ties to Madison, including some also with ties to the Rose firm. Madison was a Rose client, and the law firm is known to have handled at least some minor legal work involving Whitewater.

Foster worked on personal financial matters for the Clintons. Shortly before his death, Foster had prepared three years of back tax returns for Whitewater Development Corp. and sent them to McDougal, the Clintons' partner in the real estate venture. Foster also had handled the December 1992 sale to McDougal of the Clintons' interest in Whitewater.

Staff writer Susan Schmidt in Washington contributed to this report.

THURSDAY, MARCH 10, 1994 THE WASHINGTON POST

FINAL

Michael Kinsley

About Those Meetings: What's the Problem?



BY T. GIBSON

Pardon me for asking, but what exactly was wrong with those three meetings between Treasury and White House officials over Whitewater? President Clinton has conceded that "it would be better if the meetings . . . had not occurred," which is beyond dispute. The White House also seems to have decided, wisely, that there is nothing to be gained by even trying to defend the meetings' propriety. But the question remains whether there was anything actually improper about them, and the answer is far from obvious.

To be sure, the Whitewater saga stinks in many ways. And it's conceivable that conversations took place in these meetings that were illegal or unethical, though there is no evidence they did. But the mere fact of these meetings is what pushed the Whitewater through some invisible media barrier into Watergate territory. Why?

It is not good enough to say the meetings were wrong because they created "an appearance of impropriety." That is a familiar ethical cop-out. How things appear, after all, is largely determined by the press coverage itself. To say something may be portrayed as ethically wrong because it appears to be wrong is circular reasoning. The job of journalists is to bring appearances in line with reality, not bring reality in line with appearances.

A small box in the New York Times—the only serious effort I've seen to explain what was actually wrong with the meetings—cites two regulations of the Resolution Trust Corp. (the bank regulatory agency of which Deputy Treasury Secretary Roger Altman was acting head). "One requires that Federal employees work on matters in which the Government has an official interest." As a general principle, that is unobjectionable. But as a case against these meetings, it's a joke. We surely are not having this enormous

fuss over the possibility that Treasury officials were distracted from their other duties for an hour or two.

"The second" apposite regulation, according to the Times, "requires that officials act with complete impartiality. If, for instance, it is standard practice for regulators not to inform people when cases are referred for criminal inquiry, then it may have been improper for Treasury officials to have briefed officials representing the Clintons." Here we get to the heart of the matter. Did Clinton, by dint of these meetings, get some kind of unfair special treatment?

All these meetings were between government officials. The Clintonites claim—and there is no evidence to contradict them—that the purpose of the meetings was to help in the performance of official functions: dealing with press inquiries, and so on. There are all sorts of legitimate reasons the White House might need to be aware of the status of criminal investigations. For example, the Justice Department apparently reviews the guest lists for presidential social functions and alerts the White House if one of the guests is about to be indicted. Perhaps that is improper, but no one has ever raised a fuss about it.

The difference about these Whitewater meetings, of course, is that they involved matters in which Bill and Hillary Clinton, as private individuals, are entangled. Was President Clinton, by dint of his official position, gaining access to information about the status of an investigation that Private Citizen Clinton would never have been entitled to? In fact, the notion that officials of federal agencies never meet with lawyers for potential subjects of their investigations, or tell them the status of such investigations, is simply mistaken.

I spoke with several lawyers who have worked

on both sides of federal criminal investigations in the financial area. I put to them the circumstances of the most controversial Whitewater meeting: the Sept. 28 briefing of White House counsel Bernard Nussbaum by Treasury general counsel Jean Hanson. Would it be unthinkable for a lawyer for a federal agency to meet with the lawyer for a private individual, and to inform the private lawyer that the matter he was concerned about had been referred to the Justice Department for criminal proceedings and that his client was identified as a "potential beneficiary" but not an investigative target?

They all agreed that, far from being unthinkable, such situations arise all the time. The document itself called a "criminal referral"—officially transferring the case from the agency to the Justice Department—is confidential. But investigators and prosecutors might have any number of reasons to hold a meeting and report the status of the case. It might be to start the process of settlement, or to hear the other side informally, or just to let someone know he's off the hook. Whatever. But there is certainly no rule against such meetings.

Watergate comparisons are everywhere. The Wall Street Journal refers to "a series of meetings that recall President Nixon's widely condemned meddling into the workings of independent agencies." Oh, please. Just one small corner of Watergate involved the president himself trying to use the Federal Communications Commission to silence his media critics. (Watergate tapes, Nixon to John Dean: "The [Washington] Post is going to have damnable, damnable problems out of this one. They have a television station.")

Now that's what I call a coverup.

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Richard Cohen

Her Own Worst Enemy

An old joke goes like this: "He's his own worst enemy," one man says to another about a third person. "Not as long as I'm around," the second person replies. Change the gender, reverse the joke, and you have Hillary Clinton when it comes to Whitewater. She says the Republicans are her own worst enemy. Not as long as she's around.

The other day, the First Lady gave an interview to *Elle* magazine in which she blamed the Republican Party for all the hoopla about Whitewater. She called the GOP's efforts "a well-organized, well-financed attempt to undermine my husband, and by extension, myself, people who have a different political agenda or have another personal and financial reason for attacking us." She talked about "the wildest kind of paranoid conspiracies" and alleged a GOP attempt "to find a way of undermining me."

Hillary!

That note of exasperation comes from an admiring corner, my own. But the suggestion that Whitewater is nothing more than a polluted river with its headwaters at the Republican National Committee is contemptuous of the American people. If anyone has threatened the Clintons's "political agenda," it is the Clintons themselves. For some reason—arrogance, a sense of victim-

ization, the need to hide something—they have refused to look the public in the eye and give candid responses to certain questions.

I happen not to be a Republican. I have voted for those fellows only rarely and never on a presidential level. (I would have voted for Lincoln, though.) And watching Rep. Newt Gingrich (R-Ga.) and Sen. Alfonse D'Amato (R-N.Y.) suddenly emerge as the indignant champions of political purity brings to mind the crack someone once made about Doris Day: "I knew her before she was a virgin." Yet, this duo is right: Something about Whitewater smells.

So as a non-Republican favorably disposed to the Clintons, let me ask some questions: Was the Madison Guaranty Savings and Loan used to illegally or unethically funnel money to Clinton's 1984 gubernatorial campaign? If so, did either of the Clintons know what was happening? Did the Clintons actually lose money on their investment in Whitewater Development, a company they formed with James McDougal, the head of Madison, and if they did why didn't they take a tax writeoff—as they did with Bill's old socks?

Did Bill or Hillary Clinton know that McDougal, their pal and business partner, was running his S&L right into insolvency? Did Hillary Clinton, then a partner in Little Rock's Rose Law Firm, know the abysmal condition of Madison when she represented it before a state regulatory commission as it was seeking to keep its doors open? Was it ethical for Mrs. Clinton to represent Madison before a state agency headed by a person appointed by her husband?

Were the files found in Vincent Foster's White House office after his suicide concealed because they were irrelevant or because they were both

relevant and suggestive? Did the Rose Law Firm shred Whitewater-related files Foster left behind when he moved to Washington? And, last, was Bernard Nussbaum, the recently resigned White House counsel, a political klutz or was he doing what his clients—the Clintons—wanted?

These are all legitimate, even obvious, questions. You don't have to be a Republican to ask them. But there is a further question which, strictly speaking, has nothing to do with Whitewater. It has to do with the fiction Mrs. Clinton created that appearances are secondary to feminism. She wanted very much to be her own person—not a mere cookie-baking spouse tethered to the governor's mansion but a career woman. This is an aspiration I respect.

But Arkansas is a small state. At its center was the Rose law firm. Mrs. Clinton took no income from the firm's dealings with state agencies, but her name on its letterhead undoubtedly sent a message to prospective clients. She was, in other words, a rainmaker—possibly a reluctant one but one nonetheless.

She could not really be just another lawyer.

Her tendency to see her own motives as pure but to impeach those of others—partisan, sexist or whatever—is not one of Mrs. Clinton's attractive qualities. The assertion of purity is not the same as purity itself. And just as she could not see that, no matter what, in the eyes of others she was always the governor's wife, she might not now see that Whitewater is not a smarmy partisan attack on her but a legitimate inquiry. Not for the first time, she apparently lacks the perspective to see the situation as it is to others. Until she gets that perspective, she—not the GOP—will be her own worst enemy.

The New Newt

House Republicans seem more interested in seeking unanimous agreement with one another than in clearly challenging President Clinton, thanks in no small part to a very surprising source: erstwhile GOP pit bull Newt Gingrich.

Gingrich, unopposed to be elected leader of his party in the House next year, is seeking a health care bill that very nearly every one of the 176 Republican members can support. That means endorsing President Clinton's prerequisite of "universal coverage." On another issue, in order to avoid defection on the party's House budget by liberal Republicans, Gingrich acted to exclude rich parents from a proposed pro-family tax credit.

All this projects a new Newt, who, now that he hears the top of the ladder, looks more and more like the prototypical congressional Republican leader.

Traditionally, when the GOP is out of the White House, its liberal fragment becomes the least common denominator for setting the party's policy, which as a consequence tends to mimic the Democrats.

Gingrich, the most innovative House Republican in the past decade, has not undergone an ideological transformation at age 50. Rather, he is evincing a lust for intraparty consensus that previously did not obsess him.

He is after passage by the House of a health care bill supported by nearly every Republican and perhaps 60 Democrats. That is viewed by some of Gingrich's own Republicans and nearly all Democrats as a preposterous scenario. But in furtherance of that goal, Gingrich must support universal coverage. He is urging Rep. John Kasich, who also advocates universal coverage,

to draft a new bipartisan bill to muddle differences between the parties.

At last week's GOP health retreat in Annapolis, Sen. John Chafee, the liberal chairman of the Senate GOP health task force, repeatedly stressed support for universal coverage. That went unchallenged, save for Sen. Paul Coverdell, the freshman from Georgia, who commented that universal coverage means "government management" and "a new entitlement." Gingrich was in Chafee's corner at Annapolis.

The case of the family tax credit is an even more graphic revelation of the new Newt. In seeking the best bottom line in their new budget proposal, green-eyed House Republican budget writers were not much interested in providing tax relief for hard-pressed American families.

Kasich, the top Budget Committee

Republican, told me he "always had in mind" such a tax break. But when his draft came out with a \$100-per-child credit, the pro-family lobby said that was so puny it was not worth fighting for. Accordingly, the credit was raised to \$500. But two senior and liberal Republicans on the Budget Committee—Christopher Shays of Connecticut and Olympia J. Snowe of Maine—screamed bloody murder. They deplored the idea of rich people with children getting a tax break, expressing fear that the entire Republican budget would not be deemed "fair."

Kasich capitulated, saying no family earning over \$40,000 could get the credit. The pro-family groups protested that this distorted their intent, and the income cap was raised to \$200,000. When the issue came before the full House Republican Conference, an over-

House Republican Conference, an over-

outs majority wanted to remove the income cap. But Gingrich would not permit a vote that would split his troops. Thus, the otherwise admirable Republican budget was marred by a ludicrous provision that saves little money but panders to political "fairness," Gingrich told me this was purely "transactional," explaining: "It was an effort to get votes and keep my team together."

That was chilling, considering what might be expected from a Minority Leader Gingrich. Any time the facade of Republican unanimity might be endangered, he could upstage the liberals by executive dictate. Loss of Republican principle on socialized medicine and redistribution of income should make voters wonder: Why not get the real article from the Clintons?

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MARY McGRORY

Buoying Haiti in Whitewater

If ever there was a man who needed to change the subject in a hurry, it is President Clinton. His feet are permanently wet from Whitewater, and the Republicans are crowing that he will drown in it.

He needs to do something different. He needs a situation where he would be in control, where he could present himself as a forceful and, yes, moral leader. A decisive and forceful commander in chief, a man of compassion who is showing the world that the United States keeps its promises and does the right thing by fragile democracies that have been hijacked.

Haiti offers him the chance to do all that. Haiti is a wonderfully clearcut case of good vs. evil. The people currently in charge are the bad guys. Jean-Bertrand Aristide, the Catholic priest who was overwhelmingly elected president in a totally certified contest, is the good guy, although the CIA and the State Department have done all they could to demonize him.

In a breathtakingly bizarre reversal, the Clinton administration has demanded that Aristide form a coalition with the killers who have murdered 3,000 Haitians since they drove Aristide out of the country in a 1991 coup. U.S. officials signed an accord with all parties at Governors Island last July, agreeing to restore Aristide and democracy. But Clinton made the fatal error of leaving Lt. Gen. Michel Francois and Lt. Gen. Raoul Cedras in place during the transition.

U.S. policymakers have contented themselves with applying porous sanctions that hurt the poor more than the rich. Resolution in Haiti now requires the use of force, thanks to a blunder of reverberating symbolism the president himself approved—the retreat of the USS Harlan County from the harbor of Port-au-Prince. The mighty ship, which brought a team of police-trainers and peacemakers, turned tail because of a smattering of screaming bullies on the dock. It's the perfect metaphor for the policy. Aristide appointed a prime minister, Robert Malval, who was thwarted from taking power as members of Parliament were systematically intimidated, and all marks of democratic government were erased.

No mess, no question, but a country he is compared with Sen. Alfonse M. D'Amato (R-N.Y.), a recent target of the Senate ethics committee, who has been born again as a bargain-basement

Savonarola and who yaps on the Senate floor at Hillary Rodham Clinton; very heaven compared with subpoenas, shreddings, summonses and the prospect of congressional hearings, not to mention the fulminations of Rep. Newt Gingrich (R-Ga.) and Sen. Robert J. Dole (R-Kan.), who hurries along to keep up with his foaming brethren.

Clinton has no allies on the Haiti policy, which involves once again keeping the colonels in place until they feel like leaving. In a Senate hearing room the other day, the nicest thing four loyal congressional Clintonians, testifying in impassioned terms on U.S. policy toward Haiti, could muster was that the president is out of the loop. They appeared before Sen. Christopher J. Dodd's subcommittee on hemispheric affairs. Dodd, the Connecticut Democrat and Peace Corps alumnus, had criticized the Ronald Reagan approach to the Caribbean, had expected better things of Clinton.

"My sense is this is not a presidential decision," said Dodd, as if Clinton, because of his known aversion to foreign policy, was exonerated.

Rep. Charles B. Rangel (D) of Harlem said, "I hope and pray my president doesn't even know what is going on . . . I don't know who is doing all these things."

Apparently, it is the State Department exhibiting once again its childlike faith that the military will bring stability to the situation. Lawrence A. Pezzullo, State's special envoy for Haiti, opposed the tighter sanctions Aristide requests, wants to keep the heat on Aristide to pick a prime minister and make peace with the thugs, in exchange for returning to power one fine day.

Rep. Joseph P. Kennedy II (D-Mass.) said the important thing is for U.S. officials to show that "we are willing to take swift and sure action." Sen. Tom Harkin (D-Iowa) agreed. Harkin pointed out that Cedras and Francois had every reason to wait out Washington—Aristide's term ends in one year and eight months.

The president could get the country's attention by taking on the bullies. He could also serve democracy and justice. Pragmatic reasons for moving abound. Consider merely the chance of making Haiti habitable for Haitians, thus averting the danger of a tidal wave of poor refugees. And, of course, modest military action, with the whole country cheering, could show him in a situation he could control. Who knows, it might even shut up Al D'Amato.

George F. Will

●unctured Moral Vanity ✓

One Whitewater puzzle is this: Why have the Clintons been so ruinously resistant to revealing everything about what probably are, at worst, dealings too minor and complicated to arrest the nation's attention, and concerning which a political statute of limitations has expired because an election has intervened? The answer may be: Revelation would disarm an administration dependent on sowing moral disdain for opponents. That is, Whitewater may be trivial, other than as a deflator of moral pretensions.

The Clintons regard disparagement of the 1980s as a means of dominating the 1990s. Their problem was to justify "reversing Reaganism" in spite of Reaganism's results—93 consecutive months of growth, 19 million more jobs, surging exports, declining inflation and interest rates.

Statistical criticism would not suffice. It was the new jobs were low-skill jobs, but the Bureau of Labor Statistics disagreed. It was said Reagan years widened income inequalities, but the widening began in the 1970s, slowed after growth resumed in 1983, and was mostly an effect of education differentials in an increasingly knowledge-based economy. So statistical criticism of Reagan's years yielded to moral disdain for "the decade of greed."

The sensibility of the 1960s, the Clintons' formative years, featured intellectual conceit and moral vanity. Both are on display in the Clintons'

health care plan, a huge act of condescension that presupposes that personal freedom must be severely restricted to produce rationality and punish avarice.

Vanity is what children of the 1960s learned in college, when professors and other adults who liked the younger generation's politics said it was a singularly moral generation. Taught that their sincerity legitimized their intentions, the children of the 1960s grew up convinced they could not do wrong. Hence the Clinton administration's genuine bewilderment when accused of ethical lapses. It is a theoretical impossibility for people in "the party of compassion" to behave badly because good behavior is whatever they do. Bad behavior is whatever Ed Meese did.

Whitewater may involve unseemly grasping and corner-cutting and indifference to proprieties while pursuing money. Hence the intense resistance to revelation: It threatens the politics of moral preening, a political style increasingly problematic for the Clintons.

Webster Hubbell, formerly Mrs. Clinton's law partner and currently third-ranking official in the Justice Department, is under investigation concerning possible overbilling of clients, such as the federal government. Moralists trained by Mrs. Clinton to sniff the faintest whiff of greed may worry about Hubbell's bill for 180 hours of work for one agency in August 1990, including work on 20 consecutive days, including weekends.

Suspicious people, their suspicions attuned to Mrs. Clinton's example as a greed-detector, may recall the acceleration of her payout from her law firm, from January 1993—which would have been the firm's normal payout—back into December 1992. Was she evading the tax increase her husband had not yet publicly discovered was necessary?

People watching Mrs. Clinton worry about the greed of pharmaceutical companies may—their

moral senses quickened by her example—worry about her participation in ValuePartners. That investment group suddenly and sharply increased its "selling short"—betting on the decline of—stocks in pharmaceutical companies when President and Mrs. Clinton were castigating, and threatening to punish, such companies.

People inspired by Mrs. Clinton's denunciation of other people's motives may wonder why the Clintons did not put their assets in a blind trust until July 1993. Other recent presidents did so before taking office. Ascribing base financial motives to other people has become, thanks partly to the Clintons, evidence of moral vigor, so some will suspect that the person handling the Clintons' affairs had trouble getting the numbers about their holdings to square with tax filings and other disclosures made during the Arkansas years. That person was Vince Foster.

Now, all these suspicions may be unfair, but they are condign punishment for the Clintons. Such suspicions flourish in the accusatory climate the Clintons have cultivated by ascribing disreputable motives to their opponents. Mrs. Clinton is still hard at it, telling *Elle* magazine that her critics' motives are political or personal or "financial." Of course. There can be no honorable disagreement with a child of the 1960s. Her husband told the slowly resigning—next month—Bernard Nussbaum that this is a time when "serving is hard." Democrats control the executive branch and Congress, which on Jan. 20 last year experienced a sudden reduction of interest in oversight of the executive branch. What, then, is so hard?

Perhaps it is hard serving in a climate of moral posturing of the sort that fueled the Clintons' rise to power. If the outcome of Whitewater is a diminution of their moral vanity, the episode will have been a blessing.

Bargaining for Georgia

BY HIS contribution to peacefully dismantling the Soviet empire, former Soviet foreign minister Eduard Shevardnadze earned enduring American regard. But whether he can win American support in his current role as president of Georgia—he seeks U.N. peace-keepers to rescue his war-devastated nation—is another matter.

His focus is a separatist movement that, apparently supported by Russian elements, took over Abkhazia and expelled all Georgians. To survive the resulting chaos, Mr. Shevardnadze had to make major concessions to Moscow, including provision for a Russian military presence. Now he seeks peace-keepers to help bring to closure a negotiated agreement by which Abkhazia, for autonomy, would return to the Georgian fold.

Mr. Shevardnadze is a desperate man and a bargainer. He understands Washington's aversion to the thought that Russia would exploit Georgia's vulnerability to reestablish itself as an imperial power. Further, he is aware of the terms that Washington has laid down for approving peace-keeping by Russia in its "near abroad"—that Georgia consent and that Russia follow U.N. rules. He says that to save Georgia he would accept Russian troops

as peace-keepers, with U.N. blue helmets if possible, without if necessary.

The alternative he holds out to Washington is for it to organize a broadly based peace-keeping force that would save a place for Russia but would not leave Russia in control.

From its hard first year of peace-keeping, the Clinton administration concluded it should keep its head down. It shrinks from exposing U.S. soldiers to combat; it is paying its peace-keeping bill at a rate due to put it a billion dollars in arrears. Nonetheless, Mr. Clinton offers to pay "some" of the cost of "a good, balanced U.N. troop force mix"—a mix not to include American forces. He dispatched the Georgian to Capitol Hill, there to advise wary legislators that if they want to stop Russia from restoring its old empire, they had best overcome their reluctance to crank up yet one more difficult and no doubt expensive U.N. operation in yet another forsaken corner of the world.

Georgia sits in the southern tier (Caucasus-Central Asia) of the former Soviet Union, a swath low on the list of American geopolitical priorities. The United States has been helping with humanitarian aid. But support for peace-keeping has its place too.

Congressional Hearings on Whitewater Still Seem Likely Despite Pled by Fiske

By PAULETTE THOMAS
And ELLEN JOAN POLLOCK

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — The likelihood of congressional hearings into the Whitewater affair increased despite Special Counsel Robert Fiske's efforts to persuade lawmakers that the public sessions could thwart his own investigation.

Meanwhile, top Clinton administration officials prepared to testify today before a grand jury in Washington that is looking into the Whitewater matter.

Mr. Fiske received encouragement from two Senate GOP leaders, Alfonse D'Amato of New York and William Cohen

Altman's Role in the Affair

Deputy Treasury Secretary Roger Altman has been widely viewed as Treasury secretary-in-waiting. But next week, he is to appear before a grand jury looking into the Whitewater affair to answer the old Watergate question: What did he know and when did he know it? And, just as important, what did he do about what he knew? Article on page A20.

of Maine, that Republicans might agree to delay any congressional hearings at least until Mr. Fiske finished the first phase of his inquiries.

That phase centers on three White House and Treasury meetings on a pending Resolution Trust Corp. investigation into a failed Arkansas thrift whose former owner was once a business partner with the Clintons in Whitewater Development Co. Those meetings also are the subject of today's grand jury proceedings.

Mr. Fiske came away with no ironclad commitments on delaying the hearings, but Sen. D'Amato, one of President Clinton's most vocal critics on Whitewater, did assure the special counsel that Congress wouldn't grant immunity from prosecution to any witnesses called to testify. Congress granted immunity to leading witnesses in the Iran-Contra hearings, which greatly complicated prosecution efforts in subsequent trials.

In the House, leaders of both parties met without reaching agreement over how to proceed with a Banking Committee hearing set for March 24. The savings-and-loan cleanup law requires periodic oversight hearings on the RTC. House Republicans, led by Iowa Rep. James Leach, have vowed to use the forum to pursue Whitewater queries, over Mr. Fiske's objections. Rep. Leach has listed 40 witnesses he wants to question, but none has been officially notified of the hearing. A committee spokeswoman last night denied a news report that the hearing has been postponed.

As Whitewater ramifications consumed official Washington, a new Wall Street Journal/NBC News poll finds that more Americans perceive the Whitewater affair as a Beltway political squabble than as evidence of any misconduct by Mr. Clinton. The poll, conducted last Friday through Tuesday, found that 34% believe the issue is being used against the president for political purposes, while only 16% think Mr. Clinton committed financial wrongdoing. But a plurality, 41%, say they don't know enough to have an opinion.

The poll found approval ratings for Mr. Clinton have fallen since the previous Journal/NBC poll in January. Some 55% of the 1,503 adults surveyed approve of the president's job performance, down from 60% in January; 47% view him positively, down from 55% in January. Hillary Rodham Clinton, the president's wife, is viewed positively by 47%, down from 51%

two months ago.

