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WIDER GROUP KNEW ABOUT S.& L. TALKS IN THE WHITE HOUSE

INQUIRY GETS DOCUMENTS

40 Clinton Officials Respond
to Subpoena for Papers by
the Special Prosecutor

By DOUGLAS JEHL
Special to The New York Times

WASHINGTON, March 10 — A 1,000-page stack of documents surrendered to a special prosecutor today showed that more White House officials than the six already subpoenaed knew of internal discussions about a Federal investigation into an Arkansas savings and loan tied to the Clintons.

The documents, which came from the offices of as many as 40 White House officials, were turned over by the White House in response to a sweeping subpoena by Robert B. Fiske Jr., the special prosecutor.

Nothing was known about the contents of the documents — message slips to memorandums to personal notes — or who they were from. The White House refused to say whether any of them belonged to President Clinton or Hillary Rodham Clinton.

More Likely to Be Called

But the fact that so many aides to President Clinton had evidence of discussions about the confidential inquiry by the Resolution Trust Corporation into the failure of the savings and loan in Arkansas makes it more likely that Mr. Fiske will demand testimony from additional White House officials. The Resolution Trust Corporation, a regulatory agency under the Treasury Department's jurisdiction, is administering the nationwide savings and loan bailout.

The first three top White House officials to testify about those meetings appeared before a Federal grand jury today. In a scene reminiscent of past fireworks in Washington, Margaret Williams, the First Lady's chief of staff, and Mr. Fiske had to be escorted through a throng of reporters outside the courthouse, where a small number of protesters carried signs with slogans like "Fess Up."

Ms. Williams was followed in the closed-door sessions by Lisa Caputo, Mrs. Clinton's press secretary, and Mark D. Gearan, the White House communications director.

Joel I. Klein, the deputy White House counsel, told reporters that the President and the First Lady as well as the

Wider Group Was Aware Of White House Discussions

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entire White House staff had complied with the terms of the subpoena.

His comment could mean either that the Clintons turned over evidence of such discussions or that they found none. A senior White House official said he had been asked by Mr. Fiske to say nothing more specific about the documents or those who possessed them, but he did say that none of them had been withheld under any claim of executive or attorney-client privilege.

The subpoena, which was issued last week, demanded all communications between the White House and the Treasury Department as well as any communications within the White House concerning Madison Guaranty Savings and Loan, a failed Arkansas institution that had been operated by James B. McDougal, the Clintons' partner in a land venture.

The question of whether there were improper discussions within the Administration about the inquiry into Madison Guaranty is part of Mr. Fiske's investigation into what is now known as the Whitewater affair — after the Whitewater Development Company, the real estate venture in which the Clintons and Mr. McDougal and his former wife, Susan, had invested.

In the subpoenas he issued to six White House officials last week, Mr. Fiske also demanded that the Treasury Department turn over evidence of its communications about the subject with Presidential aides.

Deadline Is Not Met

With his department also facing a deadline of today, Treasury Secretary Lloyd Bentsen ordered 15 Internal Revenue Service agents to join in the search to make sure that nothing was overlooked. A Treasury spokesman, Howard Schloss, said the Internal Revenue Service was called in earlier this week "to insure that everything was done properly and correctly and beyond reproach."

But Mr. Schloss said the department had been unable to assemble the documents in time to surrender them to Mr. Fiske by this afternoon and would be able to provide only some of them by Friday morning. Some computerized records are yet to be reviewed.

The three White House officials who testified before the grand jury in Federal District Court today were among 10 senior Administration officials called by the subpoenas.

All three officials have acknowledged taking part in meetings or conversations in which the Madison Guaranty investigation was discussed. It was the disclosure last week of three of those meetings that prompted Mr. Fiske to issue the subpoenas, forced Bernard W. Nussbaum, the White House counsel, to resign and intensified public attention on the Whitewater affair.

Some Testimony Delayed

Three other White House officials, including Mr. Nussbaum, were subpoenaed to appear today, but have been permitted to postpone their testimony until next week. One of them, Bruce Lindsey, a senior adviser to Mr. Clinton, was traveling with the President in New York.

Even before Mr. Klein, the No. 2 White House lawyer, delivered the documents to the courthouse today in a leather attaché case, Mr. Clinton acknowledged this week that his aides had discussed the inquiry into Madison Guaranty on occasions other than those already disclosed. He has described those contacts as incidental.

At a briefing for reporters today, a senior White House official refused to say exactly how many Presidential aides had found in their records notes, memoranda and other evidence of communication related to the investigation. But he described the number as "30 or 40" and said the estimated 1,000 pages of records submitted by them to White House lawyers and then passed on to Mr. Fiske included about 100 documents.

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It's Business Almost as Usual for Clinton as He Visits New York

By GWEN IFILL

President Clinton's plan yesterday was to get on with business as usual, even though White House business has been anything but normal recently as officials there prepared to testify before a grand jury.

The trappings seemed the same as on most Presidential trips, as Mr. Clinton spent hours at Brooklyn College in a forum on public safety and volunteer service. Students greeted him with a raucous standing ovation.