In the meantime, the RTC has begun an audit of Rose Law Firm legal bills. Yesterday, three auditors from the RTC's inspector-general's office met with Rose representatives in Little Rock for the first time.

The RTC will audit all Rose bills to ensure there wasn't any overbilling and that all work is documented. Assistant Inspector General Sharon Vander Vennet said the review is being handled as a routine audit except that "we're going back a little bit longer than we normally do."

The RTC auditors will spend roughly six weeks at the firm. It will then take about three months for the RTC to compile its report.

The Rose firm has been conducting its own review of former partner Webster Hubbell's legal bills, including some for the RTC. The firm hasn't commented on overbilling allegations against Mr. Hubbell, now a top Justice Department official. Ronald Clark, Rose's managing partner, would say only that the firm hadn't reached any conclusions in its review.

The Rose firm also was struggling with allegations concerning the destruction of a box that may have contained files of Vincent Foster, former White House deputy counsel. A courier for the firm in Little Rock said he shredded documents that had belonged to Mr. Foster after the special counsel was appointed to look into Mr. Foster's death and the Whitewater controversy.

In an interview in Little Rock, Jeremy Hedges said he shredded documents in file folders marked with Mr. Foster's initials in late January. Mr. Hedges said he believes the shredding occurred after Mr. Fiske was appointed special counsel on Jan. 20, because by then he was aware of Mr. Fiske's name.

"There is no reason I would have known his name before," explained Mr. Hedges. The timing of the shredding is of particular importance to Mr. Fiske, who is looking into any apparent effort to impede his investigation.

Another Rose courier, Clayton Lindsey.
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who helped shred the contents of the box bearing Mr. Foster's initials, said "I'm not positive" about the date of the shredding. In a telephone interview, he said: "I think it might have been [after Jan. 20], but I'm not sure."

Mr. Hedges testified before a grand jury in Little Rock last month. Mr. Fiske's staff also has interviewed five other couriers, their supervisor and a building supervisor for the Rose Law Firm. In addition, Rose's Mr. Clark was questioned about the shredding when he testified

before a grand jury in Little Rock last month.

Mr. Clark said that two file clerks interviewed by the firm disputed Mr. Hedges's account of what documents were shredded. Mr. Clark said the file clerks say there weren't any file folders in the box. He said that a lawyer who shuffled through the contents agrees, and that the firm still has the file folders that once contained the papers shredded. Mr. Clark, who wouldn't identify the file clerks, said the shredded papers were Rose financial statements, recruiting correspondence and other internal papers.

"There is a difference in fact," said Mr. Clark. "I can't explain the difference."

Mr. Clark said the firm had anticipated getting subpoenaed even before Mr. Fiske was appointed and had operated under the "assumption that it would be improper to destroy any document related to this investigation." He said the firm has been gathering and preserving documents for investigators since late 1993, and had "backed up every computer, every hard drive, in this building."

The White House also prepared to turn over six inches of documents subpoenaed by Mr. Fiske, who praised the White House for being "very responsive and cooperative." Ten White House and Treasury Department officials had been subpoenaed to appear before a grand jury in Washington today. However, many of the officials have been granted a delay. President Clinton yesterday instructed his aides to "just tell them what happened" when they appear before the grand jury. "Be very open."

—Michael K. Frisby also contributed to this article.

Probe of Mrs. Clinton's Stockholdings Is Sought by 81 GOP House Members

By CHRISTI HARLAN

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Some 81 Republican members of the House asked the Office of Government Ethics to investigate Hillary Rodham Clinton's holdings in an investment partnership that sold short several health-care stocks early last year.

Mrs. Clinton, wife of President Clinton, has been a limited partner since 1986 in ValuePartners I, a hedge fund managed by Smith Capital Management of Little Rock, Ark. Among other investors in partnerships sponsored or managed by Smith Capital was James McDougal, former chairman of the failed Madison Guaranty Savings & Loan Association and former business partner of the Clintons in Whitewater Development Co., the Republicans' letter said.

A 1986 financial statement for Mr. McDougal and his wife, Susan, lists among their assets Whitewater Development as well as three separate interests in unspecified "Value Partnerships," totaling \$142,060. The statement was obtained by The Wall Street Journal.

'Appearance of Impropriety'

Mrs. Clinton's investment, held at the same time she headed the presidential task force on health-care reform, "constitutes the appearance of impropriety and conflict of interest," said the letter signed by Louisiana Rep. Robert Livingston and 80 other representatives.

Mrs. Clinton's interest in the hedge fund was disclosed last May in filings with the ethics office. At the time, a White House representative said that Mrs. Clinton "has no input, communication, review, oversight or control over the investments that the fund makes." The representative

couldn't say for certain that Mrs. Clinton was unaware that her money was invested in medical-company stocks.

Rep. Livingston and his co-signers cited Mr. McDougal and other, unidentified friends of Mrs. Clinton who were participants in Smith Capital investments as people who were in a position to inform Mrs. Clinton that ValuePartners I was selling short health-care stocks.

Six Reports to Investors

In addition, the letter said, Smith Capital issued at least six reports to investors in its partnerships in 1992 and the first six months of 1993, reporting its short sales of health-care and pharmaceutical stocks.

Hedge funds, such as ValuePartners I, are aggressive investment pools that can buy stocks with borrowed money and can sell stocks short — that is, borrow shares and sell them at current prices in anticipation of replacing them at lower prices.

"At the time that Ms. Rodham Clinton's actions caused the drop in the prices of these stocks, her personal investment in ValuePartners I, of which she had repeated notice, was intentionally structured to profit from price declines in pharmaceutical company stocks," the letter said.

Placed in Blind Trust

The fund, and other of the Clintons' holdings, were placed in a blind trust last July.

Rep. Livingston and his colleagues previously asked the Securities and Exchange Commission whether it was investigating the short sales of ValuePartners I. The commission, as is its policy, responded that it could neither confirm nor deny the existence of an investigation.

House Banking Panel Clears Measure Allowing Nationwide Branch Networks

By ALBERT R. KARR

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The House Banking Committee approved legislation that would let banks operate nationwide branch networks.

The committee voted 50-1 for a bill to remove the remaining restrictions on banks' ability to form unified branch networks across state lines. Two weeks ago, the Senate Banking Committee unanimously cleared a similar nationwide banking bill, and the legislation's opponents conceded that Congress seems certain to enact it this year.

The committee approved the measure after a pair of 34-16 votes rejecting amendments dealing with service to the poor and minorities. One would have required banks applying for approval of interstate-branch acquisitions to maintain or improve banking services in local communities, especially low-income or minority neighborhoods; the other sought to ensure that banks provide basic, low-cost services for poor people.

New Freedom

Michelle Meier, a lobbyist for Consumers Union, one of a number of groups fighting the legislation, said it will "dramatically change the traditional relationship between consumers and their banks." While federal policy has been to limit bank size with curbs on interstate branching, the bill will give banks new freedom to collect deposits in one community and use them to fund loans across the country, making it "even harder" for consumers in slow-growth areas to get loans, Ms. Meier said.

But banking committee members argued that a stronger banking system that is more diverse geographically can better withstand blows like the credit crunch of the late 1980s. Like the Senate panel, they avoided any attempt to restrict the ability of nationwide banks to sell insurance. That

kind of restriction had been a persistent obstacle to interstate banking, because major banks opposed giving up insurance sales as the price of gaining nationwide banking.

The measure still must be passed by the Senate and the House, and the minor differences in the two bills must be ironed out. But Ed Yingling, a lobbyist for the American Bankers Association, said the House committee's action "should put this bill on the fast track toward enactment. He said it "succeeds in balancing the needs of bank customers, existing state law and the long-term best interests of both large and small banks," without "throwing all kinds of unrelated baggage aboard."

The bill would, over three years, allow banks to create coherent national networks, moving into new states only through acquisitions.

The lone vote against the measure came from Rep. Bernard Sanders, the Vermont independent.

Small-Business Loans

The House panel also voted 46-5 to make it easier for banks to package small-business loans into securities and sell them to investors. The Senate Banking Committee late last year passed a broader bill that would also encourage the development of a private secondary market for small-business loans.

By voice vote, the House panel approved a measure intended to open foreign financial markets to U.S. firms. The bill would strengthen the ability of federal regulators to curb the activities of foreign financial-service firms if those companies' host nations don't open their markets to U.S. institutions. A similar bill has cleared the Senate.

The House committee also passed by voice vote a measure that would tighten controls on use of the U.S. banking system to launder money.

THE WALL STREET JOURNAL THURSDAY, MARCH 10, 1994

Altman Admits to a 'Piece of Awful Judgment' In Arranging Meeting at White House on RTC

By DAVID WESSEL
And MICHAEL K. FRISBY

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—Deputy Treasury Secretary Roger Altman, the acting chief of the Resolution Trust Corp., this week opened a meeting of the agency's oversight board by saying, "Usually I say how happy I am to be here. That's a little harder right now."

For the past year, President Clinton's college chum has been widely considered to be Treasury secretary-in-waiting.

But next week, he is scheduled to appear before a grand jury looking into the Whitewater affair to answer the old Watergate question: What did he know and when did he know it? And, just as important, what did he do about what he knew?



Roger Altman

In an interview, Mr. Altman pleads guilty to "a piece of awful judgment" — arranging a Feb. 2 meeting at the White House at which he says he gave the White House a "heads-up" on RTC procedures — but nothing more. But Republicans are openly skeptical that that is all Mr. Altman did.

"It does not meet the test of reasonableness," says New York Sen. Al D'Amato. "If they just needed information he could have sent a perfunctory letter." He charges that Mr. Altman's briefing was "for political considerations," either to boost himself or help the White House strategy in dealing with the crisis.

All this is deeply embarrassing to the 47-year-old former Carter administration official and investment banker, who until now has enjoyed a golden reputation as a sharp economic mind with considerable political savvy. "This is a pretty traumatizing experience," says Mr. Altman. "It's very difficult for your family. My children [ages 10, eight and five] are old enough to read the newspaper, and you have to

explain it to them."

More broadly, it points up some of the risks in Mr. Clinton's habit of appointing such old friends as Mr. Altman, Deputy Secretary of State Strobe Talbott and health-care guru Ira Magaziner to high-level jobs. "These people will feel they have a special relationship," says Fred Greenstein, a presidential scholar at Princeton University. "It clouds the lines of authority."

Brookings Institution political scientist Thomas Mann adds that the inherent conflict between career civil servants and political appointees "is complicated further when there is a sense of personal relationships."

In Mr. Altman's case, the problems were further exacerbated by his dual role as both deputy Treasury secretary and acting chief of the RTC, the agency formed partly to go after those who looted the savings and loan industry. The Bush Treasury, eager to avoid getting sucked further into the S&L mire, convinced Congress to establish the RTC as an independent entity, with an oversight board on which the Treasury secretary sits. But Mr. Altman's dual role obliterated the distinction.

Mr. Altman didn't want the RTC job; he hung Mr. Clinton's March 1993 letter of appointment in the small bathroom off his office. Now, he says: "Hindsight is always perfect. But holding two jobs is probably a mistake."

Although he is Treasury Secretary Lloyd Bentsen's deputy, Mr. Altman spends so much time at the White House — he is there three times a day, by his account — that he is a de facto member of the White House staff. His sudden decision last week to announce that he was recusing himself from any further involvement with the Arkansas savings-and-loan matter both startled and angered the White House, which at that point was hoping that the worst of the controversy was past.

Altman Gives His Account

White House press secretary Dee Dee Myers said, "The president has full confidence in Roger Altman." Mr. Bentsen hasn't elaborated on a statement — issued

while his aides were huddling about what he should say — that he didn't know about any of the meetings his aides had with the White House.

Meanwhile, Mr. Altman offers this account of his behavior:

Last fall, in his capacity as acting head of the RTC, he learned that the agency was contemplating referring to the Justice Department for possible criminal prosecution a case involving an Arkansas thrift that mentioned Bill and Hillary Rodham Clinton.

He didn't tell Secretary Bentsen, the president or the first lady, he said in the interview. He says he didn't learn until late last week that Treasury General Counsel Jean Hanson had warned White House Counsel Bernard Nussbaum on Sept. 29 of the RTC's plan to seek a Justice Department investigation. (The formal referral was made Oct. 8; the first press reports appeared Oct. 31.) Nor, Mr. Altman says, did he know that Treasury staff met again with Mr. Nussbaum on Oct. 14. Among the other participants at that meeting was Mr. Bentsen's chief of staff, Josh Steiner, who until August had held the same job for Mr. Altman.

This year, Mr. Altman disclosed to the Senate Banking Committee last week, he told White House Chief of Staff Thomas McLarty that he wanted to come over to explain the procedures the RTC would follow in pursuing a civil case given that the statute of limitations was about to expire. Working from talking points prepared by Ms. Hanson, who accompanied him, Mr. Altman says he did just that in the Feb. 2 meeting with Mr. Nussbaum, Deputy Chief of Staff Harold Ickes and Margaret Williams, Mrs. Clinton's chief of staff.

"I'd describe it as a 'heads-up' and a very stiff conversation," Mr. Altman told the Banking Committee last week. In a subsequent letter to the committee, he said, "There was no discussion whatsoever on the substance. . . . That's because I have never had, nor have, any knowledge of the substance."

Ms. Hanson — who worked closely with Mr. Altman, often joining him for his twice-a-week staff meetings at the RTC — sat behind Mr. Altman at the Banking Committee hearing, but he says she never told him that there had been other meetings between the Treasury and the White House. He says he didn't learn of them until reporters began inquiring last week. Ms. Hanson didn't return a reporter's call on the matter.

A Similar Case Holds Lessons

This isn't the first time the White House has dabbled in a thrift issue involving the first family. In a book published last year, former Federal Deposit Insurance Corp. chairman William Seidman recounted how, during the Bush administration, the FDIC's chief counsel relayed to thrift regulators a question from White House counsel Boyden Gray about whether there was any way to move the case against the president's son Neil Bush, the director of a failed Colorado thrift, from the administrative process into the courts. After regulators complained to the Treasury inspector general, the FDIC official was reprimanded and his bonus withheld.

"The entire incident is of no consequence," Mr. Seidman observed, "except for what it can teach us about how Washington works and the ill-advised knee-jerk response that is too often caused by White House requests."

Mr. Altman says he hasn't read the Seidman book.

—Paulette Thomas contributed to this article.

THE WALL STREET JOURNAL THURSDAY, MARCH 10, 1994

REVIEW & OUTLOOK

Who Is Patsy Thomasson?

Despite subpoenas for six other White House aides and the departure of the counsel and the Fiske-D'Amato meeting, Patsy Thomasson made it back into the news yesterday. The New York Post's Christopher Ruddy reports that three anonymous White House sources put her at the middle of a "cats and dogs" scramble to find the combination to Vincent Foster's safe the night of his death.

Ms. Thomasson is director of the White House's Office of Administration, which handles personnel, payroll and computer matters—and, Mr. Ruddy reports, safe combinations. The officer in charge of security was out of town, but the safe was eventually opened in the wee hours of the morning, his sources say, and documents were removed and sent to the Clinton's personal lawyer, David Kendall of Williams & Connolly. Yesterday, White House Chief of Staff Mack McLarty told reporters that to the "best of his knowledge" there was no safe in Mr. Foster's office: "I don't think there was a safe, as I understand it." Experience with this administration forces us to inquire what Mr. McLarty understands as a safe; previous members of the counsel's office say it always used to have one. For that matter, even explicit White House denials look thin after one of them was directly contradicted by President Clinton's admission that he knew about White House contacts with regulators over Whitewater matters.

Ms. Thomasson is best understood as the White House Waldo. It was previously understood that she, Bernard Nussbaum and Margaret Williams, Mrs. Clinton's chief of staff, did visit Mr. Foster's office the night of his death. Ms. Thomasson was also at the crucial six-hour meeting on May 15 with the FBI and Associate White House Counsel William Kennedy III that led to the firing of the White House travel office's staff four days later. In October, she appeared before a House Appropriations subcommittee to discuss a General Accounting Office report that criticized the White House for lax personnel policies, including retroactive pay raises, dual payments and the backdating of forms.

This hearing, in turn, led to an extended campaign by Rep. Frank Wolf, a Virginia Republican, over clearance procedures for White House passes, the coveted identification cards that allow wearers to roam the White House halls and receive top secret briefings and documents. He noticed that Ms. Thomasson still had only a temporary pass, and asked why.

She replied that she was about to get a permanent pass, but when a Wolf aide checked back near the end of January, she still had only a temporary pass. Ms. Thomasson said that her pass was ready and she would pick it up on January 31, the next Monday; but on February 4, Ms. Thomasson again said her pass "was supposed to have been issued today," but that she "didn't get down to pick it up." When Rep. Wolf's aide called again on March 2, Ms. Thomasson denied she'd ever said she had been approved for a pass. Ms. Thomasson, who didn't return a phone call, may indeed finally have received a permanent pass last Friday, when subpoenas started arriving. This would be after 14 months, vs. the FBI's 45-day target for new employees.

Rep. Wolf's extensive correspondence has been highly instructive. White House Chief of Staff Mack McLarty rebuffed his letters asking for information on White House security procedures and the proliferation of temporary passes in the hands of FOB. He wrote that the list of pass holders is confidential. One letter added that "during the Reagan Administration, the Office of the Legal Counsel of the Department of Justice opined that the White House has authority to accept the services of volunteers, and that these persons may be paid by outside sources." The Congressman's requests for a copy of this opinion went unanswered (we have some vague recollection of a flaplet about the funding of inaugural balls).

Mr. Wolf did determine, however, that the ultimate decisions on White House passes rests in the office of the White House counsel. And that it is being handled there by Mr. Kennedy, the former Rose Law Firm partner reprimanded in the Travelgate affair. Mr. Wolf wrote, "I would like to take this opportunity to express my opinion that this is not the right man for this highly sensitive position."

Since Ms. Thomasson is an old Arkansas FOB, we doubt that the delay on her pass was due to Mr. Kennedy. We suspect that instead it had something or other to do with her past association with another Arkansas FOB, bond trader and drug convict Dan Lasater. She worked for Mr. Lasater when his business prospered from handling \$664 million in Arkansas bond contracts, and ran his affairs for two years after his conviction on drug charges.

Rep. Wolf doesn't think his questions on security procedures have been answered, especially in the wake of the Aldrich Ames CIA spy scandal. He sits on a House Appropriations subcommittee where Ms. Thomasson is scheduled to testify on March 22. When that's over, we expect that who she is will not be much of a mystery.



Patsy Thomasson

THE WALL STREET JOURNAL, THURSDAY, MARCH 10, 1994

Aides testify in probe today

Yeltsin snubs Nixon for meeting foes

By Gary Fields
USA TODAY

An angry Boris Yeltsin refused Wednesday to meet with former president Richard Nixon because of his talks with opponents of the Russian leader.

"He has come to Russia and has met with such people ... while he was coming here to meet with me!" Yeltsin said.

Nixon had talks with several hardliners, including Alexander Rutskoi, who led the armed resistance against Yeltsin's leadership in October.

Nixon adviser Dimitri Simes said Nixon was "puzzled" and disappointed, but "he is a big boy and he has had his share of disappointments in his life, some of them much more serious than this one."

President Clinton said Wednesday he talked to Nixon before he left and said he'd "be interested to hear his reports when he got back."

Neil Weissman, director of Russian Area Studies at Pennsylvania's Dickinson College, said the rebuke is expected.

He said Yeltsin might think "this may informally signal a shift in American support."

49% agree with GOP that Whitewater hearing needed

By Richard Benedetto
USA TODAY

Most people aren't sure President and Mrs. Clinton did anything wrong in the Whitewater affair, even as the first administration aides go before a federal grand jury today.

A USA TODAY/CNN/Gallup Poll taken Monday and Tuesday finds 49% favor congressional hearings to get more information out; 43% don't.

"We don't really have enough information," said Bill Pinkernell, 68, a retired state worker in York, Pa. "And in our country you are innocent until proven guilty."

The public is split, 43%-43%, on whether Clinton is managing Whitewater properly.

And 51% said the issue is not relevant to his ability to serve as president; 42% said it is.

The poll of 1,023 also finds:
► 51% are now closely following the story; 49% are not.

► 55% find the key issues, which center on finances of a land investment and failed Arkansas S&L, confusing.

Margin of error: 3%.

Clinton Wednesday said he told aides "to be very open" before a grand jury looking into possible meddling in the probe.

Spokeswoman Dee Dee Myers said a stack of related documents will also be turned over.

The White House said the Clintons are awaiting developments to decide whether to go on a TV newsmagazine show.

Meanwhile, congressional Republicans continue to press for hearings on the affair.

Special prosecutor Robert Fiske, who said the administration has been cooperative, asked Republicans to hold off until he completes his inquiry.

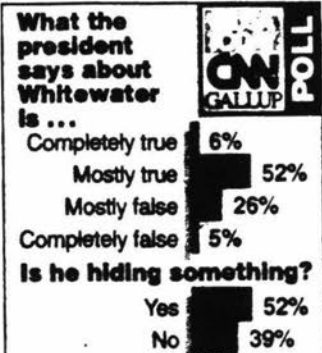
Sen. Alfonse D'Amato, R-N.Y., said on PBS' MacNeil/Lehrer Newshour that the GOP would wait until June.

D'Amato said Fiske "indicated he should wrap" the first phase of his probe by then.

Hillary Rodham Clinton, whose own Whitewater role is under fire, was on Capitol Hill for a health-care session.

She waved to reporters hoping for comment about Whitewater. "I never knew there was so much interest in health care," she quipped.

► Favorable marks hold, 6A



Harassment in military unpunished

By Steve Komarow
USA TODAY

Four women, each representing a branch of the armed services, say sexual harassment didn't end with Tailhook.

The women told the House Armed Services Committee Wednesday that harassment on the job was matched by the retribution after complaints were filed.

"I am convinced that, despite the rhetoric, the Navy will not tolerate those who report sexual harassment," said Lt. Darlene Simmons.

Simmons, a Navy lawyer, said the "zero tolerance" policy backfired when she complained about her supervisor and, at one point, she was kept in a psychiatric ward. Also:

► Former Army Pvt. Pamela Klemm reported a sexual-innuendo barrage. She later got bad performance reviews and was forced out.

► Air Force Sgt. Zenaida Martinez tape recorded harassing phone calls, but "soon found myself the focus of the official inquiry."

► Marine Staff Sgt. Carol Fuehrmann, sobbing, said her plans for a career with the Corps were ruined by the acquittal of her tormenter.

Committee chairman Rep. Ron Dellums, D-Calif., said it might be time to "radically restructure" the system to hear cases "independent of the military chain of command."

Fishing's livelihood at risk

By John Larrabee
USA TODAY

BOSTON — Hundreds of New England fishermen and their families rallied at the Massachusetts Statehouse Wednesday to protest proposed fishing regulations.

"I'm barely making it now," said Scott Mulrenin. "What we used to catch in two days, it takes us five days to catch now."

The federal government says North Atlantic fishing grounds are being over-

The New England Management Council under court order to de-

vis a plan to rebuild stocks.

Fishermen say restrictions will destroy them. Gov. William Weld has sought federal help for thousands who could lose homes and boats.

Wednesday's rally caps two weeks of protests. Captains have docked more than 400 boats and brought the industry to a virtual standstill.

They concede overfishing is a problem, but say pollution also is to blame.

And on the West Coast, officials are considering banning salmon fishing for the first time ever.

► Industry founders, 9A

COVER STORY

Close ties ^{AI} with Clintons have a 'price'

50-partner firm stays busy despite a flood of rumors and rumblings

By Tony Mauro
USA TODAY

With each passing day, the Rose Law Firm of Little Rock sounds more and more like the Bendini firm of Memphis — fictional focus of John Grisham's best seller, *The Firm*.

Couriers' stories this week of hastily shredded documents. A former partner's mysterious death. Other part-

ners circling the wagons. Ties to the now-infamous Whitewater and Madison Guaranty Savings & Loan scandals.

That has all painted Hillary Rodham Clinton's former law firm as the epitome of the political "Mr. Fix-It" firm that every medium-sized town can claim.