For the purposes of Mr. Clinton's immediate audience in the New York region, the day was successful. He spent more than two hours talking about the issues he chose with a supportive audience. The only interruption came from a heckler who asked him about AIDS research, not about Whitewater.

"Wouldn't you rather have him in here asking me to do something than standing outside convinced I wouldn't do anything, no matter what?" Mr. Clinton asked after police officers removed the heckler from the auditorium. "It's a miracle."

'Rhetorical Violence'

But the fallout from the Whitewater investigation continued to spill into almost everything the President tries to do these days, despite senior officials' insistence that they are now turning their attention to policy issues like crime and health care. And in Washington this week Hillary Rodham Clinton has met with more than a dozen members of Congress about health care.

As aides shepherded him away from reporters yesterday, Mr. Clinton avoided answering any questions about the Whitewater matter. But it was clearly on his mind when a participant in the Brooklyn College discussion suggested he set an example of how to resolve conflicts by controlling anger.

Mr. Clinton responded by personalizing the answer. Young people, he said, see too much violence on television and hear too much rhetorical violence coming from their political leaders.

"When people turn on television and they see their national government, what do you inevitably see?" Mr. Clinton said. "People with words, using extreme words to characterize conduct or activity or positions. The other poli-

ticians do it, the media do it — always trying to twist it like taffy to the nth degree.

"I think all of us in positions of public responsibility need to think about that. Need to think about what kind of message are we sending to young people when they see that kind of conduct."

Inquiry Not Far Removed

Mr. Clinton was accompanied on his visit today by at least one senior aide who is under subpoena. And in Washington, three other White House officials testified about discussions they have held related to the Resolution Trust Corporation's investigation into a failed Arkansas savings and loan

owned by a partner of the Clintons in the Whitewater real estate venture.

Mr. Clinton has said he is not bitter about the events surrounding the Whitewater issue, but he and several of his aides have complained that critics are moving too quickly to charge him with misconduct or of covering up his role in the investigation.

In recent days Mr. Clinton's chief nemesis on this has been Senator Alfonse M. D'Amato, Republican of New York, who has led the charge for Congressional hearings. Mr. Clinton made no specific mention of Mr. D'Amato, but Representative Charles E. Schumer of Brooklyn, who accompanied the President today, did not hesitate to

mock the Republican Senator when Mr. Clinton signed the fresh cast on his broken arm.

"You saw our Senator wearing a cast," Mr. Schumer said, referring to Mr. D'Amato, who also recently injured an arm. "But he broke his arm the Republican way — skiing in Vail. I broke my arm slipping on the ice at 11 P.M. Saturday night to go to a community event."

Not Exactly

Mr. Schumer, however, was wrong in two respects. Mr. D'Amato's arm was not broken, and he was skiing in Utah, not Colorado when he hurt it.

White House officials were anxious

to have the crime discussion overshadow their Washington legal troubles, and Mr. Clinton will leave town again on Sunday to attend a jobs summit in Detroit. But the shadow of Whitewater is never far off.

Senior aides who have been subpoenaed refuse to talk about the Whitewater issue publicly at all, a decision that has shut down at least one official whose job it is to answer questions: Mark Gearan, the communications director.

And officials are no longer optimistic, as they have been during past setbacks, that the appointment of a new White House counsel or a lengthy Presidential news conference will be enough to put the problem behind them. Congressional hearings and grand juries loom.

"We've gotten through this valley," one official said.



Marilynn K. Yee/The New York Times

President Clinton visiting the 61st Precinct police station in Sheepshead Bay, Brooklyn, yesterday to promote community policing.

D'Amato Takes the Moral High Ground

No Stranger to Inquiries, the Senator Seeks the Grand Inquisitor Role in Whitewater

By TODD S. PURDUM

Special to The New York Times

WASHINGTON, March 10 — It is high noon on Capitol Hill and the nation's newest ethicist, his finger aloft and his countenance grave, is hearkening to the pundit of a Periclean age.

"Walter Lippmann reminds us that a central function of democracy is to allow a free people to drag realities out into the sunlight and demand a full accounting from those who are permitted to hold and exercise power," Senator Alfonse Marcelllo D'Amato reads aloud in his office, his voice lingering lovingly on the word "drag."

"Isn't that interesting?" Mr. D'Amato purrs, and reads on from the conclusion of "Men of Zeal," the bipartisan book on the Iran-Contra hearings by his colleagues William S. Cohen and George J. Mitchell. "Congress provides a forum for disclosing the hidden aspects of governmental conduct."

The junior Senator from New York doesn't say it, of course, but what Congress has provided him these days is the role of his life: as the leading inquisitor into the aftermath of the failed Arkansas savings and loan and land deal that has engulfed the White House in Whitewater.

That Mr. D'Amato himself happens to have been the repeated subject of inquiries into his conduct in office for most of the last decade troubles him not at all. He wears the mantle of moral authority with equanimity in a capital where almost everything is relative, braced by a \$21.15 package of cologne on his desk, "White Water for Men," a gift from the Senate Minority Leader, Bob Dole.

Echoing Age-Old Questions

He summed up his mission tersely on a visit to Albany the other day, saying: "Howard Baker, I think, asked the right question during the days of Watergate, and it applies here with a little bit of a twist. What did the President know, and when did Hillary tell him?"

Today, the Senator, who recently

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confided to reporters that he empathized with Tonya Harding as a victim of unproven charges, said: "This is not about Al D'Amato, what he has or hasn't done. That's decided by the people: I'm the Senator. The issue is, should these questions be answered?"

Indeed, it was Mr. D'Amato's insistent questioning, as ranking Republican member of the banking committee, that last month led the Deputy Treasury Secretary, Roger C. Altman, to acknowledge that he had talked to senior White House aides about the progress of the Resolution Trust Corporation's investigation into the Madison Guaranty Savings & Loan, which was owned by one of Bill and Hillary Clinton's partners in the Whitewater Development Company, and noted that the statute of limitations for possible prosecution would soon expire.

That set off a chain of events that led to the disclosure of other private meetings on the status of the inquiry with Administration aides and culminated in the resignation last weekend of the White House counsel, Bernard W. Nussbaum. Mr. D'Amato said it was all beyond his imagining, that he had heard only an unsubstantiated tip about the meetings, and one D'Amato aide described Mr. Altman's admission as "a gift from God."

Ethics Is Familiar Territory

It has all made Mr. D'Amato both the toast of the television talk shows and a target of scorn for Democrats, beginning with the President, who drily noted Mr. D'Amato's role as the Republicans' ethical maven. Even some Republican Senate aides, asked about Mr. D'Amato, roll their eyes to acknowledge the ironies, but they haven't asked him to stop. And no Republican seems likely to complain, as many Democrats did when Senator Edward M. Kennedy sat silent during the Anita Hill-Clarence Thomas hearings, that Mr. D'Amato let his own past behavior impede his partisan duty.

"At a minimum, one would think he had some more sympathy with the notion that people are innocent until proven guilty," said Mr. Clinton's media adviser, Mandy Grunwald, who debated the Senator live on "Nightline" this week.

Or as Mark Shields, the political commentator, put it last week, the moral high ground is a place where Mr. D'Amato is "subject to nosebleeds."

To all of which Mr. D'Amato replies, in effect, so what?

So what if the Senate Ethics Committee in 1991 accused Mr. D'Amato of conducting "the business of his office in an improper and inappropriate manner" that allowed his brother, Armand, to use it to lobby for a military contractor? So what if Mr. D'Amato has repeatedly declined to authorize the release of the Ethics Committee's record? So what if his brother was later convicted of mail fraud in the case.

It's All in the Past

So what if three law school deans said evidence in a 1986 trial in Nassau County strongly suggested that Mr. D'Amato had perjured himself nine years earlier, when, as Town Supervisor of Hempstead, L.I., he told a Federal grand jury that he was unaware of the practice that forced town employees to pay 1 percent of their salaries to the county Republican Committee? (The deans noted that Mr. D'Amato was by then immune from prosecution because the statute of limitations had run out.)

It was Mr. D'Amato's fear that the statute of limitations for prosecution in the Madison Guaranty case might run out that led him to take to the Senate floor with a large calendar early this year, marking off the days left till it expired.

But when the chairman of the Democratic National Committee, David Wilhelm, seized on that to send Mr. D'Amato a blistering public letter last month reciting the Senator's past troubles, Mr. D'Amato made no attempt to hide it. Instead, he took pains to send it off to reporters and his Senate colleagues, demanding that they join him in condemning an attack on the dignity of the office.

Mr. Wilhelm said that "being attacked on ethics by Senator D'Amato is like being called ugly by a frog," but he acknowledged that the Senator had caused problems for the President and his party. "He's created some political heartache, but he seems to enjoy it a little too much," Mr. Wilhelm said. "I think that enjoyment reveals the political motivation behind it."

Mr. D'Amato retorts that his goal is political, in the old-fashioned sense of checks and balances, and he has taken some pains to speak in sober tones, joining with the cool hand of Senator Cohen on Wednesday for his meeting with the Whitewater prosecutor, Robert B. Fiske Jr. to discuss the possibility of Congressional hearings.

He said he began his inquiry thinking that it might at most find evidence of long-ago sloppiness that might require the Clintons to revise their tax returns, but that each answer from the White House has prompted other questions. For example, he says, he does not understand how top presidential aides could have attended briefings on Whitewater without briefing the Clintons in turn. The President has said he was basically unaware of the meetings and Ms. Grunwald said that Ms. Clinton's had not been informed either.

The Senator also said that the Democrats' counterattacks merely stiffened his resolve, and he delighted in mispronouncing the names of the Presidential advisers he says have led the charge, referring to George Stephanopoulos as "Steppin' opoulos" and Ms. Grunwald as "that woman, what's-her-name, Matty?"