The problem with that image is that it was never true — until the firm got caught up in the Washington feeding frenzy that is feasting on the Clintons' Whitewater dealings.

Now, Rose is beginning to battle back.

"Why would we take sensitive documents and turn them over to a 19-year-old courier?" asks partner Allen Bird II, who laughs off the suggestion that relevant Whitewater documents were shredded by the firm in recent weeks — a possible criminal offense. "We've never been accused of being stupid. If I really wanted to hide something, I'd be up

COVER STORY

'Exasperation by carload'

Continued from 1A

there at 3 a.m. doing it myself."

Answering these kinds of questions and responding to federal inquiries was not how Rose partners expected to be spending the spring of 1994. The firm is intensely proud of its connection to the first lady, a partner for nearly 15 years.

When the Clintons left for Washington, three partners came with them for key administration jobs: Webster Hubbell, number three person at the Justice Department, and Vince Foster and William Kennedy, both deputy White House counsels.

Now Foster is dead, ruled a suicide, but the Whitewater special counsel is reopening the investigation. Kennedy's marriage is on the rocks, an apparent victim of his grueling White House schedule. And Hubbell has been tarred with reports that his billing practices at the firm are under investigation.

Hubbell says the inquiry is "in no way out of the ordinary." Some say younger Rose lawyers, angered at the firm's portrayal in the media, turned on Hubbell and leaked the news.

At the firm itself, stories emanate about internal conflict, deep anger and frustration over the sully of the reputation of the oldest law firm west of the Mississippi, with roots going back to 1820. The state's biggest companies are Rose clients.

Work goes on for the 50-plus Rose lawyers, though, and there is a sense the storm must — and will — be ridden out.

"We understand that except for the fact that Bill Clinton is president, no one would know the Rose Law Firm," says Bird, who heads the firm's Washington office. "If this is the role we have to play, if this is the grief we have to take for supporting him as president, then that's the price we'll pay." Longtime clients have rallied to the firm, he says.

In fact, he says, the firm shredded documents because of concern for those clients — destroying files only after news reporters were caught rummaging through firm garbage.

"Our stock in trade is confidentiality, so we couldn't have clients thinking that reporters were looking at things from our garbage," says Bird. "And now we're catching hell for it."

Says Max Brantley, editor of the weekly *Arkansas Times*: "There's exasperation by the carload over there."

In the tight legal landscape of Little Rock, most agree, clients looking for a firm with political clout would go to other firms first; Rose specialized in tax and corporate securities.

Even when her husband was governor, Hillary Clinton kept politics out of the office, friends say.

"She was a lawyer, not a politician," says Philip Anderson, a Little Rock lawyer who is a top official of the American Bar Association. "They didn't do that much state business, not as much as they could have." Hillary Clinton drew her pay from fees paid by clients with no state business.

But that does not mean Rose lawyers were political naifs. Hubbell was mayor of Little Rock. And political and legal connections inevitably intertwine in smallish Little Rock.

Attention has focused on these problems faced by Rose:

► Hillary Clinton in 1985 represented Madison Guaranty Savings & Loan, one focus of the Whitewater probe. The institution was run by James McDougal, who joined the Clintons in investing in Whitewater real estate. She represented the S&L before state regulators appointed by her husband, resulting in a "Dear Hillary" letter that has come back to haunt the firm.

Four years later, Rose represented the Federal Deposit Insurance Corporation in a suit against Madison's auditors when Madison failed. There is dispute over whether Rose disclosed its prior representation of Madison. The FDIC last month cleared the firm of conflict charges, but reopened its investigation under pressure from Senate Republicans.

Whitewater special counsel Robert Fiske also is probing whether key documents in the Madison case were destroyed.

► Although it wasn't known at the time, Rose helped put together a 1988 deal that would have let a Texas businessman use Arkansas tax-exempt state bonds to buy failing nursing homes through a charitable "shell" organization. The deal, which became an issue in the 1989 governor's race against incumbent Clinton, fell through. It would have netted a substantial profit for Beverly Enterprises, which owned the homes, and a fee for Rose, which represented Beverly.

"Rose was shrewd enough to stay in the background, but if their connection had been known at the time, Bill Clinton might not be president today," says Roy Drew, a Little Rock investment adviser who blew the whistle on the deal.

► Hillary Clinton and Rose represented government regulators in a case involving \$3.3 million in claims filed by an Illinois S&L against Dan Lasater, a friend and campaign donor of the Clintons who was once represented by a Rose lawyer. It's unclear whether the regulators knew of Rose ties to Lasater.

► Rose and its insurance carrier paid a \$3 million fine to federal regulators in 1988 for conflicts of interest in connection with the failure of First South Savings and Loan in Pine Bluff. C. Joseph Giroir Jr., the partner who was instrumental in hiring Hillary Clinton, was accused of improper activities as receiver for the failed institution. Giroir left the firm.

"It's not just the fly-by-night law firms that have heard a bullet whistle by their ears during the savings and loan scandal," says Steve France, editor of *Bank Lawyer Liability* newsletter.

France estimates 10% of the nation's 200 biggest law firms have paid fines for their role as lawyers for troubled S&Ls.

"Rose faced what lots of firms face," says France. "When the client misbehaves, should you leave or stay loyal?"

Contributing: Bill Nichols

First lady endures a baptism of fire

By Richard Benedetto
USA TODAY

Hillary Rodham Clinton is getting her first taste of what an activist first lady can expect when she gets into hot water: tougher media scrutiny, partisan sniping and volatile expressions of public opinion.

With her role in the unfolding Whitewater affair under increasing fire, Hillary Clinton has taken the low-profile road.

She went to Capitol Hill Wednesday to discuss health care with senators, but she made no public statements — unlike her usual fanfare-filled appearances in Congress.

As the spotlight brightens, the latest USA TODAY/CNN/Gallup Poll finds her ratings on the slide. But she still has overall favorable marks.

Most continue to see Hillary Clinton as a good role model. And two of three say she's had a generally positive influence in her husband's administration. Most also approve of the job she's doing as first lady.

"She's trying to help her husband, and I think she is helping. I like her. This hasn't changed my opinion of that," said Christine Fletcher, 66, a Cleveland retiree.

But more than half now say the first lady has too much influence in the White House, up sharply since September, shortly after the unveiling of the health-care plan. And four of 10 have an unfavorable opinion of her, the highest negatives to date.

"Some of the trouble here is that she's not the typical first lady, and some people are uncomfortable about that," said Earl Zachery, 40, a teacher in Midland, Texas.

That's part of the problem, said presidential adviser George Stephanopoulos. "Many people feel threatened" by her non-traditional role.

Patricia Ireland, head of the National Organization for Women, echoed that opinion.

"Any person who is a high-visibility political figure is going to be targeted by political enemies," she said.

About 45 members of NOW went over to the White House on Tuesday to show support for the first lady. Ireland said the demonstration was spontaneous and not orchestrated by the White House.

The poll finds Hillary Clinton gets more support from women than men, especially

In president's toughest hour, time is precious

By Richard Benedetto
USA TODAY

Whenever things are rolling along smoothly for President Clinton, it seems a crisis can't be far behind:

Zoe Baird, gays in the military, the \$200 haircut, Lani Guinier, White House travel office, Somalia, sex allegations.

Each time, Clinton's been able to hang in there and muscle his way back on track.

This time, however, Whitewater offers his toughest challenge. And how Clinton navigates the rapids could hold the key to success with his legislative agenda on Capitol Hill, and ultimately with voters out beyond Washington.

The latest USA TODAY/CNN/Gallup Poll suggests that most people, while paying more attention to the Whitewater story and getting a bit uneasy about it, are still confused about the details and wonder why the fuss.

Thus, until they get more details, they're not judging the president and first lady Hillary Rodham Clinton too harshly.

"It's really nothing new. There've been scandals before and there'll be scandals after this one," says Christine Fletcher, 66, a Cleveland retiree.

Clinton's approval rating fell 3 points to 50%. Confidence in his honesty has fallen below 50%. But most still view the president and first lady favorably and would like to see Congress hold public hearings.

"I don't have enough information for me to make up my mind up about it. I'd like for the facts to come out," says Earl Zachery, 40, a Midland, Texas, teacher.

Clinton strategists, however, looked at the 50% approval rating and breathed a sigh of relief. Given the blizzard of stories over the past week dealing with charges of a cover-up, shredding, subpoenas and grand jury probes, they figured the hit could have been worse.

"What you see are fairly steady numbers across the

board," says presidential adviser George Stephanopoulos. "Now that the president has pledged full cooperation with the special prosecutor and turned his attention back to health care, crime and welfare reform, I think we'll not only see stabilization but steady increases over time."

Time is precious for Clinton. Republicans are pushing for hearings, and the media spotlight on Whitewater shows little sign of dimming. "The longer this drags on, the more suspicious it gets," Zachery says.

More than half think Clinton is hiding something. And he suffered his biggest hit in personal qualities — values, leadership and ability to inspire confidence — all of which are under 50%.

"He should be more honest about what happened," says Renae Porter, 21, a college student in Santa Maria, Calif. "If there's nothing to be worried about, then he shouldn't hold back information. He probably didn't do anything wrong, but dragging his feet makes him look guilty."

But most still have an overall favorable opinion of Clinton, little change from January. And 51% say Whitewater isn't relevant to Clinton's ability to serve, while 42% say it is.

Michelle Cunningham, 32, a Romney, W.Va., teacher, says journalists obsessed with the private lives of public figures "are trying to distract the country from the real issues" in an effort to bring down Clinton.

Clinton strategist Paul Begala and pollster Stanley Greenberg hammer Republicans for playing partisan politics in hope of making hay in the 1994 elections and beyond.

"My caution to Republicans," Begala says, "is that they are playing a very high-risk game gambling their reputations on the proposition that Bill and Hillary Clinton are crooks."

Contributing: Brian O'Connell

► No rush to judge, 1A

college-educated women who see her as a living example of the lives they lead — juggling careers with family duties.

Democrats and liberals are her strongest supporters. Republicans, on the other hand, have been slow to come around. Only 27% say she shares their values, and just 31% have a favorable view of

the first lady.

While 43% of Democrats think Hillary Clinton acted illegally or unethically in connection with Whitewater, 75% of Republicans believe the worst.

Ireland blamed radio talk shows, conservative Rush Limbaugh in particular, for helping poison attitudes.

"I've been listening ... and

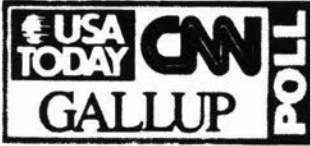
there's a real viciousness to the attacks on her," she said.

Sherrie Rollins, a White House aide during the Bush administration, said on CNN that the first lady must expect to be treated like any other member of the administration.

"She accepted a higher role," Rollins said. "She has to accept higher scrutiny."

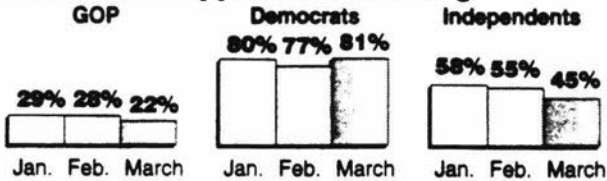
Whitewater drains Clintons' support

As the Whitewater investigation grows, a USA TODAY/CNN/Gallup Poll finds another decline in President Clinton's ratings. Hillary Rodham Clinton's perceived role in the matter also seems to have hurt her public standing.

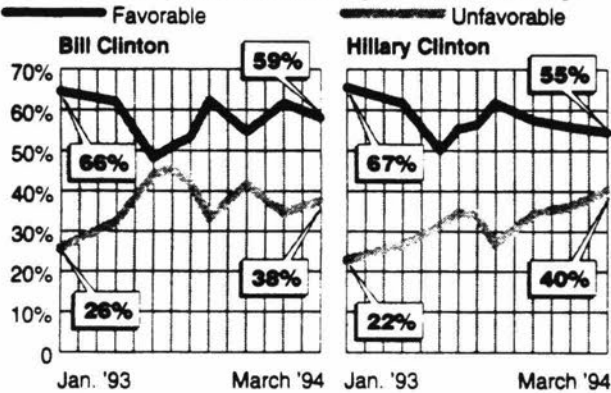


By H. Darr Beiser, USA TODAY

Democrats' approval still strong

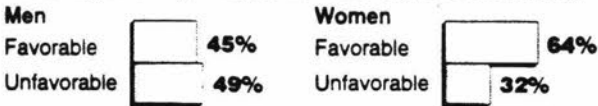


More view the president favorably than the first lady:



Favorability gender gap

Percentage viewing Hillary Clinton favorably and unfavorably:



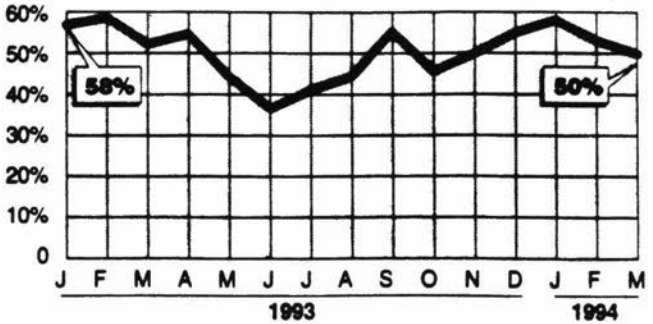
How the Clintons compare in personal qualities:

	Bill Clinton	Hillary Clinton
Honest, trustworthy	48%	56%
Inspires confidence	49%	60%
Shares your values	49%	50%
Cares about your needs	60%	61%
Effective manager	48%	67%

Source: USA TODAY/CNN/Gallup nationwide telephone poll of 1,023 adults conducted March 7-8. Margin of sampling error: ± 3 percentage points.

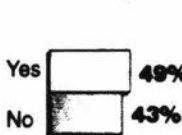
Approval rating down

Percentage approving of how President Clinton is handling his job:

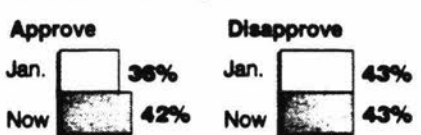


Whitewater investigation

Should Congress hold hearings?



How has Bill Clinton handled the Whitewater investigation?



Views of the Clintons' and other administration officials' actions in the Whitewater affair:

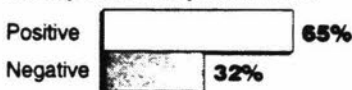
	Bill Clinton	Hillary Clinton	Clinton officials
Probably illegal	18%	18%	24%
Probably unethical, but not illegal	43%	38%	44%
Nothing seriously wrong	31%	34%	19%

Assessing Hillary Clinton

Hillary Clinton's influence in the administration:

	Sept. '93	March '94
Too much	41%	53%
Too little	4%	4%
Right amount	48%	39%
Other	7%	4%

Quality of first lady's influence:



By Tim Dillon, USA TODAY

Perceptions of Hillary Clinton's decline:

	Sept. '93	March '94
Is good role model	76%	67%
Is warm, likeable	71%	65%
Qualified for high White House post	71%	66%
Puts country's interests ahead of politics	62%	50%

WASHINGTON

Study: Abortion coverage 'clearly the status quo'

As Congress considers whether to include abortion coverage in health reform, a new study finds two-thirds of the typical fee-for-service insurance plans and health maintenance organizations cover abortion and sterilization.

The study was done by the non-profit Alan Guttmacher Institute, a Planned Parenthood group that studies reproductive issues. Rep. Nita Lowey, D-N.Y., says the survey shows that abortion coverage "is clearly the status quo. American women expect reform to preserve and expand services, not take coverage away."

The National Conference of Catholic Bishops warned Congress against including abortion. "Such inclusion as a basic benefit would force all Americans to subsidize abortion," said spokeswoman Gail Quinn.

FIRST OUT: Rep. Craig Washington, D-Texas, became the first House incumbent to fail this year in a bid for reelection, losing to Houston City Council member Sheila Jackson Lee in Tuesday's primary. "I've done my time," said Washington, who is in his second term.

BRIEFLY . . . Sen. Jay Rockefeller, D-W.Va., took himself out of the race to succeed retiring Majority Leader George Mitchell, D-Maine. . . . A Senate bill was introduced to increase federal license fees for firearms dealers to \$600 from the current \$66. . . . The United States signed a \$100 million agreement to bolster private business in Russia.

THE WORLD

Mortar shells, car blast snarl London's Heathrow

London's Heathrow Airport was thrown into turmoil briefly Wednesday when five mortar rounds landed on a runway. Police said none of the rounds exploded and no one was hurt. The runway was closed, backing up international flights at one of the world's busiest airports. The attack came about 17 minutes after a Concorde flight arrived from New York, The Associated Press reported. Minutes after the rounds landed, a car exploded next to a hotel on the airport's fringe. Police suspected the blast was related to the attack. The mortar fire, which followed phone warnings from the Irish Republican Army, came just before the House of Commons voted to renew the anti-terrorism act.

OIL DEAL: Colombia intends to move on plans to sell up to 20,000 barrels of oil daily to Cuba, despite protests from exiles in Miami, said Energy Minister Guido Lulle Amin.

PEACE FORCE: Turkey offered 1,000 troops for the U.N. peace force being readied for Bosnia-Herzegovina. U.N. Secretary-General Boutros Boutros-Ghali was still opposed to accepting troops from countries close to the conflict.

COURT BLAST: Seven people were killed when a man convicted of beating his girlfriend returned to a German courtroom, opened fire with a pistol and then detonated a bomb. The man, 39, died. Also killed by the blast in Euskirchen, 17 miles west of Bonn: the woman and her mother.

WHITEWATER

White House officials on the hot seat today

Grand jury probes possible cover-up of Whitewater

By Dennis Cauchon
USA TODAY

Several White House officials are expected to parade before a federal grand jury in Washington, D.C., today to face questioning about a possible cover-up attempt of the Whitewater controversy.

Their appearances come as the criminal investigation by special counsel Robert Fiske moves into full swing in Arkansas and Washington, D.C.

Fiske has subpoenaed six White House aides and four Treasury Department officials for a Thursday appearance.

On Wednesday, Fiske said the White House portion of the probe should last only a few weeks, at most, a few months.

"I'm confident we can be fin-

ished with (the White House probe) considerably faster than we can in the underlying investigation," he said.

Fiske said once the White House portion of his inquiry was completed, he wouldn't object to congressional hearings.

But he wants them limited to contacts White House staffers had with officials investigating aspects of Whitewater.

The federal grand jury meeting today in Washington is examining if those contacts, between White House staff and independent regulators investigating the failed Madison Guaranty Savings & Loan, were improper. Madison was owned by James McDougal, the Clintons' partner in the Whitewater real estate deal.

White House deputy counsel



SPECIAL COUNSEL: Robert Fiske arrives for a meeting with Sen. Alfonse D'Amato, who wants a congressional inquiry.

By John Duricka, AP

Joel Klein will turn over a two-inch stack of Whitewater documents to the special counsel today. The stack includes phone logs, hand-written notes, internal memos and possibly news-

paper articles.

White House communications director Mark Gearan is expected to testify today, but it isn't clear who else will appear.

White House senior aide

Bruce Lindsey is traveling with the president today and will not appear until next week.

Also, deputy chief of staff Harold Ickes had his grand jury appearance delayed until next Thursday.

A further postponement is possible if his attorney, Robert Bennett, has a conflict.

Bennett also represents Rep. Dan Rostenkowski, D-Ill., who is under investigation by a federal grand jury in the same Washington, D.C., courthouse.

The White House declined to reveal who had been granted postponements. But defense attorneys said some aides were expected to appear.

Among those subpoenaed:

► White House counsel Bernard Nussbaum.

► Deputy Treasury Secretary Roger Altman.

► Hillary Rodham Clinton's chief of staff Maggie Williams.

The Washington, D.C., grand jury is one of three grand juries that will hear testimony about

Whitewater. Also under way:

► A special grand jury, dedicated to Whitewater, convenes March 23 in Little Rock.

► An existing federal grand jury will hear more Whitewater testimony next Tuesday.

► A federal trial of Little Rock judge David Hale is scheduled for March 28.

The special counsel is prosecuting Hale for defrauding the Small Business Administration.

Hale says President Clinton asked him to make an SBA-backed loan to Susan McDougal in an effort to help the Madison Savings & Loan.

Clinton has denied Hale's accusation.

The Little Rock grand jury will hear Tuesday from Clayton Lindsey. He is a courier at the Rose Law Firm where the first lady was formerly a partner. Lindsey says he shredded documents that were signed by Vincent Foster, the White House deputy counsel, whose death was ruled a suicide.

Also scheduled to testify: Russell Webb, an Arkansas physician who was a partner in a company that swapped an airplane for 20 Whitewater lots. The plane then was sold to Seth Ward, a major Madison borrower and father-in-law of Associate Attorney General Webster Hubbell.

Webb "was surprised he was subpoenaed because he doesn't know anything," said Chris Wade, Webb's partner and the real estate agent for Whitewater. Wade says he has the airplane transaction records but has not been called to testify.

Fiske is examining whether it was a conflict of interest for Hubbell to represent federal regulators in a lawsuit against Madison's accountants.

Also Wednesday: Hillary Clinton made her first public appearance this week, her weekly private meeting with Capitol Hill Democrats to map out health care strategy.

Contributing: Adam Nagourney

A USA TODAY/CNN/Gallup Poll finds public confusion about the Clintons and their Whitewater land development deal. Still, the poll shows the president and first lady are getting the benefit of the public's doubt.

Republicans give ground on hearings ✓

By Leslie Phillips
and Jessica Lee
USA TODAY

Whitewater special counsel Robert Fiske on Wednesday won minor concessions from Congress after trying to dissuade Republicans from pushing for immediate hearings.

The GOP appeared willing to give Fiske first shot at important witnesses and agreed it would not grant them immunity from prosecution.

But by the end of the day, Democrats and Republicans remained in a standoff on whether to hold hearings at some point on the Clintons' Whitewater land venture, their relationship with a defunct Arkansas savings and loan and subsequent White House involvement in a federal investigation of the S&L's failure.

"There aren't going to be hearings," said Democratic Whip David Bonior, D-Mich.

THE PARTICULARS ON THE WHITEWATER PROPERTY

The Whitewater controversy at a glance:

Q. What is "Whitewater"?

A: Whitewater Estates is 230 acres of river-front land in northern Arkansas, bought in 1978 by Bill and Hillary Rodham Clinton and James and Susan McDougal. The partners planned to sell vacation home lots. The Clintons say they lost \$68,000 before selling out to James McDougal in 1992.

Q. What put Whitewater in the news?

A: The New York Times detailed the Whitewater investment in March 1992. The controversy quieted down until:

► The July 20, 1993, death of White House deputy counsel Vincent Foster, who handled some Whitewater matters. White House counsel Bernard Nussbaum removed Whitewater documents from Foster's office before letting police in.

► In October, the Resolution Trust Corp., the S&L bailout agency, mentioned the Clintons when telling the Justice Department about a possible crime in the failure of McDougal's Madison Guaranty Savings and Loan. RTC said Madison may have made improper contributions to the Clinton campaign.

But Republican Whip Newt Gingrich, R-Ga., said if Democrats continue to stonewall, he'll ask for a House vote.

"The minute you have full disclosure and full accountability, you can bring this to an end," said Rep. Jim Leach, R-Iowa, ranking Republican on the House Banking Committee and a leading

advocate for hearings.

Republicans have no authority to order hearings. Their best hope is that public opinion will sway Democratic committee chairmen to act.

But, according to Democrats, it remains unclear whether the public believes a congressional investigation is justified or Republicans are ob-

sessed with an inside Washington issue.

Senate Majority Leader George Mitchell, D-Maine, called the Republican clamoring a "political circus."

"This is partisan politics at its worst, the sole purpose being to embarrass the president and score political points."

Leach could get the first

crack at the administration during the Banking Committee's hearing March 24. It's a six-month review of the Resolution Trust Corporation, which oversees the dissolution of failed savings and loans.

Leach has issued a list of 40 witnesses he wants to call and said he has no interest in granting them immunity. Congress granted Oliver North immunity during the Iran-contra hearings. His convictions were overturned because of it.

But Leach has no authority to subpoena witnesses, and many will be unwilling to come voluntarily.