"I'm not the reigning moralist, and I don't pretend to be," Mr. D'Amato said. "I'm saying that I call 'em the way I see 'em, and sometimes I make mistakes. I'm not telling you that I know what will be the ultimate resolve here. If we can get the clouds that hang over this whole situation away, then we do the people's business, and that's good. But you can't say, 'Don't have a hearing because that's politics.'"

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The First Ladyship

Bill Clinton's wife has the education, experience and drive to carry out the enormously important job she has — the First Ladyship of the United States. But it is a job that should not exist. It is philosophically twisted in concept and it is politically outrageous in practice.

In concept, the First Ladyship is an affront to American democracy — and to American feminism. In practice, it skews the administration of government, evades anti-nepotism law and avoids the responsibility that should go with authority.

"Bill Clinton's wife" — no woman I know likes to be defined professionally as her husband's spouse. I am sure Hillary Rodham Clinton detests that. But it fits the job precisely and fairly. It is the only political post in the country that demands the essential qualification of being married to a particular man at a particular time in his life.

On Whitewater and whatever went before or after, I hope the Clintons clear themselves totally. Any American who takes pleasure from a disgraced and destroyed Presidency is a fool, and ugly in heart. In the Clintons' case, as in Richard Nixon's, the investigations by Congress, press, courts and prosecutors have to go on wide and deep, to tell us whether we can breathe free, or must mourn.

But Whitewater gives Americans the chance to take an overdue look at the First Ladyship and the damage it can do to American principles.

Seen and used as a job, not just as a condescending, honorary, un-American title, the First Ladyship has become a great government center. In lieu of salary it provides the jobholder with staff, luxury and that most important of all perks, power.

As the Clintons practice it, the First Ladyship is the second- or third-most-important job in government.

By law, the President cannot appoint his wife to a Federal job. Yet the Clintons enlarged the First Ladyship from a title to a post more important than any Cabinet member's — without election or official appointment.

Power through the wedding ring.

On the huge national issue of health-care plans, she can command the directory-full of Federal agencies and departments involved.

On how many other issues she can dominate or direct appointed, Congress-approved officials we do not know. I suppose whatever she and the President decide.

That's bad. The fact that a Presidential wife can lead without appeal is worse. Usually, on interdepartmental work, cabinet members know they can take complaints about the task-force leader straight to the President.

Nobody is in a hurry to do that even once about a President's wife — or any boss's wife. Done twice, that's not candor. That is suicide, and why Federal anti-nepotism laws were invented.

The First Ladyship cuts across what feminists are supposed to cherish and usually do: equal dignity, status and rights, in relation to men and to each other.

Name a stockholder who would tolerate the wife of a C.E.O. plumping herself down in a commandeered office at the plant, giving orders, making decisions just because she was Mrs. C.E.O. If the wife of the Chairman of the Joint Chiefs of Staff of the armed forces has a special interest in global strategy, will she take over policy planning at the Pentagon?

It makes no difference if the spouse is knowledgeable and uses power skillfully, as Mrs. Clinton usually does. However used, in a democracy, political power must not be bestowed with the marriage vows.

Yet the smarter a President's wife, the luckier the country. What is a President's wife supposed to do with her intellect? She can do what all spouses who respect each other do. She can give the President her best advice, to help him think clearly and act wisely. She can do that as his acknowledged lifepartner and best friend, not under some kind of private political pre-nuptial contract.

If she is a doctor or teacher or mathematician, or concentrates on raising a family, she can also get on with her work. Obviously the law or business create conflicts.

But Elizabeth Dole's job running the American Red Cross would create no problems for Bob Dole, as candidate or President. If nothing like that appealed to a President's wife, it would be a pity.

But it would not be pitiful enough to justify sliding the First Ladyship into the center of government — power by wedding ring. □

At Home Abroad

ANTHONY LEWIS

Ripples Of Freedom

BRISBANE, Australia

Thirty years ago this week the Supreme Court of the United States found that libel suits could threaten the freedom of speech and press guaranteed by the First Amendment. In the case of *New York Times v. Sullivan*, it put limits on libel to make sure that Americans could criticize public officials without fear.

The High Court of Australia, the equivalent of the U.S. Supreme Court, is now considering the same issue. It is deciding whether to apply something like the reasoning of the *Sullivan* case to prevent libel suits from dampening criticism of politicians.

That the *Sullivan* decision may touch Australian law is remarkable, and of interest to more than lawyers. For Australia has no clause in its Constitution protecting free speech or press. Those who drafted the Constitution in 1898 rejected the idea of copying the American Bill of Rights. How, then, could judges hold unconstitutional laws that may chill political comment?

The answer is that two years ago the High Court found in the Constitution an implied guarantee of free political speech. That freedom necessarily arose, the judges unanimously held, from the Constitution's estab-

lishment of a parliamentary democracy.

"Freedom of public discussion of government," Justice Francis Gerard Brennan said in one of several opinions, "is inherent in the idea of a representative democracy."

That case concerned a federal law making it a crime to publish criticism of the Industrial Relations Commission, whether true or false, that was calculated to bring the commission into disrepute. The law was like classic British seditious libel law, forbidding any criticism of the government.

In holding the law unconstitutional, Justice Brennan said "it purports to stifle that free discussion which is essential to expose defects in, and to maintain the integrity of, any institution vested with power to affect the lives of the people living in a representative democracy."

In two cases now under advisement the High Court has been asked to extend the 1992 ruling to put constitutional limits on libel law. One case concerns a letter to the editor of a newspaper. The writer urged voters to give a member of the federal Parliament, Andrew Theophanous, "the

Australia ponders a libel issue.

heave" at the next election. Mr. Theophanous sued the paper, claiming the letter implied that he was a fool who was biased in favor of Greeks as immigrants to Australia.

The other case arose from complaints by a politician in the state of Western Australia that six other politicians had wasted public money on an overseas trip. When a newspaper published the complaint, the six sued the paper.

Both cases, then, are undoubted examples of political criticism. That would not affect the right of the offended politicians to bring libel actions under common law, as it did not in the United States until the Supreme Court in the *Sullivan* case held for the first time that the protections of the First Amendment apply to libel.

The moves toward constitutional protection of free speech in Australia mark, in a sense, a step away from the British tradition. Britain has no written constitution; its political system vests absolute power in Parliament, trusting it to be reasonable.

In the 1992 Australian case Justice Brennan said the British Parliament might be able to eliminate democracy altogether if it wished. But when a country entrenches representative democracy in a constitution as in Australia, he said, the constitution must be read to make democracy work.

What the Australian High Court did in 1992, and may do further in the libel cases now, is a comment on American conservatives' complaints about "activist judges." In many countries committed to freedom, judges increasingly see it as their duty to protect free speech as the crucial ingredient of democracy.

Even in Britain, with its tradition of tight controls on speech and press, the House of Lords held last year that a county council could not sue for libel. Lord Keith of Kinkel said it was vital that "any governmental body should be open to uninhibited public criticism."

"Uninhibited" was an adjective used by Justice William J. Brennan Jr. in the *Sullivan* case to describe the American tradition of political criticism. He can take some pride in the international ripples of that case. James Madison, the author of the First Amendment, would be pleased, too. □

Whitewater Impasse in the House ✓

Senators Alfonse D'Amato and William Cohen have agreed to give the Whitewater special counsel, Robert Fiske, an undefined number of weeks or months to prepare his cases before the Senate undertakes its own inquiries. That shows welcome recognition of the need to give Mr. Fiske a head start on his investigation without surrendering Congress's clear right to provide oversight.

But Mr. Fiske has yet to achieve détente with Republicans in the House. Jim Leach, the ranking Republican on the House Banking Committee, plans to explore Whitewater in hearings on March 24 on the status of the Resolution Trust Corporation's savings and loan rescue operation. He has asked some 40 witnesses, including White House and Treasury Department officials, to appear.

It would make sense if Mr. Leach, who has disappointingly declined to meet with Mr. Fiske, could also accommodate the special counsel with a limited delay so that he can interview many of the same people first. But Mr. Leach is loath to yield the one-day hearing he has already been granted as part of the committee's legally required review of the R.T.C. He says he would be prepared to postpone the hearing by up to three weeks only if the Democrats who control the committee promise him a hearing at the end of that period.

Unfortunately, the Democrats — plainly anxious not to provide a public forum that could further

embarrass their President — have shown no signs of abandoning their firm opposition to airing any aspect of Whitewater in a Congressional forum.

Mr. Leach insists that he and the committee have two compelling duties that have nothing to do with politics. One is to determine whether regulators waited too long before shutting down Madison Guaranty, the Arkansas savings and loan that sits at the center of the Whitewater mess. The other is to determine whether the R.T.C. compromised its independence by conferring with the White House about a sensitive investigation.

Mr. Leach argues that he cannot in good conscience give up the one chance he has to meet these obligations unless the Democrats assure him that he will be able to hold similar hearings in the near future. That leaves an unsatisfactory impasse; either Mr. Leach proceeds with a hearing that could prematurely disrupt Mr. Fiske's investigation, or he withdraws from the field without any promise from the Democrats that the committee will be allowed to exercise its legitimate oversight responsibilities.

The least the Democrats can do now is to grant Mr. Leach a delay that will protect the criminal investigation while giving Congress a chance to examine the Whitewater mess — especially the troubling White House contacts — not so far down the road, and not just for a day.

Don't Flinch on Tibet ✓

President Clinton has taken a tougher line than his predecessors on Chinese oppression in Tibet. In an executive order last May, he became the first American President to list improvement of human rights in Tibet as a condition for renewal of China's most-favored-nation trading status. This was followed in November by a direct appeal to Beijing to begin substantive negotiations with the Dalai Lama or his appointed representatives.

But with the trade decision deadline looming in June, many Tibetans fear the President will flub his own test. Billions of dollars in U.S.-Chinese commerce are at stake. Furthermore, Beijing's defenders argue, Tibet has been nominally part of China for centuries. They also say that in recent years Beijing has tried to make amends for past behavior by improving roads and living conditions.