Banking Committee Chairman Henry Gonzalez, D-Texas, raised concerns the hearing might be postponed by calling the date "tentative."

GOP leaders met to discuss holding off. Sen. Alfonse D'Amato, R-N.Y., ranking Republican on the Senate Banking Committee, indicated the GOP



By John Duricka, AP

ON CAPITOL HILL: Sen. Alfonse D'Amato, R-N.Y., waves newspaper editorials after meeting Wednesday with special counsel Robert Fiske. Sen. William Cohen, R-Maine, is at left.

might wait until June.

"The investigation relating to Treasury and White House officials can be completed in significantly shorter time" than the full investigation of the Whitewater land deal, Fiske said. "At that point, we'd have no objection if Congress wished to have hearings."

Fiske met at the Capitol with

D'Amato, Sen. William Cohen, R-Maine, an expert on special counsels; House Speaker Thomas Foley, D-Wash.; and Minority Leader Bob Michel, R-Ill.

"We have assured the counsel that we believe we can conduct our responsibilities... in a way that will not disrupt his investigation," D'Amato said.

WHITEWATER

Rose firm 'active' in Washington

Business slow, but building, partner says

The head of Rose Law Firm's one-man Washington, D.C., office resists any comparisons with the lonely Maytag repairman.

As the Whitewater investigation swirls around Washington, Allen Bird says he is not being shunned by clients or friends who might be afraid to brush up against scandal.

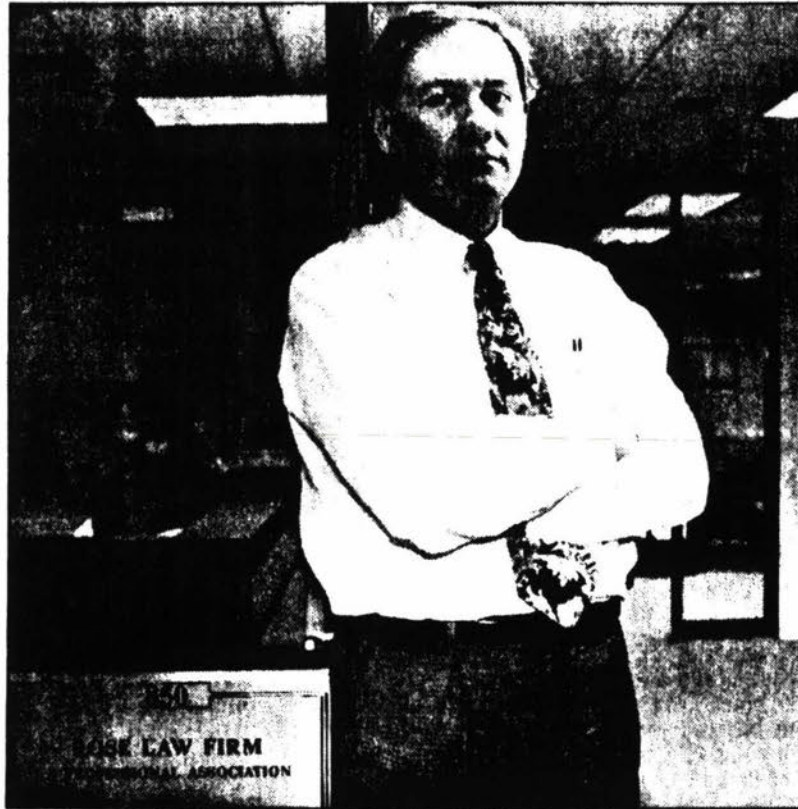
"There's no way to know who didn't call, but I've certainly been active," says Bird, who became a partner in the firm the same day as Hillary Rodham Clinton 16 years ago.

"The office is developing, perhaps not at the pace I expected, but I feel very welcomed," says Bird.

When Bird moved from Arkansas to open the office last fall, he made it clear he was not in the business of selling access to Hillary Clinton — or the other Rose alumni in top government positions. The firm said then it opened the office to keep closer track of pending legislation.

"I can't tell anyone with a straight face that I have no connection to Hillary," he says. "But when I sense that people want to hire me so they can get a picture taken with the president, I cut them off in advance. We're not a social office."

Bird says he has turned down a number of potential clients for that



By Gary Kieffer

'NOT A SOCIAL OFFICE': Allen Bird, the Rose Law Firm's man in Washington, warns clients that he can't arrange a photo with the president.

reason. "It's a ticklish situation."

The *National Law Journal* reported this week that a group of bankruptcy trustees met and lobbied Associate Attorney General Webster Hubbell, a former Rose partner,

soon after they met with Bird.

But Bird says, "I never arranged the meeting with Hubbell," and refuses to confirm whether the group ever hired him. Bird says he specializes in bankruptcy issues, so it would

Questions hover over Little Rock firm

The Rose Law Firm of Little Rock is in the spotlight for its role in the Whitewater matter and possible cover-ups. The firm boasts Hillary Rodham Clinton and several top Clinton administration officials as former partners. Key questions center on:

► Charges that the firm shredded documents relevant to the Whitewater investigation in recent months.

► The death, ruled a suicide, of former partner Vincent Foster and subsequent removal of Whitewater files from his White House office.

► The law firm's representation of both sides of a savings and loan investigation of Madison Guaranty Savings & Loan, which had financial ties to Whitewater.

First lady 'very upbeat ... energized'

Business appeared to go on as usual Wednesday for former Rose partner Hillary Rodham Clinton.

The first lady went to Capitol Hill for her weekly working lunch with Senate Democrats to discuss health-care legislation.

"It was a good working lunch," said Sen. Harris Wofford, D-Pa.

"Our message to her was keep going around the country promoting health reform."

Sen. Tom Daschle, D-S.D., said she was "very upbeat ... very energized about her schedule" to campaign for health reform.

White House officials say it is unlikely the first lady will make a solo press appearance to answer questions about the Whitewater affair.

A TV appearance with the President Clinton, however, is being considered.

— Judi Hasson

be logical for such a group to approach him.

Bird adds, "If you're trying to influence Web Hubbell, coming to me is the wrong decision." Hubbell, he says, has pledged to withdraw from

cases involving Rose clients.

While the firm is feeling beleaguered, Bird is optimistic. "There is a saying, you know, that there's no such thing as bad publicity."

— Tony Mauro

Republicans' Whitewater rafting runs risky course

3/10/94

No question about it: Congress has the right — and perhaps the responsibility — to hold hearings into the Whitewater scandal swirling around President Clinton. But what's the rush? Neither the president nor the scandal is going anywhere. And moving too quickly could easily louse up the special prosecutor's investigations.

That's exactly what this increasingly bizarre affair doesn't need. Yet Senate Republicans seem bent on mucking up the process anyway. Even after a Wednesday meeting with special prosecutor Robert Fiske, they refused to back off.

Congressional hearings would be a mistake for two reasons.

First, the habit of granting immunity to witnesses in exchange for their testimony before Congress poisons the well of evidence. Such grants, given to Iran-contra witnesses, were subsequently used to overturn several criminal convictions — most notably of Oliver North.

Second, witnesses who testify in Congress before Fiske has questioned them may be able to adjust or "tailor" their testimony, based on the documents they see, the questions they are asked, and the statements other witnesses give.

New York Sen. Alfonse D'Amato says Congress will not offer immunity to any witness or call any witness Fiske has not had a chance to interview. D'Amato thinks those precautions are adequate, and as the target of numerous investigations himself, he speaks with rare authority.

But he's wrong nonetheless. Few key witnesses will provide candid testimony about potentially criminal actions without immunity. And how many interviews will Fiske be allowed before impatient senators muscle in? One? Two? A special prosecutor may need many sessions just to cross-check testimony and pursue new leads.

D'Amato's eagerness is understandable; the episode has great political legs. Whitewater started as an obscure savings and loan scandal that snowballed larger and larger with the suicide of Clinton confidant Vincent Foster, the surreptitious removal of documents from Foster's office, and subsequent meetings between top White House aides and Treasury officials to discuss the investigation. At best, that's crude political blundering. At worst, it hints at a conspiracy to obstruct justice.

Either way, that's big, bad news, and Republicans want a piece of it. But Fiske is off to a fearless start. As many as 10 White House and Treasury officials have been subpoenaed to appear before a Washington grand jury starting today. So lawmakers can't say the investigation is lagging.

Indeed, the most they can say is that a credible investigation is required. Fiske is the best one to provide it, though, and until his work is finished, Congress ought to hold its fire.

► Whitewater investigation, 1A

Today's debate: HELPING THE HUNGRY

Don't slash U.S. food aid

OUR VIEW Despite a growing economy, the number of hungry also continues to grow in the USA.

No one should go hungry in this land of plenty.

Yet more than 26 million Americans lined up at soup kitchens, food pantries, homeless shelters and other emergency distribution centers for handouts last year.

That's one of every 10 Americans in a bread line. Almost half are children, according to a report issued Tuesday by Second Harvest, a network of hunger relief outlets.

And these are not folks traditionally thought of as "poor." More than half hold a high school diploma or higher education degree. Many are unemployed middle-level managers or technical professionals.

These statistics, while startling, reflect similar findings by other groups as diverse as the U.S. Conference of Mayors, U.S. Census Bureau and Catholic Charities.

So it's difficult to understand why the Clinton administration wants to eliminate \$80 million in free flour, rice, butter and other food-bank basics in the 1995 budget.

The White House says increased funding for school lunch programs, food stamps and other programs should take care of the hungry. But relief workers argue that the commodities — bought from U.S. farmers — form a critical foundation for local oper-

ations. They provide basic foodstuffs that relief workers count on, unlike donated food which varies in quantity and quality.

This is particularly important in feeding those who cannot make it to a soup kitchen every day — rural poor and elderly.

Against these needs, critics mount a penny-pinching and coldhearted argument: If we make the food available, some who are not in need may get a free lunch. They see legions of Scrooges queued up to pluck food from the mouths of the poor.

Ridiculous! Thousands of needy people leave food lines empty-handed because food is scarce, say local relief workers who try to make sure that only the neediest get fed. If more food means a few people slightly above the poverty level manage to sneak into line, so what? Is it better to err on the side of letting the needy go hungry?

Certainly not.

House Budget Committee Chairman Martin Sabo of Minnesota and Senate Agriculture Committee Chairman Patrick Leahy of Vermont are fighting to get the \$80 million commodities program back in the federal budget. Leahy would like to see it increased to \$240 million.

This would be money well spent — even in these tough budget times. After all, the very same Clinton budget would spend \$250 million on office furniture.

In an era of trillion-dollar spending, we should not ignore the most basic human need — to go to bed at night free of hunger.

Slash federal food aid

OPPOSING VIEW If federal spending were the answer, hunger would have been abolished long ago.

If prostitutes offered free sex to needy men, the number of males claiming to be sex-starved would skyrocket overnight.

If banks offered to hand out free \$100 bills to struggling families, the number of people claiming financial stress would quintuple.

The fact that 26 million people allegedly receive free food from private pantries and soup kitchens each month proves only that when free goods are offered, demand will always exceed supply. It would be absurd to try to deduce from this cold, hard fact that the government must continue giving out more free food under the Emergency Food Assistance Program.

The hullabaloo over this program is especially ludicrous because its budget — \$80 million a year — accounts for less than 0.5% of federal food-assistance spending. The hunger-hysteria lobby has succeeded in turning an arcane budget issue into a

transcendent moral issue, as if mass hunger must result from any reduction in any of the dozen federal food programs.

If federal spending were the answer, hunger would have been abolished long ago. Federal food-assistance spending has increased over 100-fold since 1955 — yet the media report far more of a "hunger crisis" now than they did back then.

The hunger-hysteria lobby never explains why federal handouts (which offer to pay for up to eight meals a day per poor person) have not solved the hunger problem; instead, the lobbyists clamor ever louder for more handouts.

The hunger-hysteria lobby has a long history of inventing misleading methods to greatly exaggerate the number of hungry: in one study, a prominent organization assumed that any low-income person who did not get food stamps must be hungry. But Agriculture Department studies show that many low-income families who refuse to go on food stamp/welfare actually feed themselves better than those who go on the dole.

It is not surprising that lobbies would agitate for continued wasteful federal spending. What is surprising is that the news media continue to be a mindless conduit of any well-hyped concocted tale that floats across some editor's desk.

How can we expect politicians to rein in the federal government if those in the news media refuse to rein in their naivete?



By James Bovard, author of *Lost Rights: The Destruction of American Liberty* and a specialist in food-agriculture policy.

11-10-94 4:40:44 TO 1994

GOP won't yield on hearings

Fiske's concerns about interference rejected on Hill

By Paul M. Rodriguez
THE WASHINGTON TIMES

A1

Republicans vowed yesterday to push ahead with Whitewater-Madison hearings despite a plea in a closed-door meeting from special counsel Robert B. Fiske Jr. that any hearings might jeopardize his investigations.

Amid ongoing Clinton administration efforts to calm growing media and public interest in the Whitewater-Madison affair, the White House was forced to issue a statement yesterday denying that a second top official — Roger C. Altman, acting head of the Resolute Trust Corp. (RTC) — would be asked to resign.

Altman is among 10 current and former White House and Treasury Department officials subpoenaed by Mr. Fiske to appear before a federal grand jury in Washington today.

Mr. Fiske made an extraordinary trek to Capitol Hill yesterday to personally convey his concerns about congressional hearings into the complex affair linking President and Hillary Rodham Clinton to the failed Madison Guaranty Savings and Loan Association through their Whitewater Development Corp. partnership.

By day's end, bipartisan House and Senate leaders suggested that compromises might be worked out to allow some form of parallel investigation by one or more congressional committees.

In several earlier news conferences, however, Republicans drilled home the point that while they may be willing to work with Democrats on such a deal, hearings on Whitewater-Madison will be held sooner rather than later.

"No doubt about it, it's critical that Whitewater hearings be bipartisan, carefully structured and conducted in a way sensitive to the concerns of the independent counsel," said Senate Minority Leader Bob Dole.

"This is not an impossible task, even for Congress," the Kansas Republican said.

Except for a tentative March 24 hearing by the House Banking

Committee, Democrats have managed to block other House and, thus far, all Senate hearings into the ever-expanding Whitewater-Madison matter.

Senate Majority Leader George

see FISKE, page A16

FISKE

From page A1

Mitchell played the Republicans during a floor speech yesterday for what he called "partisan politics at its worst" and said hearings would risk "fatal damage" to Mr. Fiske's investigation.

"We need to allow Mr. Fiske to do his job," said Mr. Mitchell, Maine Democrat.

Sen. Donald W. Riegle Jr., Michigan Democrat and chairman of the Senate Banking Committee, echoed Mr. Mitchell's comments after a meeting with Mr. Fiske.

"I'm prepared at the end of the work by Fiske and his people to resign anything that needs resigning," Mr. Riegle told reporters. "I think we're going to get, in the end, all questions answered. I don't think there will be any questions left at the end of this process."

Nevertheless, Rep. Jim Leach, Iowa Republican and the ranking GOP member on the House Banking Committee, has scheduled a March 24 oversight hearing on the RTC, which is handling the S&L bailout.

While Mr. Leach has said he wants to call 40 witnesses, Rep. Henry B. Gonzalez, Texas Democrat and chairman of the House Banking Committee, has privately raised the possibility that he may call off the hearing because of strong opposition by Democrats.

Mr. Fiske, recognizing the anti-hearing sentiment among Democrats, has sought to avoid a showdown with Republicans while still maintaining a prosecutor's zeal not to have outsiders interfere with the criminal inquiry.

Mr. Fiske said he understood the constitutional rights of Congress to be such matters and that he wanted to cooperate with lawmakers. "We didn't reach a constructive resolution," he said.

After meeting with Mr. Fiske,

Sen. Alfonse M. D'Amato, New York Republican and ranking GOP member of the Senate Banking Committee, told reporters that Republicans were willing to delay any hearings to accommodate the special counsel and not to grant immunity to witnesses in exchange for their testimony.

Congressional grants of immunity from prosecution based on their testimony were given to witnesses in the Iran-Contra hearings during the Reagan administration, leading to convictions being overturned on appeal.

Sen. William S. Cohen, Maine Republican, who served on the Iran-Contra committee, said the question at issue is whether it is possible to structure hearings so they would not interfere with Mr. Fiske's probe.

"Is there any kind of middle ground? I think there is," he said.

Mr. Cohen noted that Mr. Fiske would prefer no congressional hearings but added: "That is not going to be politically possible."

In a gesture at compromise, Mr. Fiske said he had told Mr. D'Amato and Mr. Cohen that when his investigation was completed "we would have no objection to congressional hearings at that point" as long as details of the underlying Whitewater-Madison inquiry did not come out.

House Republican leaders met yesterday with Democratic leaders and said afterwards they were hopeful the Democrats would agree to hearings.

"The Democratic leadership has agreed to look at some of our requests," said Minority Whip Newt Gingrich, Georgia Republican.

Mr. Fiske said he was leaving room open for a compromise on a portion of his inquiries involving secret meetings between White House staff and Treasury Department officials on the Clintons' involvement in Whitewater-Madison.

During news conferences this week, Mr. Clinton revealed that he had received confidential information from one of the secret meetings in October.

At the White House yesterday, six top Clinton aides prepared to give grand jury testimony starting today on their knowledge of the three meetings.

Asked if he had any advice for his aides, Mr. Clinton said: "Just the same advice I've given everybody — just, you know, just tell them what happened. Answer the questions and go on. Be very open."

The six are Harold Ickes, deputy chief of staff; senior aide Bruce Lindsey; Bernard Nussbaum, the counsel who has resigned effective April 5; Communications Director Mark Gearan; Margaret Williams, Mrs. Clinton's chief of staff; and Lisa Caputo, Mrs. Clinton's spokeswoman.

Others expecting subpoenas soon are Chief of Staff Thomas F. "Mack" McLarty and senior adviser George Stephanopoulos.

In addition, three current Treasury Department officials and one former agency official have been called to testify, including Mr. Altman, who in addition to his RTC post is deputy Treasury secretary.

Reports circulated yesterday that Mr. Clinton was going to follow his forced resignation of Mr. Nussbaum last week by pushing out Mr. Altman, but White House spokeswoman Dee Dee Myers rejected that.

"The president has full confidence in Mr. Altman. He feels he is carrying out his various duties exceptionally well," she said.

The president has said he was made aware that the RTC probe had mentioned the Clintons in a "criminal referral." But while he said he was told in October about the criminal nature of the probe, he said he could remember who told him.

That contradicted statements

by White House officials at the end of October that no one knew about the meetings.

After the White House admitted three meetings had taken place, Mr. Clinton acknowledged this week that additional contacts with Treasury officials had been uncovered, sparking concern on Capitol Hill among both Republicans and Democrats that the administration was not forthcoming in its responses.

Mr. Clinton called the additional contacts "incidental and were follow-up conversations which had nothing to do with the substance" of the Whitewater-Madison investigation.

Mr. Fiske also is investigating whether officials at Little Rock's Rose Law Firm, where Mrs. Clinton was a senior partner, shredded Whitewater records.

Three current and former Rose firm employees have told The Washington Times they were summoned to the governor's mansion by Mrs. Clinton during the 1992 presidential campaign to pick up documents that were to be shredded at the firm's downtown office.

Two Rose firm employees also told the New York Times that they helped shred documents from files bearing the initials of former partner Vincent W. Foster Jr., the late White House deputy counsel and personal attorney for the Clintons, one day after Mr. Fiske was named.

Ronald M. Clark, the Rose firm's managing partner, has denied that any Whitewater or Foster documents were shredded.

Attorney General Janet Reno, who appointed Mr. Fiske, declined comment yesterday, saying she had referred "all matters" to him "so nothing I say or do will have any impact whatsoever on his independent investigation."

● Jerry Seper, Paul Bedard, Michael Hedges and J. Jennings Moss contributed to this report.

Hillary in no hurry to explain herself

By Frank J. Murray
THE WASHINGTON TIMES

A1

First lady Hillary Rodham Clinton, plagued by the growing Whitewater-Madison controversy, increasingly is turning from public view in anger over what she calls "paranoid conspiracies" and "malevolent, malicious, false gossip."

And as a new poll shows that more people believe she acted improperly than believe President Clinton did, she and her husband point at each other when asked to explain her ac-

tions in their latest public disagreement over the case.

Yesterday, after a closed-door luncheon with the Democratic Policy Committee at the Capitol, a sarcastic Mrs. Clinton pretended not to hear questions about Whitewater-Madison shouted by reporters.

"I never knew there was such interest in health care. We're making progress every day," she said with a grin as she slid into a waiting limousine.

Although her name has be-

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HILLARY

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central theme on talk shows, ABC-TV's "Nightline" and the New York Times op-ed page, chances appeared to be nonexistent that she might speak for herself, as Mr. Clinton seemed to suggest.

"I don't see that happening," said Neel Lattimore, Mrs. Clinton's spokesman, who said the first lady thinks the president should handle that chore.

"The president's been talking about the issue, been speaking to the press about it, and he's answering the questions," Mr. Lattimore said yesterday.

"I think I'll let her speak for herself," Mr. Clinton said Tuesday when asked whether the first lady would hold a news conference to explain charges of an "organized and well-financed" plot that she made in an interview Friday with Elle magazine.

"She's perfectly capable of speaking for herself," the president said.

Pat Buchanan, liberal counsel to Pat Buchanan on CNN's "Crossfire," put it this way: "Another White House, another scandal, but with a difference: This time the focus is on the first lady."

Mr. Buchanan asked, "Why is she hiding now?"

The answer may be found in the CNN-USA Today-Gallup poll, based on surveys Monday and Tuesday, which found that 39 percent of the public now believes Mrs. Clinton did something illegal or unethical involving Whitewater-Madison, compared with the 34 percent who believe that her husband did wrong.

Mandy Grunwald, a political

consultant to the president, said on "Nightline" Tuesday that some in Congress nurture accusations against Mrs. Clinton because they believe she has too much power, a belief apparently shared by 53 percent of those in the poll, which was released last night. Poll figures showing those who believe that the first lady is too influential have jumped by 9 percentage points since January.

In the Elle interview, Mrs. Clinton suggested that her husband may be falling into the trap of enemies by discussing the case non-stop.

"I am just not interested in spending my days falling into the trap that the fomenters of all this want us to, which is to become isolated and on the defensive and diverted," Mrs. Clinton told Meryl Gordon, a free-lance writer for Elle.

It was not the first time husband and wife have found themselves in public disagreement over Whitewater-Madison.

• Before Christmas, Mr. Clinton ordered records turned over to the Justice Department despite his wife's objection one day earlier that they were protected by attorney-client privilege and would not be surrendered.

• In January, after a trans-Atlantic telephone debate, Mr. Clinton invited Attorney General Janet Reno to name a Whitewater-Madison special counsel although Mrs. Clinton disagreed.

• Last weekend the president forced the resignation of White House Counsel Bernard Nussbaum, a favorite of Mrs. Clinton's and a lawyer she worked with on the House Judiciary Committee during Watergate days.

One strong Hillary supporter,

FALLING OUT OF FAVOR

A CNN-USA Today-Gallup poll conducted Monday and Tuesday asked Americans about the first lady's handling of her position. The margin of error is 3 percentage points.

Americans who gave an "unfavorable" rating to first lady Hillary Rodham Clinton:

Jan. '93	22%
March	31%
April	27%
June	31%
July	34%
August	33%
Sept.	27%
Nov.	34%
Jan. '94	36%
March	40%

Americans who said she has too much influence:

Jan. '93	37%
April	40%
August	40%
Sept.	41%
Jan. '94	44%
March	53%

The Washington Times

Democratic strategist Ann Lewis, called the episode a "firestorm" that keeps Mrs. Clinton from speaking about health care.

New York Times writer Anna Quindlen said in an op-ed column that it will take a great mind to figure out how to "deal with the Hillary problem."

"Luckily we have a great mind in the White House. Unfortunately, she's the one most involved in the mess," Miss Quindlen wrote.

Tuesday evening, Mrs. Clinton joined the unannounced in-house staff effort to keep a happy face despite concerns by Washington newcomers that they too could find themselves joining six upset co-workers subpoenaed to testify before a federal grand jury. Even the garbage was under subpoena.