China's apologists ignore a harsher reality. Tibetans are indisputably a distinct people with a unique culture and language. Because it occupies strategic terrain, Tibet has been claimed by China, coveted by India, courted by Britain and Russia. But until this disastrous century, it enjoyed cultural and political autonomy. From 1792 until the British entered Lhasa in 1904, Tibet — though nominally under Chinese suzerainty — operated independently and kept its doors to the outside world closed.

Tibet's autonomy ended when China invaded in 1950 to enforce its dormant territorial claim. The

world looked the other way, as it did in 1959, when China crushed a Tibetan rebellion, and again in the 1960's when Red Guards demolished hundreds of Tibetan Buddhist monasteries. China did build roads: the better to encourage massive colonization. The pathetic result was visible in a recent "Frontline" documentary showing a traditional culture swamped by alien honky-tonk, with Tibetans reduced to providing folkloric "color" for tourists.

This attempt to extinguish an ancient civilization has provoked fierce resistance. An Asia Watch report asserts that in 1993, when China carried out the harshest crackdown since the Tiananmen massacre five years ago, there were more political arrests in Tibet than any other region. Tibetans are routinely jailed for singing songs or putting up posters. Thirteen Buddhist nuns were detained in 1992 for carrying an outlawed flag; sentences were from two to six years, subject to extension without trial if prisoners persisted in forbidden chants.

For years the Dalai Lama has called only for nonviolent resistance in his campaign for cultural autonomy, short of independence. But Beijing's persistent refusal to engage in serious talks has undermined his moderation; this gentlest of national leaders now fears that nonviolence has been discredited. It is in China's own interest to respond reasonably. And President Clinton, having staked out new ground, should not surrender it for nothing.

Play It Again, Lloyd

By Al Kamen
Washington Post Staff Writer

If the appointment of **Lloyd Cutler** as White House counsel seems like *deja vu* all over again, that's because it is. Here's what was on the front page of The Washington Post on Aug. 18, 1979.

"President Carter yesterday reached into the highest ranks of the Washington establishment he once campaigned against, naming attorney **Lloyd Cutler** as his new White House counsel.

"Cutler, a member of one of Washington's largest and most prominent law firms, Wilmer, Cutler & Pickering, will succeed **Robert J. Lipshutz**, a Georgian long close to Carter who resigned last week.

"Cutler's appointment marks the second time in a month that the president has reached out to add an establishment figure to a White House staff heavily dominated by a close-knit circle of Georgians. The other appointment came from communications power structure as he picked **Hedley Donovan**, former Time Inc. editor in chief, as his senior White House adviser.

"The appointment of Cutler reaches to the core of what a number of Carter's friends and well-wishers have felt was one of the major shortcomings of his presidency—a lack of contact with, and understanding of, the Washington establishment. Even Carter's own close friend and fellow Georgian, outgoing Attorney General **Griffin Bell**, has been critical of the breach between the Carter White House and the Washington establishment."

We all saw how well it worked for Carter. Maybe that wasn't the real problem?

Speaking of Cutler . . .

■ It seems Interior Secretary **Bruce Babbitt** has been balking at selling a Canadian mining company the rights to about 1,000 acres of public land in Nevada for a whopping \$5,119, or \$5 an acre. Babbitt apparently is concerned that's too good a deal, because the land sits on an estimated \$8 billion of gold.

Babbitt really doesn't have much choice but to sign it over to the company, **American Barrick Resources**, however. An 1872 mining law sets the prices and rules, and Barrick sued Interior to force Babbitt to sign.

Babbitt is hoping to create a media splash at a signing ceremony in late April or early May, using the occasion to push for a change in the law.

Want to guess who was one of Barrick's Washington lawyers on this? Ah, but of course, **Lloyd Cutler**. Is this a great country or what?

Opportunities at EEOC

■ The Clinton administration, roundly criticized for delays in filling civil rights positions, has finally gotten a slate of candidates for the top positions at

the Equal Employment Opportunity Commission.

The candidates, still being vetted but likely to be announced in the next two weeks, are a veteran group of lawyers and activists. Washington lawyer **Gilbert F. Vazquez**, former vice president of the Hispanic Bar Association, is to be chairman; **Paul Igasaki**, a longtime civil rights advocate who is executive director of the Asian Law Caucus, will be named vice chair of the EEOC; California lawyer **Paul Steven Miller**, now deputy director of the office of consumer affairs at the Department of Health and Human Services and a member of Little People of America and director of the National Alliance of Genetic Support Groups, is to be a commission member.

University of Missouri law professor **Michael Middleton**, former EEOC associate general counsel during the Reagan administration and former deputy assistant secretary for civil rights at the Department of Education, is in as general counsel.

Claire Gonzalez, a lawyer and civil rights analyst with the National Council of La Raza, is to be named the EEOC's director of communications and legislative affairs. For legal counsel, it's **Ellen Vargyas**, senior counsel at the National Women's Law Center and chair of the National Coalition for Women and Girls in Education.

This is about as diverse a group as you can get. Some Puerto Rican groups are going to be miffed however, because Vazquez, who was Housing and Urban Development Secretary **Henry Cisneros**'s lawyer when both lived in San Antonio, is Mexican-American, not Puerto Rican. Cisneros was said to be backing another candidate.

Energy Fluctuation

■ There's yet another chicken in the fox coop at the Department of Energy. **Kenneth Luongo**, formerly a senior Washington representative for arms control and national security policy at the liberal Union of Concerned Scientists, is now working as a special assistant to secretary **Hazel R. O'Leary** on nonproliferation issues.

Flying High at Transportation

■ The Transportation Department finally has a full team. **Raymond Romero** has been nominated to be assistant secretary for aviation and international affairs. That's one half the old DOT policy job, which was split by Transportation Secretary **Federico Peña**. Romero currently is vice president and general counsel for Ameritech International in Chicago.

L. Ari Fleischer, press secretary to Sen. **Pete V. Domenici** (R-N.M.) and deputy communications director in the Bush campaign in 1992, is leaving to start his own public relations firm. **Chris Gallegos**, now deputy press secretary, will move up.

First Lady's Top Aides Testify

Grand Jury Probing Whitewater Affair Gets Subpoenaed Documents

By Ann Devroy
and Charles R. Babcock
Washington Post Staff Writers

A federal grand jury investigating the Whitewater affair yesterday heard from two top aides to First Lady Hillary Rodham Clinton and was handed nearly 1,000 pages of subpoenaed documents, including some an official said had come from President Clinton's files.

As the White House handling of the Clintons' Arkansas land dealings more than a decade ago took center stage yesterday in a U.S. District Court grand jury room here, Joel Klein, the deputy counsel, said about 400 members of the White House staff, including the president and First Lady, had worked to comply with the grand jury subpoenas served on the White House last Friday.

The day had all the trappings of Washington political theater—including protesters, an unruly media mob and officials skirting reporters who followed them in a swarm. Special counsel Robert B. Fiske Jr. was besieged by camera crews that formed a circle around him, jamming cameras and video equipment to within inches of his face as he pushed his way across the courthouse plaza. "I'm not going to talk about anything," he replied to questions shouted at him by reporters.

Klein would not characterize the documents he turned over to the grand jury or answer questions on whether the president and First Lady had turned over any material. No documents were withheld on a claim of executive privilege or attorney-client privilege, he said.

"Everyone has complied with the subpoena, including the president and First Lady," Klein said in a Roosevelt Room briefing before he left to deliver the documents, which fit in his briefcase.

Officials said the fruit of the White House search was 30 to 40 documents from about three dozen people. Lloyd Cutler, named to take over as White House counsel, said

WHITWATER, From A1

the facts of the meetings that prompted the dramatic grand jury appearances would show "no wrongdoing" by White House officials.

Included in the material were notes, telephone logs, memos, some outside correspondence to the White House concerning the issue and other paperwork. The subpoenas called for any material concerning meetings or discussions between White House and Treasury officials on Madison Guaranty Savings & Loan, the failed thrift with connections to the Clintons. The status of the Resolution Trust Corp. investigation into Madison's collapse was the subject of the conversations, from September to February, that were revealed last week and instantly produced a Fiske subpoena.

An official familiar with the frantic, massive search of White House files, phone logs, computer disks, trash baskets and burnbags—a process that was occurring next door at

the Treasury building as well—said a "few innocuous" Clinton papers were included in those turned over to Fiske.

A White House staff remained stunned and shaken over the speed with which three private discussions of Madison between White House and Treasury officials had turned into a political disaster. Fearful of talking to subpoenaed officials about the issue, White House aides watched television coverage as first Margaret Williams, chief of staff to Hillary Clinton, arrived at District Court in the rain and spent two hours in the third-floor grand jury room.

Williams attended at least one meeting last month at which Deputy Treasury Secretary Roger C. Altman, acting head of the Resolution Trust Corp., said he wanted to give the White House a "heads up" on procedural issues involved in the RTC's Madison investigation.

She was followed by Lisa Caputo, Hillary Clinton's press secretary, who had a phone conversation about Madison with an RTC press secretary. Later in the afternoon, Klein, accompanied by the White House designated custodian of documents, Marvin Krislov, appeared.

White House communications director Mark Gearan arrived at the courthouse, but it was unclear whether he made a grand jury appearance. He had warned the White House his appearance might be delayed.

In the early evening, Treasury officials were to deliver some 3,500 pages of documents found in their search. Officials there said the paper search was complete but that the computer search was not. Fiske had given an extension for production of computer records.

Among the Treasury documents, officials said, were logs and notes that suggested conversations between Altman and George Stephanopoulos, the senior adviser to the president, and with Dee Dee Myers, the White House press secretary. The discussions occurred after the first revelations of Altman's meetings.

Williams declined to answer questions but said, "You can't come out of anything like this and not have a fairly healthy respect for the process. But I'm really encouraged to be part of something where findings of fact are actually important, as opposed to innuendo and rumormongering and gossip and sensationalism."