At the closed rally in the East Room, Mrs. Clinton urged 300 White House staff members not to let the case distract them from their jobs.

Butressed by a presidential hug and kisses on the cheek, the first lady drew audience tears as she sought to put things in perspective with the story of an Arkansas woman with cancer in both breasts who said she had enough money to have lumps removed from only one breast.

"She [Mrs. Clinton] said we've got bigger fish to fry, that this should be nothing more than static on the radar screen and it'll clear up, it'll go away," said one official who listened to Mrs. Clinton's talk, which was closed to reporters.

Mrs. Clinton showed a far different and bitter mood in the Elle interview.

"I know nothing bad happened, and that's what everybody's going to know as they should know now, since they have yet to come forward with anything other than the wildest kind of paranoid conspiracies," she said.

"This is a well-organized and well-financed attempt to undermine my husband and, by extension, myself by people who have a different political agenda or have another personal and financial reason for attacking us," Mrs. Clinton said.

She made similar statements after December reports in the American Spectator of sexual misconduct by her husband and herself.

The next primary

The political spotlight now turns toward Tuesday and what the New York Times yesterday called "perhaps the most important primary of the year": Rep. Dan Rostenkowski's tough fight for re-election in Illinois.

The Ways and Means Committee chairman's value "to the administration is hard to exaggerate," the Times says. For the moment, however, he must campaign in a Chicago district against four opponents, two of whom are pushing him hard.

"On the stump, he seems to have fun," the Times' Adam Clymer reports.

"No one except reporters asks unpleasant questions. He rambles on... about the first Mayor Daley or President Lyndon B. Johnson, offering advice and support for Mr. Clinton, and telling of projects like expressways he has brought to Chicago.

"I try to get for Illinois every day I think we deserve," he said Sunday brunch.

Yet he is not all that comfortable with the image that seems necessary for re-election. In an interview, he said, "I never really felt that in my retiring years that I would be viewed as a ward politician, a pork-barrel politician."

"Health care would make a final chapter he would like better. 'I'd like to close out my legislative career by doing perhaps the most difficult legislation since Social Security,' he said."

Then call a minister

In its story on Rep. Alan Wheat's effort as a black Senate candidate to engage a multiracial constituency, the Wall Street Journal notes that he is an earnest, cerebral kind of guy.

His chats are laced with self-deprecatory stories that put the 42-year-old Missouri Democrat's audience at ease, the Journal's Dennis Farney writes.

In one instance, he talks about the frustration that, exasperated by the long delay of a tax refund, he called the Internal Revenue Service.

"Write your congressman," he was told.

"I am my congressman," he sighed."

Weld announces

Massachusetts Gov. William Weld announced his bid for re-election, contending that the state would revert to "the terrible misguided mistakes of the past" if the Democrats regain the governor's office.

Elected in 1990, he was the first Republican governor of the state in nearly two decades. He called yesterday for tougher anti-crime measures, tax cuts, term limits and job-oriented welfare reform.

Meanwhile, a possible Democratic opponent, Vatican Ambassador Raymond L. Flynn, was set back by the news that a campaign aide apparently had embezzled as much as \$240,000 from his political funds.

The Boston Globe reports that Mr. Flynn, a former mayor of Boston, said the theft had implications for his future: "One thing is clear — a financial setback of this magnitude won't make a potential campaign any easier."

Futures

Sen. John D. Rockefeller IV took himself out of the race to succeed Sen. George Mitchell as Senate Democratic leader. "I have decided not seek the position... for one very simple reason: I love my current job as U.S. senator for West Virginia," he said.

Miami lawyer Ellis Rubin will challenge Hugh Rodham, brother of Hillary Rodham Clinton, for the Democratic nomination to oppose Sen. Connie Mack, Florida Republican, who is heavily favored to win re-election.

Today's quote

"The best thing... is this bill will give everyone something to complain about," said Rep. Pete Stark, California Democrat, as his Ways and Means subcommittee on health began work on Mr. Stark's version of health care.

Green turns brown

The Economist notes the decline of the environmental movement: The membership of several groups peaked in the last years of the Reagan administration; several also are running deficits.

But it's not a crisis: Overall contributions are up 2.4 percent; a few groups, such as the Nature Conservancy, continue to grow. But the movement's earlier successes work against it. The early dynamic is gone.

Meanwhile, new "brown" groups, such as Wise Use, have organized, there is evidence of an environmental backlash in Washington and the courts, and the Environmental Protection Agency's budget has declined.

As a result, pressure on once unbending environmentalists to compromise has increased, the Economist reports.

The 100,000 problem

President Clinton's instincts are correct: We need more cops, the New Republic says.

But the proposal to federally fund 100,000 is "fraught with problems." One is that this is not nearly enough to make a difference. When divided among the nation's 25,000 police departments, it adds only one new cop per shift.

Author Jonathan Rubinstein, director of the Center for Research on Institutions and Social Policy, outlines another problem: In the past, rapid force increases have resulted in shoddy, corrupt enforcement.

Mr. Rubinstein recommends hiring new officers from displaced military personnel and continuing to push for the Police Corps. He says, "The president's plan is a good start, but it's only that — a start."

Rush's coattails

In Michigan, former GOP Chairman Spence Abraham has begun airing six-second radio ads on stations across the state during Rush Limbaugh's show.

Mr. Abraham, the apparent front-runner for the GOP Senate nomination, figures that he reaches more than 1 million people weekly with "commentary" ads that provide an 800 number and invite an exchange of ideas.

Political chicken

Wisconsin is considering the jump-off-a-cliff method of reforming school finance.

The Chicago Tribune reports that the state Legislature divides between the Democratic-dominated Assembly and GOP-led Senate over whether to abolish the use of property taxes to pay for schools without other funding in place.

The Wisconsin fight is an example of the increasing effort nationally to reform property taxation. Michigan led the way last year. There are similar stirrings in Vermont and South Carolina.

"Michigan opened the door," said Mary Fulton, a policy analyst for the Education Commission of the States. "We're seeing, as we did in the late '70s, a growing anti-tax movement that is being played out in public education."

Whitewater talk

"I know Bill Clinton says that it's not Watergate, but he has said a lot of things in the past that weren't true," former Vice President Dan Quayle told a GOP dinner.

Democratic pollster Alan Secrest told USA Today: "It's not a serious problem yet, but it may be just around the corner from being one. Once people start hearing words like 'resignation,'

'subpoena,' 'shredding' and 'grand jury,' it moves onto a broader stage."

Senate Majority Leader George Mitchell still opposes hearings: "What's obviously happening is that for purely partisan purposes, solely to try to embarrass the president and score a few political points, the Republicans are now suggesting [hearings]."

Sen. Richard Lugar, Indiana Republican, spoke to the Christian Science Monitor about the White House reaction: "To somehow ascribe all of their failures to political drumbeating by Republicans or the press won't work."

Farrakhan's following

Nation of Islam leader Louis Farrakhan's message of uplift and pride makes him a champion for blacks, many of whom ignore those pronouncements that critics have denounced as racist, the Philadelphia Inquirer reports.

Union Theological Seminary professor James H. Cone, a scholar of the Nation of Islam, told the Inquirer: "It's not that they want to justify Farrakhan's anti-Semitism. Most blacks object to that. But what they don't want is for them [whites] to use Farrakhan's racism as a way of ignoring their own."

The Inquirer says the Nation of Islam's comparatively small membership — estimates run as

high as 200,000 — probably has more to do with the power of the black Christian church than any bedrock distrust of Mr. Farrakhan.

"But even church leaders, black America's first-line power brokers, concede that while they're filling pews, Louis Farrakhan is winning souls," the newspaper says.

And the Nation of Islam threatens to eclipse the church in such areas as prison ministry, counseling and the support of drug abusers, as well as evangelization, the Inquirer reports.

Cooper vs. Thompson

While Democratic Rep. Jim Cooper leads in the Tennessee race for the Senate, Baltimore Sun columnists Jack Germond and Jules Witcover report that his GOP opponent, Fred Thompson, has untapped potential.

Mr. Thompson was the Republican counsel to the Senate Watergate committee 20 years ago. But he is probably better known for his prominent supporting roles in 18 movies during the past decade, the columnists say.

They note that if you ask why Mr. Thompson is running, he replies with "the practiced drollery of the country boy: 'The pay prospects, the quality of life, the opportunity to hang around such agreeable fellows.'"

• Compiled by Alan McConagha.

New role for the first lady: political liability

"Some people thought she really was the boss, but though she did a lot of nagging, she didn't always prevail."
— "Presidential Wives," by Paul F. Boller Jr. on Florence Kling Harding.

"To salvage the First Lady's public image would take a brain trust of two presidential aides, twenty-five members of the East Wing staff, the White House pollster — and one astrologer."

— "Nancy Reagan," by Kitty Kelley

Hillary Rodham Clinton stands in a long line of first ladies suffering horrid press. It was only a matter of time before sleeping journalists, sycophantic politicians and feminist ideologues desperate for yet another professional "role model," would see their love affair with this first lady crash and burn.

Nevertheless, Hillary suffers a dilemma no other first lady confronted. She is the first that a court of law identified as a "virtual extension of her husband" and "the functional equivalent of an assistant to the President." The U.S. Court of Appeals for the District of Columbia decreed that Hillary, as the head of the Task Force on National Health Care Reform, is the equivalent of a "government employee" without actually being on the payroll.

Such designations create new dangers for the president and his wife as they struggle to swim in what has become a whirlpool of angry white water. However they survive, the role and image of the

first lady will change again. (Did Hillary fire the chef and his staff because she plans a more prominent role for herself in the kitchen? Or to rid the mansion of servants of unknown loyalty?)

For all of the cheering that emanates from feminist circles hailing Hillary's power, many feminists have overlooked the condescension, contemptuousness and powder-puff appreciation that protects this first lady from the rigors of the rough give-and-take of Washington.

"As much as we try to think otherwise, when you're covering someone like yourself, and your position in life is insecure, she's your mascot," concedes Margaret Carlson, who covers Hillary for Time mag-

The public, puzzled and indifferent to what seemed to be such a confusing story of conflicts and cover-ups, is at last asking the familiar question: What did Hillary know, and when did she know it?

azine. "Something inside you roots for her. You're rooting for your team. I try to get that bias out, but for many of us it's there."

Women who have gone through an ordeal by fire in a campaign or confirmation process no doubt looked with envy at the gushing pre-Whitewater stories describing Hillary's latest image change, hairstyle, fashion, mommydom and unexpected spiritual beliefs.

When she testified on behalf of her health care plan on Capitol Hill, congressmen fell all over themselves expressing surprise and

delight in discovering that a woman could be endowed with intelligence and wit. Now the White House is worried that Rep. Dan Rostenkowski's hyperbole for Hillary may, in fact, come true.

"In the very near future," he told her as powerful chairman of the Ways and Means Committee, "I think the president will be known as your husband."

Skeptics were ridiculed for questioning the wisdom of employing a first lady with her own agenda, who was neither elected nor confirmed. Liberals and feminists were so thrilled to have one of their own in the West Wing they never imagined that a first lady, who required deference and who dictated policy with iron authority, could damage both policy and the president when men and women began to take her seriously by offering a serious critique of her work.

When Bill Clinton wanted to allay fear of a "co-presidency" during the campaign he iced the phrase, "Buy one, get one free." Now the hardest-eyed of the pundits inside the Beltway wonder whether the president's men aren't letting Hillary fall on her sword so the president won't have to.

Alan Dershowitz, the Harvard law professor and a fan of Mr. and Mrs. Clinton, inaugurated a course in legal ethics this year with a survey of ethical issues surrounding Whitewater, and questions of the propriety of Hillary, as the governor's wife, practicing law so intertwined with her husband's governance in Arkansas.

The public, puzzled and indifferent to what seemed to be such a confusing story of conflicts and cover-ups, is at last asking the familiar question: What did Hillary know, and when did she know it?

Rep. Jim Leach, the kind and gentle Republican who has pursued his suspicion of breach of trust at the highest level said it best: "The revelations of the past few days that officials of the Department of the Treasury and Resolution Trust Corporation briefed key White House aides on potential legal actions which independent regulatory agencies might be obligated to take against the president and first lady subvert of the fundamental premises of American democracy — that this is a country of law and not men." Not of women, either.

The limitations of drug treatment

By Robert C. Bonner

After a year of deafening silence on the drug issue, President Clinton is to be congratulated for finally giving America's drug problem his personal attention. However, I'm afraid his strategy, announced last month, is akin to a pound of treatment that is not likely to produce even an ounce of cure.

While the Clinton plan wisely refocuses law enforcement on the "hornet's nest" — the source countries where the drug cartels flourish — the misallocation of resources under his strategy will leave the nests virtually intact, with hundreds of millions being thrown at highly questionable drug treatment programs and away from efforts to destroy the drug kingpin organizations in Columbia, Burma and elsewhere.

The Clinton strategy badly oversells the efficacy of treatment in curing hard-core drug use by pouring an additional \$360 million, the largest reallocation of resources, into this single program area. Yet according to Harvard Prof. Mark Kleiman, a drug-control expert who was a member of the Clinton administration's Justice Department transition team, even the most expensive drug treatment programs — long-term residential treatment programs costing up to \$20,000 per patient — have success rates as low as 15 percent to 25 percent. In other words, actually curing a single addict may require more than six stays in a drug treatment program at a cost of as much as \$133,000 per addict. At that exorbitant cost, the additional \$360 million to be spent by the administration in 1995 could result in as few as 2,706 hard-core drug users actually remaining drug-free — a mere one-tenth of 1 percent of the estimated 2.7 million hard-core drug users.

To make matters worse, the strategy's obsession with treating hard-

core drug users ignores those new and developing drug users who are in the pipeline to addiction. These individuals deny they have a drug problem and are not reached by drug treatment. Yet their numbers are increasing. After more than a decade of declines in the number of users, drug use significantly increased in 1993 among high school students.

According to the most recent University of Michigan high school survey, 10 percent of high school seniors have used LSD, while 35 percent have used marijuana. Almost one of every 10 eighth graders used marijuana during

Actually curing a single addict may require more than six stays in a drug treatment program at a cost of as much as \$133,000 per addict.

1993, a 50 percent increase in just two years, and drug use is rising for other drugs as well. Other evidence strongly suggests that heroin use is on the rise among college students and young professionals.

The message needed from our country's leadership — that illegal drug use is wrong — has been significantly weakened and diluted since Mr. Clinton took office. The most recent example of this harmful ambivalence has been the public discussion launched by Clinton's surgeon general, Joycelyn Elders, about the value of legalizing drugs. A national re-dedication to discouraging drug use is critical to reversing this alarming trend among high school students. So, too, are strong law enforcement efforts to reduce the volume of illegal drugs reaching our country.

But the very programs needed to impact availability of drugs such as cocaine and heroin were sacrificed to fund expensive increases in drug treatment that, at best, will benefit

only a few older, hard-core addicts. In this regard, law enforcement efforts directed against the highest-level trafficking organizations have proven successful in reducing the availability of cocaine in the United States. As the Medellin cartel was destroyed over the past few years, the wholesale price of cocaine in the United States shot up sharply throughout most of 1990 and for half of 1992, which indicates a reduction in supply.

Yet funding for international programs designed to smash the drug cartels was cut from \$523 million in 1993 to \$351 million in 1994, a 33 percent reduction. A small increase in 1995 will still leave funding for these programs 18 percent below their 1993 level. Make no mistake about it: the Cali Cartel, which now controls the bulk of the world cocaine trade, is celebrating these cuts, which help in its efforts to make Colombia the world's first narcocracy.

The strategy also dramatically reduces funding for U.S. law enforcement to gather intelligence concerning drug cartel activities in the source countries and work cooperatively with foreign police to take action against the drug cartels. The recognized leader of the international drug enforcement effort, the U.S. Drug Enforcement Administration (DEA), will have its budget cut in 1995 by \$25 million in inflation-adjusted dollars. This cut, coupled with President Clinton's government-wide personnel reductions, will reduce by approximately 15 percent the DEA's workforce, already stretched thin across 50 countries worldwide. Reductions in the FBI ranks will be equally severe.

Sadly, these reductions in law enforcement pressure against the drug cartels come only a few months after the successful apprehension of drug lord Pablo Escobar in Colombia. Losing our advantage to build upon this success to bring down the Cali Cartel is only one cost of a drug strategy that exalts treatment for relatively few hard-core users over jail for the drug lords, and leaves our young people vulnerable to intolerably high levels of drug production and trafficking that threaten the world today.



Suzanne Fields

Suzanne Fields, a columnist for The Washington Times, is nationally syndicated. Her column appears here Monday and Thursday.

When a special prosecutor comes into your life

By Rachel Abrams

I know something about Bill and Hillary Clinton right now. I know how their stomachs churn, how their anxiety mounts, how their worry over their defenseless child increases. I know their inability to sleep at night and their reluctance to rise in the morning. I know every new incursion of doubt, every heart-break over bailing friends, every sting and bite the press gives, every jaw-clenching look at front-page photographs of Robert Fiske Jr., the special prosecutor. I know all this, and the thought of it makes me happy.

Yet complete contentment remains just out of reach. The pleasure I take in the suffering of the Clintons isn't full, for it is clear

Rachel Abrams lives in Virginia. Her husband, Elliott Abrams, pleaded guilty to two counts of withholding information from Congress in the Iran-Contra affair. He was pardoned by President Bush.

that there is more in store for them, and I feel strongly that they haven't suffered enough. (Though as bloodthirsty as I am, I must add that I don't wish any of this on their daughter. I can only imagine too well how bewildered and humiliated she must be, how bravely and defiantly she must be rising to the defense of her parents, how untrustworthy her world must seem to her to have become.) I will be even happier as this unfolds.

More important for me is the sense that until now the president and his first lady have been rather too alone in their troubles, that there are others who, worms that they are, should be squirming now with discomfort and embarrassment, and have only just begun to do so. I haven't any particular scores to settle with Bill and Hillary themselves, but I most certainly and most bitterly do with the men and women for whom they are stand-ins.

These may be Republicans or Democrats interchangeably (though in fact they are mostly Democrats);

what really counts about them, what binds them to one another and sets them apart from the hoi polloi, is their membership in the educated, left-leaning, affluent professional class. These are the lawyers, the columnists and editorialists, the reporters, the legislators and the executives, the aristocrats of "idealism," who ended the past decade — you know, the decade of greed — ridiculing and pillorying their ideological foes, taking special pains with the people they considered traitors, punishing Reaganites who by rights should really have been Carterites like them.

Looking ahead, then, they began this decade, the decade of ungreed, slaver over the Clintons. And the coverup, the foolish, greedy, ruining coverup, began with them. They did their damndest to guide this couple — who were, after all, the very living embodiments of their class — into the White House. They turned blind eyes to obvious, glaring, trumpeting flaws of character, listening to Bill and Hillary, but especially Hillary, the New

Woman, say the corrective socialist litany. They let questionable behavior slide, unquestioned, because after all, what's a peccadillo here or there among friends? As compared with the grave cultural and political offenses committed by those Reagan people, this stuff could be explained away.

And here they are. Their fellow "idealists" do indeed occupy the presidency, but the facts the aristocrats are now forced to report, defend, discuss, face and explain have to do not with that beloved litany of social ills and cures, not with homosexuality, homelessness and health, but rather with the possibly illegal acquisition and disposition of cold hard cash. This, for me, is truly pleasant and amusing to contemplate.

But that pertains to old news — as the president has said, stuff that happened before he was in office (well, this office, at any rate). More pleasant still is the sure knowledge that there will be congressional hearings to look into new news, stuff that has been happening here,

stuff that might be considered unethical; that accusations of wrongdoing will be brought and

I have heard the arguments of others in my situation against congressional and prosecutorial abuse, but they've made no impression on me. I will be gratified to watch as that abuse is heaped upon the Clintons and their ilk.

there will be some prosecutions. I have heard the arguments of others in my situation against congressional and prosecutorial abuse, but

they've made no impression on me. I will be gratified to watch as that abuse is heaped upon the Clintons and their ilk.

A few years ago, in a bitter moment, I sentenced members of the idealism aristocracy to various dreadful bloody punishments (alas, it was only on paper). At the time I was decidedly not consoled by the suggestion that revenge would come; I could not believe that a patient biding of time would bring satisfaction for my longing to get even. I was wrong. While it would be vain to await public declarations of embarrassment by these people, they have clearly already begun their backpedaling. When the full turnabout has been achieved, when Hillary and Bill no longer get the twittering ladies of the press vibrating, when the natural sycophancy of the Washington establishment gives way and its members start speaking the truth about the president and his wife, when the gents on Capitol Hill have kissed them off, then I will have my revenge.

CAL THOMAS

Wallowing in Whitewater

Analogies between Watergate and the Whitewater affair are being heard. Any day now we can expect President Clinton to echo Richard Nixon and say that he's not going to wallow in Whitewater and will instead devote his full attention to what he was elected to do.

Trouble is, that won't work for him any more than it did for Mr. Nixon. The Whitewater story is now big news, and we are going to be wallowing in it for some time to come. President Clinton will become increasingly preoccupied with trying to keep his administration afloat.

Last week was a bad one for the president. Six White House officials and three Treasury Department officials were subpoenaed Friday to tell what they know under oath about events related to the Whitewater affair. As the subpoenas rolled in the White House door, heads started rolling out the White House gate. White House counsel Bernard Nussbaum got the ax. Even the French chef and an usher were fired (though apparently not for anything to do with Whitewater).

Defenders of the president are trying their best. My favorite line was from Margaret Carlson, Time magazine's White House correspondent, who said on CNN, "Democrats haven't known how to behave in the executive branch because they haven't been there in so many years." Apparently Miss Carlson thinks ethics, like French cuisine, are an acquired taste.

The Wall Street Journal's Al Hunt wrote that a possible cover-up, more than any Arkansas shenanigans, might hurt the Clintons, "but there won't be any findings of criminality involving the first family." Mr. Hunt wrote this the day before the subpoenas were issued.

It is a legal and historical mistake to claim President Clinton is beyond the arm of the law for any crimes he may have committed while governor. Vice President Spiro Agnew was forced from office in 1973 when he pleaded "no contest" to charges of income tax evasion arising from kickbacks he was accused of taking from state contractors while he was governor of Maryland.

As for Mrs. Clinton, an even bigger cover-up may have been conducted by her and on her behalf. She is knee-deep in the Whitewater affair, with her close personal, professional and legal ties to Madison Guarantee Savings and Loan and the late Vincent Foster. Here the comparison with Watergate diverges — Watergate never had a body. There have been allegations of massive paper shredding of pertinent documents at Mrs. Clinton's old law firm in Little Rock, including papers belonging to Mr. Foster.

Leaks in the trust reservoir

But spokespersons for the Rose law firm have denied this.

Most of the press, which boosted the Clinton-Gore ticket during the 1992 campaign, was embarrassingly slow in getting hold of the Whitewater-Madison story. The Washington Post, which holds itself in unreasonably high esteem because of its Watergate coverage, is now busy explaining why it missed the Whitewater story and is playing catch up.

The Post ombudsman wrote that journalistic ethics (an oxymoron?) demanded that the newspaper not take at face value evidence dug up by its rival The Washington Times, but get the story on its own. That

might have been fine if The Post had done the job — but it didn't. The Washington Times kept this story alive with groundbreaking reporting.

The blood is in the water now, and the media sharks who helped put Bill Clinton in the White House must hold him accountable to the same standards they applied to Richard Nixon, Ed Meese and Oliver North. Had they done so during the campaign, Bill Clinton might not have been elected. Then the press almost unanimously said character didn't matter. It turns out character mattered a lot.

The latest polls show President Clinton's trust reservoir has sprung a leak. It's now around 40 percent and falling fast.

As the Watergate-Whitewater comparisons develop, two quotes seem relevant. Nixon aide H.R. Haldeman observed: "Once the toothpaste is out of the tube, it's hard to get it back in." And Henry Kissinger's wry comment could be closer to the mark: "The illegal we do immediately. The unconstitutional takes a little longer."

The media sharks who helped put Bill Clinton in the White House must hold him accountable to the same standards they applied to Richard Nixon.

Cal Thomas is a nationally syndicated columnist.

THURSDAY, MARCH 10, 1994 **The Washington Times**

... to what end?

The growing intensity of the Whitewater probe raises questions in the mind of the observer, much as deepening complications of a theater drama raise expectations: What will the third act bring?

The Greek theatrical paradigm invites us to feel the moral compulsion. The judgment of the gods will be heard in the final act, and the visitation of justice on the miscreant; they call it Greek tragedy.

Let us assume, for the sake of deliberation, that the Clintons are guilty. Assume that Gov. Bill felt the financial tug of a bad real estate investment, needed some cash, an excess of which he had in his political kitty, and devised a means to launder some of that stuff and pour it into his Whitewater Development Co. venture.

Let us assume that Dame Hillary, as professional advocate for a failing savings and loan outfit, suggested quietly to Gov. Bill a means by which the sentence of death might be stayed, or even commuted, and that Gov. Bill made appropriate recommendations that resulted in congenial appointees who gave a couple years' extra life to the S&L through intravenous feeding, heart massage and the rest.

While we are at it, let us go ahead and assume that some shredding of documents was done that investigative analysis convinces us were vital, but — pfft! — they are no

Judgment scenarios

longer there. It is assumed that they were damaging.

What they went on to establish, other than the highly incriminating points above, we do not know. But the Vincent Foster aspect puts a dark personal edge on the story, and we have the equivalent of the 18-minute missing segment of the tape of Richard Nixon, except that we are dealing here with something that might have been the proximate cause of the explosion in the brain of Mr. Foster: a lethal, life-extinguishing bullet.

So what do we do about it?

Do we call a grand jury, indict Bill and Hillary Clinton, try them before a jury, find them guilty, then wait for a bill of impeachment against the president, citing the high crime and misdemeanor that justify removing him from office?

That is one hell of a third act. So let's force ourselves to tone it down.

But how exactly do we do this? We are not talking about civil offenses, according to the indictment postulated above. If there was a little malversation there, involving a misdirection of money intended for political purposes and borrowed for

financial purposes, it's possible to find a way of saying this might call for "restitution" as a civil remedy.

But even if that criminal offense were transmuted into a civil offense, it is difficult to see how all the others could be similarly denatured. To destroy evidence that might be vital to an investigation is an offense punishable under the law.

So what might be done to appease the demands of justice? Are we really disposed to consider impeachment, followed by removal from office?

There are two perspectives from which to approach the question. The first is moral. There is no question left in the minds of those who have followed his career that Bill Clinton is a moral swinger — moreover, one who, in defense of himself, asks us to believe that which is not believable. To smoke marijuana without inhaling is the equivalent of taking a glass of wine into one's mouth without swallowing it. Professional tasters learn to do this, but they do not achieve the technique until after they have tasted, and swallowed, a great number of wines.

Yet that defense Mr. Clinton proffered during the campaign became a kind of endearing joke on the late-night comedy circuit: Would you believe that boyish guy with the perpetual grin running for president wants us to believe he drew on a marijuana cigarette and didn't inhale the smoke?

Then there is the whole business of sleeping around. There is a sense in which the progressive exposures of the conduct of John F. Kennedy have had the effect of dousing public concern over this. Americans seem to be saying: Well, if the satyrism of John Kennedy can coexist with the canonization of John Kennedy, then what right do we have to get so fired up about Bill Clinton?

Finally there is the draft-dodging. That, very simply, is what it was. But lots of people did it, so let's forget about it, even as we are anxious to forget everything about Vietnam except that beautiful monument in Washington.

But the other perspective has to do with the stability of government. To remove Mr. Clinton from office would be a convulsive political act — nonconservative and anti-conservative. Such arguments were made in 1974 on behalf of Richard Nixon. But his self-destruction had by that time gone too far.

The political managers of the Republican Party need to think this question through, and seek to devise some means by which justice can be propitiated, if the evidence against the Clintons becomes conclusive, this side of aborting Mr. Clinton's presidency.

THURSDAY, MARCH 10, 1994 *The Washington Times*

William F. Buckley Jr. is president and editor at large of National Review and a nationally syndicated columnist.

Whitewater and the Republicans

Bill Clinton, Al Gore and George Stephanopoulos would have us believe that the Whitewater fiasco is nothing but a political hit, a well-orchestrated campaign of slander conducted by the Republican Party. Republicans have no issues to run on, says the peripatetic and smug Mr. Stephanopoulos (who has retained former House counsel Stanley Brand to represent him), and so they have latched onto the scandal like so many political Gila monsters. This accusation that cuts deep for Republicans, who spent much of the 1980s decrying the criminalization of policy disputes. Are Republicans caught in a blind frenzy of hypocrisy, doing to Democrats now what they for so long lamented when the parties were reversed? And as such, should their calls for congressional hearings into Whitewater be ignored? The answer to both questions is "no."

Without doubt, partisan advantage plays a key role in the Republicans' attack. But that is politics: If your opponents are caught in a scandal, or caught trying to suppress a scandal, you make the most of it. This is a far cry from the criminalization of ideological or policy differences that characterized a number of congressional investigations over the past decade.

Iran-Contra centered on a difference of opinion between the executive and legislative branches on how to handle communist expansionism in Central America. Congress tried to cut off U.S. money to the Nicaraguan anti-communist rebels, and some in the White House tried to find other support for the Contras. The complaint made in these pages, and by other conservatives at the time, was that this dispute — help the Contras or cut them loose? — was fought in the courts rather than through the political process. This was how the phrase "criminalization of policy disputes" was born.

This approach was not limited to Iran-Contra. Ted Olson made the mistake of getting in the way of Rep. John Dingell: as head of the Justice Department's office of legal counsel he told the president that executive privilege covered certain sensitive EPA Superfund files that Mr. Dingell wanted to see. Mr. Olson made the case for this decision in congressional testimony, the text of which became the stuff of a witch hunt, in which congressional panels scoured his statements for anything "misleading." An independent counsel was ultimately appointed to get Mr. Olson's scalp, but found no wrongdoing. Mr. Olson's case is a paradigm of policy criminalization. He was the point man in a struggle between lawmakers and the president over who would control an executive branch agency. Legislators tried to ruin him in order to win the dispute.

The Republicans' clamor for Whitewater hearings does not fit this paradigm. The stuff of the scandal has nothing to do with a policy dispute: It has to do with possibly illegal actions in Arkansas and the possibility that unethical or illegal actions have been taken in the White House to bury the Arkansas bones. This is a real, honest-to-goodness, straightforward scandal. Republicans are fulfilling their role as the opposition in making strenuous calls for an airing of the facts. Would we really prefer that they remain primly silent and allow the party in power to ignore mounting evidence that political power has been abused?

Lawmakers who railed against the criminalization of policy differences back in the 1980s should feel no compunction about diving into an investigation of the Whitewater mess. Republicans didn't create Whitewater, and they should not be embarrassed about their role in bringing the arrogant fiasco to light.

The GOP budget in the House

If you want to get a sense of the shape of things to come — possibly round about February 1997 — you might take a look at the Fiscal 1995 GOP budget substitute that is likely to be voted on by the House today. The House Budget Committee minority, under the leadership of John Kasich of Ohio, has been engaged in the somewhat complicated business of beating Democrats at their own game — using budget rules devised by Democrats for the benefit of Democrats to achieve results Republicans find desirable.

Last year, the GOP substitute budget won praise for its integrity from a perhaps unexpected quarter, the New York Times editorial page. President Clinton — then engaged, of course, in a full-scale budget battle that included the largest tax increase in history — told his critics he refused to take them seriously unless they produced credible alternatives: "No hot air — show me where." Perhaps to Mr. Clinton's surprise, that is exactly what Mr. Kasich & Co. did. They produced a budget that provided more deficit reduction than Mr. Clinton's without increasing taxes a cent — and so said not just the Republicans, but also the Democrat-run Congressional Budget Office, which Mr. Clinton himself had proclaimed the arbiter-in-chief of all number-crunching. The New York Times didn't endorse the House GOP budget — far from it — but it praised Mr. Kasich for "showing where."

The budget debate is less heated this year, possibly because the administration seems to have chosen to mark time with its budget this go-round, possibly because people are more interested in other

things (the issue of Whitewater hearings, for example). But the minority on the House Budget Committee has struck again — this time managing even to get The Washington Post to agree that its numbers add up, a stunning concession given The Post's agenda. (Perhaps this is merely an echo of the New York Times editorial, one year later — The Post belatedly recognizing, as the New York Times did a year before and as Michael Kinsley never has, that you can disagree with someone's position without calling him names and attacking his legitimacy.)

In any case, the GOP substitute is a document of the Republican mainstream, and although it hasn't got a chance — therefore, Republicans can be forgiven an unwillingness to stick their necks out very far politically to vote for it — it is likely to attract significant Republican support.

Mr. Kasich offers \$150 billion more in deficit reduction over the next five years than the Democrats' budget. The minority plan includes a major pro-family component (centered around a tax credit of \$500 per child for families with incomes below \$200,000 a year) and a pro-growth component (centered around indexation of capital gains for inflation). It also addresses the serious underfunding problem the Pentagon faces, which the administration is ignoring.

Republicans should vote for this plan. And come the day a Republican in the White House proposes a budget including provisions along these lines, Democrats will come around and vote for it as well. It's popular and it's paid for.

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(ATTN: National editors) (Includes optional trims)

Fiske: No Objection to Limited Whitewater Probe by Congress (Washn)

By Michael Ross= (c) 1994, Los Angeles Times=

WASHINGTON With political pressures mounting on Capitol Hill, special counsel Robert B. Fiske Jr. told lawmakers Wednesday that he would not object to congressional hearings on the Whitewater controversy provided they are limited to the question of possibly improper contacts between White House aides and federal banking regulators.

Fiske went to Capitol Hill to ask Republican lawmakers to hold off on their calls for public hearings that he again said would interfere with his investigation. His plea came one day before senior White House aides were to go before a grand jury to answer questions about possible meddling in the Whitewater investigation.

The White House, Fiske said, was being "very responsive and cooperative" handing over documents subpoenaed by his investigators. But he said that he was deeply concerned about congressional hearings interfering with possible prosecutions stemming from his investigation.

In his first public comments on the case since his appointment as special counsel Jan. 20, Fiske also indicated after a meeting with two Republican senators that he had modified his objections to their demands.

While he would still "prefer that there be no congressional hearings," Fiske said, he would not object to hearings on one narrow aspect the meetings and other contacts in recent months between White House officials and regulators investigating the failure of Madison Guaranty Savings & Loan, a Little Rock thrift that was owned by the Clintons' partner in Whitewater Development Corp.

Disclosure of those discussions raised the possibility that White House officials had tried to interfere with the investigation by regulators, and led to the forced resignation of White House Counsel Bernard Nussbaum.

Like Madison Guaranty, Whitewater a real estate investment company also failed, costing the Clintons \$69,000, according to the White House. Fiske is looking into allegations that President Clinton may have benefited improperly from his association with James B. McDougal, owner of Madison Guaranty and partner with the Clintons in Whitewater.

Fiske met for more than an hour with Sens. William S. Cohen, R-Maine, and Alfonse M. D'Amato, R-N.Y., Wednesday. D'Amato is ranking Republican on the Senate Banking, Housing and Urban Affairs Committee. Afterward, Fiske told reporters that he expects to finish his review of the White House contacts within a few weeks and would have no objections after that to public hearings about those discussions as long as lawmakers did not take testimony or disclose evidence related to other aspects of his investigation.

The two senators said after the meeting that they are optimistic a compromise can be reached with Democratic leaders and that the hearings could go forward without interfering with Fiske's investigation.

"We have assured the counsel we can conduct our oversight hearings in a manner which will not deter or preclude him from carrying out his responsibilities," D'Amato said.

"We looked for a middle ground," added Cohen, who said that Republicans were willing to cooperate with Fiske by giving him a "reasonable time frame ... in which to conduct his investigation before there are open, public congressional hearings."

Both he and D'Amato also reiterated that the Republicans would not seek to compel testimony with grants of immunity a factor that helped result in the reversal of several convictions during congressional hearings on the Reagan administration's Iran-Contra scandal.

It is not clear how many Republicans would be satisfied with the prospect of Whitewater hearings focused as narrowly as Fiske wants.

Quoting from a letter that Fiske sent to congressional leaders Tuesday, Senate Majority Leader George J. Mitchell, D-Maine, said that public hearings

of any type risk doing fatal damage to the investigation by disclosing information currently before the grand jury.

(Optional add end)

"We need to allow Mr. Fiske to do his job," Mitchell said. He argued that the "demand for immediate hearings is clear evidence that the purpose is purely political ..., partisan politics at its worst."

The Republicans, he added in an angry speech on the Senate floor, are trying to "seize upon Whitewater in a blatantly partisan effort to embarrass and weaken the president."

But GOP lawmakers, noting that the Democrats turned aside similar arguments by Republicans as they launched numerous investigations of scandals during the years that Presidents Reagan and Bush occupied the White House, confidently predicted that public pressure would eventually force the Democrats to give in.

"Obviously the majority does not want to have hearings now," Cohen said. "But they are under pressure because of the double standard that is being applied to Republican and Democratic administrations."

While Democrats in the Senate stood firm against any hearings, House Speaker Thomas S. Foley, D-Wash., and other Democratic leaders met with their Republican counterparts to discuss a possible compromise. Republicans afterwards sounded optimistic.

"We are not at an impasse right now," said House Minority Whip Newt Gingrich, R-Ga. "We made a little ground today with the Democratic leadership."

Taking advantage of a House rule that gives the minority the right to call its own witnesses at committee hearings, the Republicans hope to take testimony from some 40 Whitewater related witnesses at a Resolution Trust Corp. oversight hearing of the House Banking Committee March 24.

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c-whitewater-leach - a2155

(ATTN: National editors) (Includes optional trims)

Maverick Lawmaker Becomes GOP's Point Man on Whitewater (Washn)

By Robert Shogan= (c) 1994, Los Angeles Times=

WASHINGTON After years of plaguing the leaders of his own party, maverick Republican congressman Jim Leach is emerging as one of President Clinton's most formidable adversaries in the Whitewater affair.

The 51-year-old Iowa lawmaker demonstrated his resolve this week by pushing ahead with a planned House Banking Committee inquiry into the Whitewater tangle. This despite independent counsel Robert Fiske's contention that congressional inquiries could hurt his own probe into possible criminal violations stemming from Whitewater.

The issues of government integrity and abuse of power involved in Whitewater are broader than Fiske's prosecutorial concerns, Leach argued in a letter to Fiske. Earlier, Leach, the ranking Republican member on the committee, predicted in a telephone interview that the hearing, tentatively set for March 24, would be of "blockbuster proportions."

Ostensibly the hearing is an exercise of the banking committee's responsibility for overseeing the Resolution Trust Corp., the agency charged with reviving the scandal wracked and debt ridden savings and loan industry. Committee Republicans, spearheaded by Leach, have served notice that they intend to call a broad roster of people connected with the Madison Guaranty Savings and Loan, which is at the heart of the Whitewater affair, and officials of the Clinton administration linked to the case.

When he began looking into the Whitewater case, Leach said, he felt that nothing more serious was involved than a violation of ethical standards and "the spirit of the law." But now he says: "I am increasingly coming to the conclusion that we have an issue that also relates to the letter of the law."

Coming from Leach, with his reputation for high-minded and well-informed independence built up during 10 terms in the House, such ominous talk is harder for the president and his allies to shrug off than if it had emanated from most other Republicans.

The reason he (Leach) was able to bring this issue to the front is his high standard of integrity and his expertise in banking," former Iowa Democratic congressman David Nagle says of his onetime colleague. "Even out here in Iowa where Clinton is doing well at the polls, people said if Jim Leach is looking at Whitewater, he should be heard."

The thing that stuck out about Leach was that he wasn't going to let anybody, even the president of his own party, dictate how he was supposed to represent his own district," recalls Jim Maddy, executive director of the League of Conservation Voters, who recalls Leach's opposition to President Clinton's environmental policies a decade ago.

Maddy claims that Clinton aides are making a mistake when they respond to Leach's comments about Whitewater by accusing him of excessive partisanship. "This is a person of stature and integrity," says Maddy.

Leach signaled the independence that would be his hallmark in public life early on when he resigned from the Foreign Service in 1973 in protest of President Nixon's firing of Watergate prosecutor Archibald Cox. Once in Congress he caused distress for GOP chief executives and congressional leaders by supporting the nuclear freeze, opposing military aid to the Contra guerrillas in Nicaragua and calling for the resignation of then-Attorney General Edwin Meese over the Iran-Contra scandal.

Paul Begala, the Clinton political adviser who has taken on the task of hitting back at what he calls Leach's "innuendo" and "scurrilous rhetoric," admits to being frustrated by Leach's "Bambi blue eyes and soft-spoken Midwesterner manner" as well as his reputation for integrity.

"I believe Leach deserves the good reputation he has," Begala says. "But I think he is putting all that reputation on the line for the proposition that Bill and Hillary Clinton are crooks."

But Leach's admirers say his concern with Whitewater transcends the fate of the Clintons or any partisan concern and is rooted instead in the reform tradition nurtured in the Upper Midwest, particularly in Leach's native Iowa.

"He gives you the impression of someone who is concerned about the governing process and the ability of this country to survive," said Clark Pellett, another Iowa native and now a Republican ward committeeman in Chicago, after hearing Leach speak on Whitewater at a GOP dinner in the Windy City last week.

Pellett says Leach's 20-minute talk, was "very intellectual and scholarly." During the question period, when asked about Clinton's own involvement in the affair, Pellett recalled, "He said he had to be very clear there isn't any allegation whatsoever against the president or the first lady that has been substantiated."

Leach himself contends his current absorption with Whitewater stems naturally from his longstanding concern with the savings and loan industry. He was early and often in sounding the alarm against the debacle that overtook the S&Ls in the late 1980s. And he does not hesitate to put an ample share of blame on the shoulders of Reagan administration, for its lax regulatory standards, along with Congress, state regulators and greedy operators of the thrifts.

In support of his claim to consistency Leach points out that he has been evenhanded and nonpartisan in supporting all of the various Banking Committee probes into savings and loans, including the one that highlighted President Bush's son Neil.

(Optional add end)

In an interview Leach claimed to see a parallel between the Whitewater case and one of the most notorious savings and loans scandals of all, involving Charles H. Keating Jr., chairman of the failed California thrift Lincoln Savings and Loan Association, and five U.S. senators who had taken campaign contributions from him.

"In the Keating case you had the effort of a corrupt savings and loan to stay in business by compromising U.S. senators," he said. "In Arkansas you had a corrupt S&L that tried to stay in business for an extended period of time by compromising the key political figure in the state, the governor (Clinton)."

Though Leach has been involved as a supporting player in many past congressional inquiries, if the House Whitewater probe goes ahead as now planned, it would mark his debut as Republican point man. As such he would become a likely target for brickbats from the White House and Democrats, but most analysts say he is well suited to stand the heat.

"To be a liberal Republican you have to have something slightly out of the ordinary in your makeup in the first place," says David Mason, chief congressional analyst of the conservative Heritage Foundation. "And I think that will stand him in good stead in this role."

-END-OF-AUTOBREAK(1)-

-AUTOBREAK(2)-FOLLOWS

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bc-whitewater-analysis - a2155

(ATTN: National editors) (Includes optional trims)

Clinton Political Tactics Backfire on Ethics Questions (Washn)

By Ronald Brownstein= (c) 1994, Los Angeles Times=

WASHINGTON With Republican pressure mounting for congressional hearings on Whitewater, it has become increasingly clear that the political skills President Clinton and his aides use so effectively in campaigns and legislative fights actually exacerbate their difficulties when the battleground is ethics and character.

Indeed, even some supporters are beginning to think that the tactics and habits of mind that make Clinton a difficult target for Republicans on most policy issues may be drawing a bulls-eye across his forehead on Whitewater.

In effect, many argue, when the issue is Clinton's own character, his bedrock assumption about how to conduct a political fight is counter-productive: Ethics questions cannot be managed and controlled in the manner as campaign or legislative debates.

"The lesson is you don't have control over it, so get out of the way," says Democratic consultant Brian Lunde. "If you try to control it, it's just like you put a hand on a burner you'll get burned."

On issue after issue, Clinton has built his political strategy around an effort, frequently successful, to achieve control to control the terms of debate and determine the field of battle. The examples range from the successful effort to portray Paul E. Tsongas as an economist elitist during the 1992 Democratic primaries to Clinton's recent appropriation of the traditionally Republican issues of crime and welfare.

But when the issue is ethics, the attempt to control is a prescription for trouble. From questions about his efforts to avoid military service in Vietnam and his personal life to the ongoing investigations of his role in the Arkansas land development deal, Clinton and his aides have more often than not compounded their problems instead of reduced them.

On issues such as crime, welfare, immigration and the North American Free Trade Agreement, Clinton has repeatedly relied on three tactics for dominating the debate: He steals the opposition's thunder by adopting a position that blends competing arguments; he employs his well-known flexibility to shift the point of conflict; and he attacks his critics aggressively.

But on ethical challenges, there is no real middle ground to seize and fighting ground leads to trouble. So does the aggressiveness that has marked Clinton's approach to political combat from the outset.

"The difference is that this (Whitewater) doesn't occur in the context of Clinton vs. someone else," said one Democratic strategist who has been consulted by the White House on responding to the controversy. "The strategy of always attacking doesn't work when you're, in effect, running against yourself."

(Begin optional trim)

In his successful legislative and campaign maneuvers, Clinton has shown great agility in preventing his opponents from determining the field of battle. When new issues or lines of argument emerge, the administration often moves swiftly to co-opt them. One example: despite widespread resistance among liberals and division within his own administration Clinton swiftly endorsed so-called "three-strikes" provisions for violent felons after it became apparent that Republicans would try to center the crime debate on that issue if he opposed it.

Those same White House instincts to decide for itself the field on which it will fight have been apparent in the Whitewater struggle. One reason the White House dropped its opposition to a special counsel was the conclusion that it could effectively resist calls for public release of Whitewater business records once they had been turned over to investigators.

Similarly, Clinton has raised the danger of interference with the special counsel investigation he once opposed as a reason to avoid congressional hearings.

But this sort of tactical maneuvering only reinforces suspicion that the administration has something to hide, Lunde and other observers say. "Once a charge like this is out there, it can't be managed well," says Thomas E. Mann, director of government studies at the Brookings Institution. "It can only be made worse in trying to manage it."

(End optional trim)

Even less applicable to ethical challenges has been the White House's never-give-an-inch attitude toward political struggles. In two distinct respects, that approach has backfired in the Whitewater controversy.

On issues and ethical challenges alike, Clinton and his political aides operate on the assumption that no sin is greater than not punching back. From the first allegations of marital infidelity in 1992 to the allegations from state troopers last December that they helped Clinton to execute and cover-up affairs, Clinton's first instinct is to portray charges of impropriety as part of a political campaign to weaken him.

But in the Whitewater case, some senior officials say, the White House argument that political opponents are driving the issue has added to the perception that Clinton is reluctant to address the underlying issues.

Political adviser Paul Begala, who has delivered some of the sharpest barbs against Clinton's critics, says, "at some times my own political response has been wrong and ill-advised."

Even more importantly, Clinton has long displayed an aggressive attitude toward the control of information relating to his personal affairs. While many political operatives maintain the best way to deal with questions of integrity is to flood the press and political system with as much information as possible, Clinton has typically taken a more combative and lawyerly approach providing information only when he appears to have no other choice.

This winter, for example, the White House did not reveal for 12 days that the Clintons' personal lawyer had negotiated a subpoena with the Justice Department intended to prevent public release of those and other Whitewater-related files.

It also waited months to acknowledge that recently ousted counsel Bernard Nussbaum removed files from the office of Vincent Foster, the deputy White House counsel who committed suicide last summer. One senior White House official said this week that the decision to separate those files and not disclose their removal was the critical mistake that reignited a controversy Clinton thought he had put behind him early in the 1992 campaign.

White House aides commonly blame these decisions on Nussbaum's litigation-bred inclination to avoid disclosure unless absolutely necessary. But the courtroom instincts that White House colleagues have imputed to Nussbaum were also evident in Clinton's handling of campaign controversies over the draft and his youthful use of marijuana.

Knowing that the way he handled the draft and drugs issues only brought him trouble, Whitewater critics maintain, the president's reluctance to disclose information about Whitewater could only mean the disclosure would damage him. "The hits they have taken to cover it up suggest to me that what is under the rug is really bad," said Republican strategist and former education secretary William J. Bennett.

White House officials contend that the new openness Clinton has displayed this past week in answering Whitewater questions reflects a belated awareness that his counterpunching approach during the campaign was often counterproductive.

"He has learned from those mistakes," said one close adviser.

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From Boston Globe Page 3

Congress asked to wait on Whitewater

Republicans grant Fiske request, say hearings to start in Juner

By Jill Zuckman
and Michael Kranish
GLOBE STAFF

WASHINGTON - As White House officials prepared yesterday to respond to today's deadline in a grand jury subpoena on the Whitewater case, independent counsel Robert Fiske urged congressional leaders not to hold hearings on the affair, saying they could undermine his investigation.

Key Republicans, after meeting with Fiske, said hearings are inevitable. But they agreed to delay them until June 1 to allow Fiske to question the White House and Treasury Department officials who had met to discuss Whitewater. And Republicans went along with Fiske's request that Congress not grant immunity from prosecution to witnesses, which he said would impede his ability to prosecute.

In Little Rock, Ark., yesterday, a second courier from the Rose Law Firm said that he helped shred documents from files bearing the initials of Vincent W. Foster Jr., who was deputy White House counsel until his suicide in July. Foster handled the president's and Hillary Rodham Clinton's files on the Whitewater land development deal.

The courier, Clayton Lindsey, said he has been subpoenaed before a grand jury on the matter. Lindsey told the Associated Press that he and another courier, Jeremy Hedges, did the shredding, and he thought it occurred Jan. 21, the day after Fiske was put on the case. Lindsey said that he did not read the documents.

"A cloud is gathering over the presidency that has to be removed," said Sen. William S. Cohen, Republican of Maine, adding that Fiske's preference for no congressional hearings would not be "politically possible."

Democratic leaders in the House and Senate, however, scoffed at GOP assertions that they are trying to clear up the matter. Instead, Democrats repeated their charges that the Republicans are just trying to harm President Clinton.

Senate Democratic leader George J. Mitchell of Maine said Republicans are trying to undermine Clinton's legislative agenda on health care, welfare, crime and campaign finance reform, leaving the GOP with no real issues. "They now seize on Whitewater to embarrass and weaken the president," Mitchell charged.

Senate Republican leader Bob Dole of Kansas

said that Fiske is not an elected official. "His appointment as independent counsel was never intended as an excuse for Congress to punt on its own oversight responsibilities," Dole said.

Fiske began his day by meeting with Senate Banking Committee chairman Donald W. Riegle, Democrat of Michigan. He then spent an hour with Cohen, Sen. Alfonse M. D'Amato, Republican of New York, and an aide to Dole. D'Amato has led the fight for hearings into Whitewater in the Senate.

And at the White House, the six officials who were subpoenaed to testify about the matter prepared to go before a grand jury, perhaps as early as today.

White House officials said they had prepared a stack of documents to turn over to the grand jury today. The assorted papers, some of which were retrieved from trash cans and "burn bags," were requested by Fiske in a broad subpoena covering anything related to Whitewater.

Clinton, who spoke at length about Whitewater in press conferences on Monday and Tuesday, mentioned it only briefly yesterday, saying he had told his aides to "just tell them what happened. Answer the questions and go on. Be very open."

The officials who were subpoenaed participated in meetings with Treasury officials at which the status of elements of the Whitewater investigation was discussed. Clinton has said he wishes the meetings had not occurred, but he has said they were legal.

Robert Bennett, an attorney for one of the subpoenaed officials, deputy chief of staff Harold Ickes, said in an interview yesterday that Ickes did nothing wrong.

"Whitewater to me is still water that has been churned up by partisan politics," Bennett said. "I can't conceive of anything impeachable or criminal there."

In addition to Ickes, the White House officials subpoenaed to appear before the grand jury in Washington are communications director Mark Gearan, departing counsel Bernard Nussbaum, presidential adviser Bruce Lindsey, and two aides to Mrs. Clinton, chief of staff Margaret Williams and press secretary Liss Caputo. In addition, three Treasury Department officials have been subpoenaed.

3/10/94

'DISAPPOINTING THINGS LEARNED'

Leach pursues his scrutiny of White House

The Iowa lawmaker suggests there is a disjunction in this administration between public policy and private ethics.

By JANE NORMAN

O. THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — Iowa Republican Jim Leach said Wednesday that the "body of knowledge" he has acquired during his investigation of the Whitewater affair led him to step up his criticism of President Clinton's ethics and actions in recent days.

"There have been disappointing things learned," said Leach, the senior



Leach
Critical

Republican on the House Banking Committee, who has become a leading figure in Whitewater. Leach initiated his own GOP investigation after the Democratic committee chairman declined to continue a bipartisan inquiry.

Leach has tantalized the political community by suggesting that a March 24 committee hearing on the Resolution Trust Corp. could become a "blockbuster" Whitewater event, although he won't elaborate until the hearing occurs. The RTC disposes of failed thrifts, including Madison Guaranty Savings and Loan of Little Rock, the S&L at the center of the Whitewater matter.

40 Witnesses Requested

Leach said there are "a whole spectrum of other issues" he won't be able to bring up at the hearing because they are not germane to the RTC.

However, the import of the hearing depends on how many of the 40 witnesses Leach has requested show up and testify.

"If the witnesses appear, it will be a substantial story that's told," Leach said, although he agreed there is "some degree" of doubt that will happen.

It is up to Chairman Henry Gonzalez, D-Texas, which of the witnesses suggested by Leach will be invited. The witnesses are under no obligation to appear unless Gonzalez decides to issue subpoenas. Leach does not have subpoena power.

However, President Clinton has indicated he would not stand in the way of senior administration officials testifying before Congress, and they are included on Leach's list, along with a host of Arkansans and RTC and Treasury Department officials.

"Firmer Statements"

Leach said the much stronger rhetoric he has adopted in recent days

The Des Moines Register

should not change public perception of him as a moderate, mainstream Republican.

"Philosophically, it's not a matter of right, left or center — I'm no less a philosophical moderate than I was a week ago, or 10 years ago," Leach said in an interview.

But, he said, "the body of knowledge that's been developed leads to the capacity to make firmer statements."

Leach, for example, has said "there is a disjunction in this administration between public policy and private ethics."

Robert Fiske, the special counsel appointed to investigate Whitewater, has urged members of Congress to hold off on hearings on Whitewater. On Wednesday, Fiske met with members of the Senate and asked for a postponement at least until he finishes looking into contacts between administration officials and federal regulators.

"The Way to Go"

But Leach said he remains firm in his belief that hearings are necessary and appropriate. He said he wants it clear that he called for congressional hearings before he ever called for a special counsel to investigate. "I've always argued that hearings were the appropriate way to go," he said, "and it's become stronger every day."

Leach said that, for years, prosecutors in similar situations have written to members of Congress pleading that hearings be canceled. But Leach said he has cited to Fiske the value of hearings during Watergate, and he stressed that there are no plans to offer immunity to any witnesses — which became a problem during the Iran-Contra hearings.

"Congressional hearings are exceptionally helpful to prosecutors," Leach said.

Media Attention

The Davenport congressman continued Wednesday to be the focus of intense attention by the print and broadcast news media. He has regularly appeared on all three network news broadcasts this week, and on CNN, and was on the MacNeil/Lehrer Newshour on Monday.

Leach is scheduled to appear on CNN's "Capital Gang" on Saturday, and on the CBS news show "Face the Nation" on Sunday, aides said.

Also Wednesday, Senator Charles Grassley, R-Ia., said he believes hearings can be held by Congress on Whitewater without interfering with the work of the special counsel.

Questions from the Senate Banking Committee brought forth the disclosure that there were contacts between White House staff members and Treasury Department officials about a confidential federal investigation into Whitewater, Grassley said. "That ought to prove to us Congress can contribute without impeding anything," he said.

3/10/94

First 3 answer

Whitewater summons

Gearan, aides to first lady lead trek before grand jury

BY RANDY LILLESTON
Democrat-Gazette Washington Bureau

WASHINGTON — The first Clinton administration officials appeared Thursday before a federal grand jury investigating the Whitewater Development Corp. affair, with the administration also turning over an estimated 1,000 pages of subpoenaed documents.

The three officials, White House Communications Director Mark Gearan; Margaret Williams, first lady Hillary Rodham Clinton's chief of staff; and Lisa Caputo, the first lady's press secretary, testified to a grand jury in a third-floor hearing room of the U.S. District Courthouse in Washington.

The three were questioned by assistants to Whitewater special counsel Robert Fiske Jr., who talked directly to the grand jury before leaving the courthouse Thursday morning.

The grand jury is investigating questions of obstruction of justice arising from contacts between the White House and the Treasury Department. The contacts involved the Treasury's investigation into Madison Guaranty Savings and Loan Association, a now-failed Arkansas S&L with ties to Whitewater Development Corp.

• Senate Republicans say hearings could begin in May 10A
• Reporters, photographers patrol courthouse 10A
• Whitewater rumors trigger worldwide selloff of bonds 2D

Included in the contacts were two controversial White House meetings at which the investigation was discussed, administration officials disclosed last week.

Also subpoenaed were senior administration adviser Bruce Lindsey, deputy chief of staff Harold Ickes, Deputy Treasury Secretary Roger Altman and three other Treasury officials. The other officials were allowed to delay their appearances to give them time to consult with their attorneys.

The officials were subpoenaed March 4 and the administration has made repeated attempts to assure Fiske it would cooperate with his investigation. Hundreds of aides were forced to sift through trash that piled up in the White House for days for any scrap of paperwork involving Whitewater.

President Clinton was in New See WHITEWATER, Page 10A

Whitewater

Continued from Page 1A

York on Thursday for a previously scheduled speech; Lindsey traveled with the president.

Fiske arrived at the courthouse shortly before 10 a.m. Thursday, then left again about 11:15 a.m. before any testimony had been taken.

A source said Thursday that Fiske addressed members of the grand jury but did not question witnesses called Thursday.

He declined to answer questions upon leaving the courthouse, where he was swarmed by reporters. "I'm not going to comment on anything except that the sun's come out," he said.

Williams was the first to testify, meeting with the grand jury about two hours.

Afterward, she talked to reporters briefly, but she answered no questions and shed no light on what had been asked in the grand jury room.

"I'm really encouraged to be participating in something where the finding of fact is actually important, as opposed to innuendo and rumor mongering and gossip and sensationalism," Williams said. "Other than that, I've got to get back to work."

Caputo arrived shortly before the grand jury broke for lunch and Gearan arrived later in the day.

White House Deputy Counsel Joel Klein arrived at the courthouse about 3:25 p.m. carrying a leather briefcase and accompanied by two other administration officials. He, too, talked briefly before leaving.

"We produced the White House documents to the Office of Special Counsel. All White House employees and staff complied. We claimed no privileges of any sort with respect to any documents," he said.

A White House aide said Thursday that more documents from the Treasury Department also will be turned over to the counsel.

Thursday had been the deadline to answer the subpoenas, but the counsel's office

agreed to give the department more time.

Outside the courthouse early Thursday, about a half-dozen conservative demonstrators held signs and chanted slogans such as "Tell the truth."

"We're tired of the cover-up and we want to see the American people get all the facts on this increasingly serious matter," said Peter Flaherty, chairman of the Conservative Campaign Fund and one of the demonstrators. "We want to send the Clinton administration a message that arrogance won't cut it."

The Washington grand jury is one of two investigating Whitewater, a failed real estate investment the Clintons originally entered into in the late 1970s.

A grand jury in Little Rock is investigating the actual investment, including questions about whether Whitewater funds were improperly channeled to the election campaigns of then-Gov. Clinton in the 1980s.

The Washington grand jury is concentrating on conflict-of-interest questions.

In other developments Thursday:

• Congressional Republicans again called for hearings on Whitewater, although it looks increasingly likely they will wait at least until June, giving Fiske more of a chance to investigate the obstruction-of-justice questions.

Fiske said Thursday that process would take only a few months; the larger Whitewater investigation now looks likely to go on for more than a year.

• Attorney General Janet Reno said she had been alerted about a request from the Resolution Trust Corp. for a criminal investigation into the dealings of Madison Guaranty.

"As I recall, the reason I was told was because of the Clinton name being mentioned in it," she said at a weekly news conference.

Reno said she did not recall when she was briefed or who informed her.

Democrat-Gazette staff writer Jane Fullerton and The Associated Press contributed to this article.

3/10/94

Fiske fends off GOP clamor for hearings

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Special counsel Robert Fiske Jr. raised the possibility Wednesday that he might eventually support a limited congressional review of the Whitewater Development Corp. affair, but he refused to endorse immediate hearings.

Fiske said he would not object to hearings focusing on Whitewater-related meetings between White House and Treasury Department officials. At Fiske's request, several of those Clinton administration aides are scheduled to testify today before a federal grand jury in Washington.

• Subpoenas wreak havoc for White House aides 12A

But Fiske continued to adamantly oppose Republican calls for a sweeping congressional inquiry into Whitewater during his Little Rock-based investigation into Whitewater and the Madison Guaranty Savings & Loan Association.

"We are concerned about the impact of congressional hearings on the investigations that we are conducting," Fiske said.

Fiske made the comments after a meeting with Sen. Alfonse D'Amato, R-N.Y., D'Amato, ranking GOP member of the Senate Banking Committee, has been pushing for Whitewater hearings.

D'Amato and other Republican leaders said they thought hearings could be conducted in a way that will not interfere with Fiske's criminal investigation.

"We have assured the counsel that we can conduct an oversight hearing... in a manner that will not deter him," D'Amato said.

Sen. William Cohen, R-Maine, said the need for congressional hearings remains, despite

See HEARINGS, Page 13A

• Continued from Page 1A

Fiske's objections.

"A cloud is gathering over the presidency, and it has to be removed — sooner rather than later," Cohen said.

Meanwhile, Sen. David Pryor, D-Ark., blasted efforts by Rep. Jim Leach, R-Iowa, to call 40 witnesses before the House Banking Committee to discuss issues relating to Whitewater and Madison Guaranty.

"He only wants 40 now," Pryor said. "He'll want 40 more next week. It's an endless parade."

The list includes Arkansans, White House officials and other government officials. Among the Arkansans are White House chief of staff Thomas F. "Mac" McLarty, presidential adviser Bruce Lindsey, Little Rock businessman Dan Lasater and Little Rock lawyer Sheffield Nelson.

Republicans hope the group will appear voluntarily before a House Banking Committee hearing tentatively set for March 24. House Banking Committee Chairman Henry Gonzalez, D-Texas, is considering whether to agree to the GOP request.

Gonzalez said the GOP request will get the "due consideration it merits." He added that Republicans have been "absurd" and "repugnant" in their efforts to focus attention on Whitewater.

The partisan clash over Whitewater dominated Capitol Hill on Wednesday.

The controversy centers around the 230-acre Marion County real estate development along the White River.

President Clinton and first lady Hillary Rodham Clinton once were partners with James and Susan McDougal in Whitewater.

James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least \$47 million.

Allegations that money was illegally transferred between Madison and Whitewater are

among issues being investigated by Fiske.

As part of his inquiry, Fiske is examining meetings between White House aides and Treasury Department officials looking into Whitewater. Those contacts raised questions about whether the investigation could have been compromised.

Fiske has subpoenaed 10 administration officials to testify before a grand jury beginning today. Just how many of those will appear today was unclear Wednesday night.

Two Clinton administration officials — Lindsey and Deputy chief of staff Harold Ickes — received permission from Fiske to postpone their testimony. White House aides confirmed Wednesday. Both requested the delay to give them additional time to talk to their newly hired attorneys, aides said.

As of late Wednesday, it was possible other administration

officials might seek a delay before appearing before the grand jury.

Fiske indicated support Wednesday for Congress to conduct a limited review of the Whitewater meetings between White House aides and Treasury Department officials. He said those meetings are separate from the broader questions involving Whitewater.

"I think that that investigation relating to those meetings is separable from the other investigations that we started with in January," Fiske said.

But Fiske wants Congress to wait until his work is completed on the White House-Treasury Department meetings. He said that could be several weeks or several months.

Fiske, a Republican who has made campaign donations to D'Amato and other GOP politicians, said Congress doesn't need to go into an expanded

Whitewater review while he interviews witnesses.

Republicans disagreed, saying Whitewater can't completely stay out of the political arena.

"He would like to have total free reign," Cohen said. "That is not going to be politically possible."

But Cohen and Senate Minority Leader Bob Dole, R-Kan., said they would not provide congressional immunity to witnesses appearing at any Whitewater inquiry.

Congressional immunity — which is given in exchange for testimony — created problems during legislators' review of the Reagan administration's handling of the Iran-Contra affair.

Fiske said he was grateful for the Republican decision not to offer any congressional immunity in any potential Whitewater hearings.

Documents, testimony ready to go

BY RANDY LILLESTON
Democrat-Gazette Washington Bureau

WASHINGTON — White House officials rounded up documents Wednesday and prepared to testify before a federal grand jury today.

But at least two officials have received permission to delay their appearances from Robert Fiske Jr., the special counsel investigating the Whitewater Development Corp. and Madison Guaranty Savings and Loan Association.

White House senior adviser Bruce Lindsey, a longtime close friend and adviser of the president, and Deputy Chief of Staff Harold Ickes can wait, administration officials confirmed Thursday. Both men have obtained legal counsel to represent them on Whitewater-related matters.

The two were among six top administration aides and four Treasury Department officials subpoenaed last week by Fiske to appear before a federal grand jury. The administration also will turn over Whitewater-related papers requested in a sweeping subpoena.

Administration sources said other aides could receive a delay as well, but they wouldn't elaborate.

Some trash that had accumulated in the White House since the subpoena was issued was finally removed Wednesday as preparations were made to turn over pa-

See DOCUMENTS, Page 13A

Documents

• Continued from Page 1A

perwork today.

The White House press secretary, Dee Dee Myers, said Wednesday that perhaps a foot-tall stack of papers would be given to the special counsel; other aides said the stack would be smaller.

The subpoenas were issued Friday after a *Washington Post* report that administration officials and Treasury Department aides met twice last fall to discuss the Treasury investigation of Madison Guaranty, the failed Arkansas S&L with ties to Whitewater.

The development was a north Arkansas land deal Clinton and his wife, Hillary Rodham Clinton, entered into in the late 1970s.

Among other questions, Fiske is attempting to determine whether Whitewater or Madison Guaranty funds were transferred to Clinton gubernatorial campaign funds.

But Thursday's grand jury testimony in Washington will center on another issue — questions of obstruction of justice arising from the Treasury briefings.

The other administration officials under subpoena are Communications Director Mark Gearan, Deputy Treasury Secretary Roger Altman, Margaret Williams, the first lady's chief of staff, Lisa Caputo, Hillary Clinton's press secretary, and Bernard Nussbaum, who resigned Saturday as White House counsel.

The preparations were among a series of developments Wednesday at the White House involving Whitewater. In other developments:

• Administration officials said they expect Fiske to issue another set of subpoenas as early as today.

The new set will cover questions arising from last summer's apparent suicide of White House Deputy Counsel Vincent Foster Jr., who had Whitewa-

ter-related papers in his desk at the time of his death.

Among the officials likely to be subpoenaed in this round would be the White House chief of staff, Thomas F. "Mac" McLarty, and the president's senior policy adviser, George Stephanopoulos, aides said Wednesday.

• The president again publicly encouraged his aides to cooperate with Fiske's investigation.

When asked what advice he would give officials appearing before the grand jury today, Clinton said, "Just the same advice I give everybody. Just tell them what happened, answer the questions and go on. Be very open."

• The first lady, who has made virtually no public statements about Whitewater in recent weeks, again declined to do so Wednesday.

Appearing on Capitol Hill for private meetings with members of Congress, she declined to answer shouted questions from reporters outside the Capitol.

"I never knew there was so much interest in health care. I'm glad to see it," she joked.

• When asked Wednesday if he thought the Whitewater controversy had damaged his ability to serve in his office, McLarty replied, "No, I do not." He noted that the two sessions in question had been cleared by the ethics office at the Treasury Department.

McLarty also said he didn't anticipate any further White House personnel changes because of Whitewater, and downplayed questions of whether the controversy would make it harder for Clinton to get his legislative agenda through Congress.

"On issues like health-care reform and welfare reform and the crime bill — those are very important issues to this country — we are very hopeful of achieving a bipartisan approach and moving those issues forward, and I really believe we'll be successful," McLarty said.

3/10/94

John R. Starr**Talk about irony**

The Pentagon says that peacetime registration for a military draft could be ended with little risk to U.S. security, but Bill Clinton, who dodged the Vietnam War draft 25 years says no, let's not relieve America's young men of this burden, which is largely symbolic, just yet.

Nussbaum left *this* party too late

Bernard Nussbaum is a corporate lawyer from New York City who got the job as chief counsel in the White House because Hillary Rodham Clinton wanted him. The ticket to top-level White House appointment was to be trusted by both halves of the First Couple.

Bill trusted his wife's judgment about people. As he once told me, "Hillary understands far better than I what makes someone like you tick."

I always wondered about that. Was Hillary so insightful that she knew that a solid backhand on the tennis court and a front-page exclusive article kept my aorta activated?

As a tyro, a reformed Goldwater Girl who had gone left in college, Hillary befriended Nussbaum when she was an aide to him when he was counsel to the House Judiciary Committee as it considered impeaching Richard Nixon. As the story goes, she told him on a drive home one day that she would wed a young fellow from Arkansas who someday would be president of the United States.

He went off to the Big Apple to represent big-money clients on mergers and acquisitions while she went to the outback to await her husband's big run. Then when the womanizing and draft charges beset Clinton in New Hampshire, Hillary called on Bernie for advice.

He was, quite simply, a complete disaster in the White House whose er-

John Brummett

rors were interrupted only by the selections of Louis Freeh to head the FBI and Ruth Ginsburg to join the United States Supreme Court.

His failings were mostly political, but sometimes legal, and they were exacerbated by an abrasive personality.

There's another story about Nussbaum from the early days of the Clinton presidency: He irritated his chief deputy, Vince Foster, by arriving at work nearly every morning to talk about the high-falutin' dinner party he had attended the night before. Foster usually had worked late the night before.

Nussbaum should have been fired long ago, and it's too bad that he resigned last week in a way that suggested that he was simply a fall guy for the president over the Whitewater affair.

Here are but a few of his blunders:

- He interviewed Kimba Wood for attorney general and asked her only if she had a "Zoe Baird problem." She said she didn't, and, true enough, the domestic help for whom she had not paid Social Security taxes was not of the illegal immigrant variety.

- He read Lani Guinier's articles and decreed them to be purely academic and therefore no political problem.

- He sat down in a White House office with agents of the FBI to concoct a news release suggesting possible criminality by the fired employees of the Travel Office. His Watergate experience apparently taught him nothing about abuse of political powers. His lawyer's experience did not encompass protecting the presumption of innocence. His general sensitivities were not sufficient to cause concern about firing people without so much as a hearing.

- He didn't secure Vince Foster's office the night of the suicide and, apparently, he didn't find Foster's torn-up note when he prowled through Foster's briefcase. Another White House lawyer found it days later.

Nussbaum's first problem was that he had the political skills of a brick. His second problem was that his legal skills were corporate. Let us say he lacked "people skills."

There were those in the White House who wanted to dump him eight months ago. But the president hates to dump anyone, and Nussbaum had Hillary on his side. So he leaves too late, appearing a victim instead of the problem that he was.

John Brummett's column appears every Sunday, Tuesday and Thursday.

3/10/94

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Johnston consoles Clintons

By BRUCE ALPERT
Washington bureau

WASHINGTON — With the Whitewater probe creating a somber mood at the White House, Louisiana's senior senator consoled President Clinton and his wife with his opinion that the controversy won't cause long-term political damage.

Over a rockfish dinner Tuesday night at the White House, Sen. Bennett Johnston, D-La., told Clinton and Hillary Rodham Clinton the complicated story isn't generating much interest outside Washington.

"So, my feeling is that unless there is something that develops that is not there now that this is not going to be that a big a thing with the American public," Johnston said in an interview after the dinner. "It is regarded for the most part as another Inside the Beltway irrelevancy."

Johnston's analysis had to cheer the Clintons. They no doubt have been shaken by the real estate transaction in the 1980s — a minor campaign issue in 1992 — that has turned into a full blown crisis with a special counsel investigating a myriad of allegations involving the Clintons.

Although White House spin doctors have trotted out a similar analysis, they and Johnston might be out of touch at the moment with shifting public opinion.

A Harris poll last month found that most people believed the Clintons did something unethical in Arkansas, although 83 percent said Whitewater hadn't changed how they think about the president.

But a recent CNN-Time poll found the percentage of Americans who say they trust the president in decline. Only 40 percent found him trustworthy, while 56 percent said they had at least some reservations about him.

Nevertheless, Johnston said he was impressed by Clinton's emotional resiliency during the dinner, just hours after undergoing intense questioning about Whitewater during a press conference.

"He seemed to be not bothered

at all," Johnston said. "My own view is that they know there have been real mistakes made in the handling of the investigation, but I believe ... there is not much there."

On Wednesday, Johnston and fellow Louisiana Democratic, Sen. John Breaux, continued to argue against congressional action in the case.

Breaux and Johnston said Republicans had demanded appointment of a special prosecutor and, now that one is on the job and asking Congress to stay out of it, they ought follow his advice. "If you want a political circus of politicians investigating politicians with the normal political results, let Congress get in and mess it up," Breaux said.

Breaux asks Clinton to back oil, gas plan

Washington bureau

WASHINGTON — Sen. John Breaux, D-La., is asking President Clinton to support new initiatives to help the struggling oil and gas industry.

There was no immediate response from the White House.

"Costs of exploration and production are, in most cases, greater than the rate of return," Breaux said in a letter to Clinton this week. "If steps are not taken, this country will lose valuable energy production, thereby further increasing our reliance on imports."

Breaux said he backs four proposals to help the domestic industry. Among them:

► Deepwater production incentives, providing a \$5 per barrel production tax credit for oil and gas produced in the deepwater of the Outer Continental Shelf.

► Production tax credits for marginal and stripper producers that provide 14 percent of the domestic supply.

► An environmental equalization fee on gasoline imports to eliminate the price differential when U.S. production costs are higher than imports because of environmental laws under the Clean Water Act.

Whitewater hearing 'inevitable,' GOP says

Special prosecutor, Democrats oppose idea

By Richard Whittle

Washington Bureau of The Dallas Morning News

WASHINGTON — The special counsel in the Whitewater affair on Wednesday argued personally to key Senate Republicans that congressional hearings could impede his work but was told that such an inquiry is "inevitable."

Robert Fiske Jr. told reporters that although he would prefer no hearings, he would be less concerned once his team finishes its examination of meetings between White House and Treasury Department officials.

Any earlier congressional hearings, he said, could interfere with his investigation of Madison Guaranty Savings and Loan Association of Arkansas and its financial connections with Whitewater Development Corp. President Clinton and his wife, Hillary Rodham Clinton, were

■ Republican zeal.

18A

partners in Whitewater.

"He would like to see no congressional hearings," Sen. William Cohen, R-Maine, said after a meeting with Mr. Fiske. "That is not going to be politically possible in this town."

Sen. Alfonse D'Amato, R-N.Y., said he and Mr. Cohen agreed with Mr. Fiske that any hearings — a prospect Democrats are fiercely resisting — could be delayed "weeks or maybe several months."

But he added: "It's inevitable that there will be hearings."

On Thursday, the first of 10 current or former administration officials are scheduled to begin testifying before a federal grand jury in Washington. On Wednesday, the president said he had told his aides to

Please see GOP on Page 18A.

Continued from Page 1A.

be "very open" in their testimony. Mr. D'Amato and other Republicans have charged that the White House meetings suggest that administration officials attempted to compromise the federal inquiry into the collapsed savings and loan, whose owner was the Clintons' partner in Whitewater.

Mr. Fiske said that part of his investigation was "separable" from his examination of the Whitewater Development and its ties to Madison Guaranty.

After he has finished his investigation of the White House meetings, he said, "I would not say that there should not be a congressional investigation into that simply because we were continuing on what will be a much longer investigation into the matters in Arkansas."

But later in the day, Senate Majority Leader George Mitchell, D-Maine, took to the floor to declare that the continued Republican pressure for hearings was "partisan politics at its worst, the sole purpose of which" was to damage Mr. Clinton politically.

Mr. Mitchell said Senate Democrats were still against conducting hearings.

On the other side of the Capitol, House Banking Committee Chairman Henry B. Gonzalez, D-San Antonio, cast doubt on whether he would permit Republicans on his panel to use a hearing tentatively scheduled for March 24 to focus on Whitewater allegations.

The session is to be a routine oversight hearing on the federal Resolution Trust Corp., the agency created to clean up collapsed savings and loans. But Republicans



Robert Fiske Jr., the special prosecutor in charge of the Whitewater investigation, trades places with Sen. Alfonse D'Amato (right) on Wednesday as the two answered questions after a meeting on Capitol Hill.

have vowed to use it to raise the Whitewater-related issues they say merit special hearings.

In a letter to the senior Republican on the committee, Rep. Jim Leach of Iowa, Mr. Gonzalez said a request by committee Republicans that he call 40 witnesses who have knowledge of Whitewater-related matters would "get the due consideration it merits."

The letter added in a postscript: "Now, Jim, I saw your sermon in The Washington Times of March 8th. Frankly, there's nothing more absurd — even repugnant — than the spectacle of you bunch of Republicans — and The Washington Times — in fits and paroxysms of

morality."

Mr. Gonzalez was referring to a reprint of a speech Mr. Leach gave in Chicago last week in which he explained his demand for hearings in part by declaring that "moderation in the pursuit of truth is no virtue, vigilance in the defense of public ethics no vice."

In an interview with The Dallas Morning News a few minutes after he received the letter, Mr. Leach said he was uncertain how to interpret Mr. Gonzalez's answer.

"I don't know if this letter... is a prelude to a change in policy on the Democratic side or not," Mr. Leach said. "That letter appears to be... an interim response that is one of

reserving judgment on how to proceed from here."

He declined to comment on Mr. Gonzalez's postscript.

Banking Committee spokeswoman Julie Black noted that "the chairman has never put out a formal hearing notice." Asked whether there would be a March 24 hearing, she replied: "We don't know. The chairman's said all along the hearing's tentative."

Mr. Leach also said it was possible that a comprehensive hearing by the Banking Committee of the sort he has been seeking could preclude the need for special Whitewater hearings.

"A lot depends on what comes out at this hearing and whether this hearing is allowed to be held," he said.

Mr. Fiske said in a letter to Mr. Gonzalez and Mr. Leach on Monday that such a hearing "would pose a severe risk to the integrity of our investigation," in part because the committee would want to call "the same witnesses or subjects who are central to the criminal investigation."

Among the risks, he said, would be "premature disclosures of the contents of documents or of witnesses' testimony." Mr. Fiske also has said his investigation could be jeopardized if Congress granted immunity to witnesses, as it did during the 1987 Iran-contra hearings.

In connection with the investigation of the White House's role, Mr. Fiske has subpoenaed 10 current and former government officials to appear before a federal grand jury in Washington beginning Thursday.

Mr. Fiske said White House officials had been "very responsive and cooperative" with his investigation.

White House Press Secretary Dee Dee Myers said officials had put together a stack of documents to be delivered to the grand jury that "could be a foot (high)" but it's not like many, many boxes.

Some or all of these aides would be almost certain to be called if Congress held special Whitewater hearings. But Mr. Fiske and Mr. Cohen emphasized that Republicans were against granting anyone immunity.

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GOP leaders admit revenge part of reason for Whitewater push

By Richard Whittle

Washington Bureau of The Dallas Morning News

WASHINGTON — Republicans demanding congressional hearings on the Whitewater affair insist that they are just trying to "get the Congress to do its job," as Rep. John Linder of Georgia puts it.

But GOP leaders and aides concede that a desire for revenge also lies behind their zeal for a congressional investigation of President Clinton's dealings in Arkansas and whether his administration has tried to impede inquiries.

"You have to remember the position that all Republicans have been in for 12 years, where we were investigated, sometimes frivolously," said Rep. Henry Hyde, R-Ill., chairman of the House Republican Policy Committee. "If we get a chance to point the finger, why, it requires a saintliness that is superhuman, supernatural to act with restraint."

Mr. Hyde, though not among those calling for special hearings on Whitewater, cited two 1992 investigations by Democrat-controlled committees as an example of why many of his colleagues are trying to force this issue.

The committees looked into the "October Surprise" allegations that President Ronald Reagan's campaign aides made a pact with Iran to sell Tehran arms if it held its American hostages until the 1980 election.

"We spent over \$3 million on that wild goose chase, and there was nothing there, they just finally folded it, with no apologies, no nothing," Mr. Hyde said.

Senate Minority Leader Bob Dole of Kansas has made the same argument in his near-daily statements on the Senate floor during the past two weeks.

On Monday, Mr. Dole cited a Congressional Research Service list of more than 20 congressional investigations of "alleged executive branch wrongdoing during the Reagan and Bush administrations" as one reason the Democrats should accede to the GOP's demand for hearings.

"The Democrat-controlled Congress has never been shy about exercising its oversight responsibilities," Mr. Dole said, "and there's no reason to make an exception for Whitewater."

Mr. Dole and other Senate Republicans have vowed to block Mr. Clinton's nominee to head the Federal Deposit Insurance Corp. until hearings are convened.

So far, the Democrats have rejected special hearings such as those held during the Watergate scandal during the 1970s and the Iran-contra affair of 1986-87.

The Democrats contend that questions about the Clintons' Whitewater real estate venture in Arkansas and whether they benefited from a failed savings and loan owned by their business partner

are best left to Special Counsel Robert Fiske Jr.

Mr. Fiske has offered the Democrats powerful support for that position by arguing that any congressional hearings might jeopardize his investigation.

The Democrats also dismiss the Republicans' fury as a product of partisan politics.

"The Republicans can't run on the economy, they can't run on health care, they can't run on welfare and they can't run on crime, so they're going to try to exploit this issue," presidential adviser George Stephanopoulos declared Sunday on ABC-TV's *This Week*.

In a letter to Mr. Fiske this week, Rep. Jim Leach, R-Iowa, argued that a Senate Banking Committee hearing Feb. 24 showed that congressional action might help rather than impede his probe. As ranking Republican on the House Banking Committee, Mr. Leach has led the GOP push to have Congress investigate.

During that hearing, Deputy Treasury Secretary Roger Altman revealed that he and top White House officials had met with Treasury officials to discuss a federal investigation of Madison Guaranty Savings & Loan. The failed savings and loan was owned by James McDougal, the Clintons' partner in the Whitewater Development Corp.

That disclosure, along with subsequent reports of more White House meetings on Whitewater, led to the resignation last weekend of White House Counsel Bernard Nussbaum. It also prompted Mr. Fiske to subpoena the officials who took part in those meetings.

"The irony stands out," Mr. Leach wrote. "If it had not been for the Senate hearing producing this troubling information, your office would have had no basis to issue the White House and Treasury subpoenas."

Mr. Leach has vowed to use a March 24 House Banking Committee hearing on the Resolution Trust Corp., the agency handling the cleanup of the S&L mess, to bring out new facts about the Whitewater affair.

Sen. Alfonse D'Amato, R-N.Y., one of the most vocal senators demanding more hearings, has argued that congressional hearings could be structured so as not to interfere with Mr. Fiske's investigation.

Mr. D'Amato contends that such hearings would focus on whether the Clinton administration had acted properly while independent federal agencies, including the RTC and the FDIC, investigated Madison and related matters.

A senior House Republican aide, speaking on condition of anonymity, said such Republican arguments are sincere, even though they are partly motivated by politics.

"If it wasn't legitimate, there

would be no political benefit to it," the aide said. Republicans are genuinely concerned, the aide said, with what they see as a "politicization of law enforcement" by the administration.

Mr. Hyde said it is difficult to separate politics from legitimate concern. "I'd say there are liberal dollops of both," he said.

But in the wake of the Senate hearing that led to Mr. Nussbaum's resignation and with new accusations and revelations emerging almost daily, the GOP aide said he expects his side to ratchet up the pressure.

"I've never seen blood in the water," the aide said, "but this must be what it's like."

3/10/94

Old friends can do you in



CARL P. LEUBSDORF

In politics, one's friends can often cause more problems than one's enemies. President Clinton got a taste of that last year when organized labor tried to block the North American Free Trade Agreement.

But Mr. Clinton has learned the hard way that personal friends can create as many problems as political allies can. And it's often harder to get rid of appointees who are personal friends than those who aren't.

It's been a special problem for Mr. Clinton, who has surrounded himself with longstanding friends. Many have relationships that date back to his childhood, his days at Georgetown University and Yale Law School, the two years he spent as a Rhodes Scholar at Oxford or to his wife Hillary's days as a lawyer in Washington and Little Rock.

The list is growing of POBs — friends of Bill — or FOHs — friends of Hillary — who have caused problems for their boss. Most show no sign of leaving.

The most recent case involves White House counsel Bernard Nussbaum, an old friend of Mrs. Clinton's. He picked her two decades ago for a job on the staff of the House impeachment inquiry against President Richard Nixon.

Mr. Nussbaum had gotten the White House into one scrape after another, from his questionable handling of the inquiry into Mr. Foster's suicide to his failure to raise warning flags about what the White House now concedes were questionable meetings on Whitewater.

But until Mr. Nussbaum created a major ombudsman for the White House last week, he remained at his post.

Though Mr. Nussbaum is finally leaving, Mrs. Clinton's former law partner, Webb Hubbell, is remaining as the No. 3 man at the Justice Department.

The *Washington Post* reported last week that his old firm, the Rose Law Firm in Little Rock, had launched an internal inquiry to determine whether Mr. Hubbell had overbilled clients and charged the firm for personal travel.

Mr. Hubbell denied any impropriety. It's not the first problem he has faced. Earlier, conflict-of-interest questions were raised about his role as an attorney for the Federal Deposit Insurance Corp. in a case against the Madison Guaranty Savings and Loan because of his father-in-law's involvement with the failed Arkansas thrift.

But though Philip Heymann was replaced as the department's No. 2 man and Attorney General Janet Reno has come under increasing fire both inside and outside the White House, there's no sign old friend Webb Hubbell is going anywhere.

Two other former Rose partners have also created problems.

One is associate White House counsel William

Kennedy, who called the FBI when the White House dismissed seven longtime employees of its travel office. The other was the late Vincent Foster, whose suicide in July remains a subject of investigation.

But the lawyers aren't the only old friends who have caused problems for the president.

• Ira Magaziner, the chief architect of the president's health plan, is a Clinton friend dating back to Oxford days.

The increasing controversy that has enveloped the Clinton health plan has raised questions about his political sagacity.

That's why the president decided to bring in another old friend known for political astuteness, New York lawyer Harold Ickes, to supervise the negotiations with Congress on his health plan.

• Deputy Treasury Secretary Roger Altman, who is acting head of the Resolution Trust Corp. as it cleans up the savings and loan scandal, has been a friend of Mr. Clinton's since both attended Georgetown.

He held a special briefing on Whitewater for top White House aides that drew fire from Republicans. After the story came out, Mr. Altman recused himself from further Whitewater dealings.

• Strobe Talbott, the longtime journalist and Soviet affairs specialist with *Time* magazine, has been a friend of Mr. Clinton's since both attended Oxford.

He recently became deputy secretary of state and is widely believed to be the heir apparent to Secretary Warren Christopher. But his handling of the administration's policy toward Russia has created doubts about his qualification for the top State Department post.

The one case where Mr. Clinton cut his losses quickly after getting into a difficult political situation involving an old friend was when he withdrew Lani Guinier's nomination as assistant attorney general for civil rights.

Ms. Guinier's recent article in the *New York Times Sunday Magazine* shows how awkwardly Mr. Clinton handled the situation, especially a meeting at which he quizzed her on her views just hours before announcing she was being dropped.

He obviously felt his administration was in sufficient trouble that it couldn't take on any new fights with Congress, thus requiring him to put a political judgment ahead of friendship.

Having initially warmly embraced Ms. Guinier, Mr. Clinton became steadily more impersonal. Since the nomination was withdrawn, the two have not spoken, though both spent time in August on Martha's Vineyard.

But in other cases, Mr. Clinton has found it understandably difficult to remove people with whom he has close personal ties. It raises the question of whether he might have avoided a lot of trouble by making personnel selections in a more impersonal way.

Carl P. Leubsdorf is Washington Bureau chief of The Dallas Morning News.

OPENING JAPAN

Reviving Super 301 was unwise

President Clinton needed to do something to open Japan's markets in the aftermath of the failed U.S.-Japan trade summit, but he did not have to resurrect that "Terminator" of all U.S. trade laws, Super 301.

Super 301 had a two-year run early in George Bush's presidency. Congress created it to force him to act more aggressively against unfair traders. It is like the regular Section 301 trade law that presidents use against countries that close their markets to U.S. products, except that it forces presidents to single out the most egregious offenders and sets strict deadlines by which they must negotiate market-opening agreements or retaliate.

Mr. Bush used Super 301 with some success against Brazil, India and the real intended target, Japan. But he was right to complain that it was a hydraulic pile driver where a mace, a hammer or even an arch look was sometimes more appropriate. He worried that identifying countries for special militant treatment would stiffen resistance and harm overall relations. He felt that the strict deadlines left him too little flexibility to negotiate effectively.

Now Mr. Clinton has revived Super 301 by

executive order, in part to forestall congressional attempts to do so. He should have forgone the temptation. Regular Section 301 trade law gives him all he needs to begin the retaliatory process against Japan (if it must come to that), including strict deadlines that a president can enforce.

Super 301 was the tool of a Democratic Congress to compel action of a Republican president and to make Democrats look tougher on trade than Republicans. The Democrats, who now control both the executive and legislative branches, should have been able to agree on an effective trade policy without resorting to such rigid measures.

Super 301 is hated in Japan. It fuels anti-American passion. It works against U.S. negotiators just when the soaring Japanese yen (which makes Japanese exports more expensive abroad) and fears of trade war are beginning to weaken Japan's resistance to compromise. Naming Japan as a violator under Super 301 would merely exacerbate tensions and limit Mr. Clinton's flexibility.

Mr. Clinton is bargaining from a position of strength. He did not need to overplay his hand by reviving Super 301.

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THE WHITEWATER CASE

Looking into questionable meetings

Independent counsel Robert Fiske has subpoenaed 10 White House and Treasury Department officials to testify before a federal grand jury in Washington about a series of meetings about the Whitewater investigation. The meetings were held in the White House office of presidential counsel Bernard Nussbaum, who was forced to resign last week over the disclosures.

AT ISSUE

Were the meetings improper? Were they an obstruction of justice? Did they cause disclosure of confidential information? What other meetings, communications and discussions were there about Whitewater?

APPEARING TODAY

- Bernard Nussbaum, outgoing White House counsel
- Mark Gearan, White House communications director
- Margaret Williams, Hillary Rodham Clinton's chief of staff
- Lisa Caputo, Clinton's press secretary
- Roger Altman, deputy Treasury secretary
- Jane Hanson, Treasury general counsel
- Josh Seidner, Treasury Secretary Lloyd Bentsen's chief of staff
- Jack DeVore, Bentsen's former press secretary
- Appearances postponed
- Bruce Lindsey, a senior presidential adviser
- Harold Ickes, deputy White House chief of staff



Nussbaum



Williams



Caputo

Legal tabs add to pile of woes

Clintons, close aides may be stuck with fees

By Bob Dart
WASHINGTON BUREAU

Washington — Besides creating political and legal woes, the Whitewater affair could cause financial worries for White House insiders who are hiring high-powered — and high-priced — lawyers.

It is "very unclear" if the federal government will pay the legal fees for Clinton administration aides subpoenaed to appear before a grand jury investigating Whitewater, said John Banzhaf, a George Washington University law professor and expert on independent counsel investigations.

Under the original statute providing for an independent counsel, the government would reimburse the legal fees of federal employees exonerated in such an investigation.

However, that law expired before independent counsel Robert Fiske was appointed to investigate Whitewater and the expanding aftermath of the Clintons' Arkansas real estate deals.

Well-known lawyers have been hired by most, if not all, of the White House and Treasury Department aides called by Fiske to testify today about meetings they hold on the case. The costs for such lawyers would include a retainer fee of about \$10,000 and hourly fees of at least \$200, legal observers estimated.

"The question is why people on the periphery of the investigation would have to have counsel anyway," Banzhaf said. "If I were called to testify before a grand jury about what happened in a meeting that I attended, I'd just go and tell what I knew."

The problems of paying legal fees could extend to the first family. Lloyd Cutler, the new White House counsel, emphasized that his role is to represent the president on official matters only.

"When it comes to a president's private affairs, particularly private affairs that occurred before he took office, those should be handled by his own personal private counsel, and, in my view, not by the White House counsel," Cutler said.

To handle their Whitewater defense, the Clintons have hired a team of lawyers, led by David Kendall, from Williams & Connolly, the firm that represented Oliver North in the Iran-contra affair.

Newsweek magazine quoted unidentified sources as predicting the Clintons' minimum legal costs will be \$2 million before the Whitewater investigation is complete. The Los Angeles Times quoted unidentified sources as saying Hillary Rodham Clinton is worried that the case could bankrupt the family.

By presidential standards, the Clintons are hardly wealthy. Their 1992 financial disclosure forms put their net worth at about \$700,000.

Likewise, legal fees could cut quickly into even the substantial salaries of White House staffers. Among those called to testify, Margaret Williams earns \$125,000 a year as the first lady's chief of staff and Lisa Caputo makes \$65,000 a year as the first lady's press secretary.

Only six White House aides and four current or former Treasury Department officials were subpoenaed by the grand jury. However, House Republicans have listed other aides that they want to call to testify when the Banking Committee holds a hearing March 24, including White House Chief of Staff Mack McLarty. Those officials, too, soon may be hiring lawyers.

Ethical concerns surely would be raised if a sitting president and top White House aides solicited private contributions to help pay their legal fees.

For between-edition updates on Whitewater: Dial 511 and enter code #504. This is a pay-per-call service; the fee is 50 cents for five minutes.

FIND IT
511
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THE MEETINGS IN QUESTION

- Sept. 29, 1993: Hanson warns Nussbaum of plans by the Resolution Trust Corp., the independent federal savings and loan bailout agency, to ask the Justice Department to launch a criminal investigation into Madison Guaranty Savings & Loan, the failed Arkansas thrift with ties to the Clintons, and its financial relationship to Whitewater, the failed land development firm self-owned by the Clintons.
- Nussbaum reportedly passed along word of the criminal referral to Lindsey.
- The referral, which came Oct. 8, named the Clintons as possible beneficiaries of questionable dealings at Madison, which failed in 1989 at a cost to taxpayers of \$47 million to \$60 million.

- Oct. 14, 1993: Top-ranking officials discuss how to handle news organizations' inquiries about the criminal referral.

According: Nussbaum, Gearan, Lindsey, Hanson, Seidner and DeVore.

President Clinton said this week that he was alerted sometime in October, he thinks by Lindsey, that the referral had been made. The White House will dispute that. It is an official denial, noting about the referral, which was then disclosed by The Washington Post the next day.

- Feb. 2, 1994: Altman, also acting head of the RTC, meets with Nussbaum, Hanson, Ickes and Williams.

Altman told a Senate committee Feb. 24 that he held the briefing to give the White House a "heads up" on how the RTC would proceed on potential civil claims arising from Madison's failure. After a storm of protest, he removed himself from any decisions on Whitewater.

Caputo's only known involvement is what she recalls as a trivial telephone call from an RTC official whose name she does not remember.

Sources: Our staff and news service



Gearan