The focus inside the grand jury room was not about the Clintons' 1978 land deal with the James B. McDougal, the owner of Madison, but more recent actions by the White House that the president last week said he wished had not occurred.

Clinton and his aides have denied the White House meetings were an attempt to tamper with the investigation. But Republicans in Congress attacked the meetings as unethical and possibly an obstruction of justice.

In a separate courtroom, former Ronald Reagan White House political director Lyn Nofziger, who was tried and eventually acquitted of lobbying violations, appeared in a civil case and joked with reporters outside the building. In another courtroom, Sen. Dave Durenberger (R-Minn.) pleaded not guilty to charges of falsifying his Senate expense account.

Fiske is using a Washington grand jury to investigate the death of White House deputy counsel Vincent Foster as well as the White House-Treasury meetings. Another grand jury in Little Rock, Ark., has been subpoenaing bank records involved in the Clintons' Whitewater land venture and has heard testimony from couriers at Hillary Clinton's former law firm. They said they were told to shred files belonging to Foster.

That the first appearances before the grand jury were by aides to Hillary Clinton was evidence of her intricate involvement in the twisted set of events that have come to be named Whitewater. She handled some of the details of the Clinton investment in the land development with McDougal, and, as a lawyer in Little Rock, she later represented Madison before state regulators.

Even as the grand jury was taking evidence, White House aides were engaged in debate over whether Hillary Clinton should come out publicly to answer some questions about her role and in what forum.

In the Senate, several Democrats took the floor to defend the Clintons and denounce their Republican assailants, especially those who have singled out the first lady for criticism.

Sen. John D. "Jay" Rockefeller IV (D-W.Va.) said he was reminded of the "biblical warning about straining at a gnat while swallowing a camel" as senators put health care and other issues aside to engage in a "grinding tirade about a 16-year-old real estate transaction."

Staff writers Howard Schneider and Helen Dewar contributed to this report.

Clinton, Visiting Brooklyn College, Presses Programs to Reduce Crime

By Mary Jordan
Washington Post Staff Writer

NEW YORK, March 10—For more than two hours President Clinton sat on a theater stage at Brooklyn College here and chatted, almost like a talk show host, about changing America so people no longer felt afraid. He said crime was strangling American streets and schools and referred to a shooting Wednesday at Eastern High School, "perhaps our safest high school in Washington."

The president sat in a chair beside police officers, a mother of a slain son and Sherman Spears, a young man who wheeled himself toward the microphone and described the

bullet that keeps him from standing up: "The force of it slammed me into a door."

Crime and the upcoming "Summer of Safety" program that will employ 3,500 youths, some in police precincts and community foot patrols, were the focus of Clinton's 10-hour trip to New York. But he veered from it briefly, alluding to events unfolding in Washington, where the Whitewater investigation is distracting much of the White House staff.

"When people turn on television and they see their national government, what do you inevitably see? People with words, using extreme words to characterize conduct or activity or positions. The other politicians do it, the media do it; always trying to twist it like

taffy to the nth degree." Clinton said. "I've had older members of the Congress tell me just in the last week how much meaner and partisan and negative the national arena is."

Turning back to Spears, he said, "Look if he, this fine young man here, can bury his anger and desire for revenge, he ought to be an example to all the rest of us who have so much less to be angry about."

Spears, shot during an argument, teaches youths to resolve their problems peacefully. Clinton said he hoped that some of those involved in the "Summer of Safety" would work with gangs doing the same.

The summer program is part of Clinton's national service initiative called "Americorps"

that will involve 20,000 students when it's yearlong program begins in September.

New York Mayor Rudolph W. Giuliani (R) met privately at the Sheraton New York Hotel with Clinton, but did not greet him at the airport, Brooklyn College or the Brooklyn police precinct the president visited. Earlier in the week, Giuliani said he had a scheduling conflict and was quoted as saying of Clinton's crime summit: "It didn't seem to me it was the kind of format that is conducive for the substantive discussion we should be having."

After a meeting in a small hotel room, White House spokesman Jeff Eller emerged saying the two men "shook hands" and had "a really good meeting." Eller said the mayor

presented Clinton with the city's "gun strategy" and thanked him for calling one of the victims of the Brooklyn Bridge shooting last week.

Eller refused to take Whitewater questions. The point of the day, as Clinton had said repeatedly, was to focus on crime and the crime bill before Congress that would pay for 100,000 more police officers on street patrol.

But even before Clinton left Brooklyn College, a lone heckler outside shouted "Whitewater, Whitewater." Some of those standing shouted, "Bill has got to go." They were drowned out by a louder chorus, screaming, "We want Bill."

After Year, 15 White House Aides Have Yet to Receive Security Clearances

By Ann Devroy and Michael Isikoff
Washington Post Staff Writers

More than a year after President Clinton took office, 15 White House aides, including press secretary Dee Dee Myers and another unidentified senior official, have yet to receive security clearances because they failed to complete necessary paperwork, administration officials said.

As a result, Myers and the other aides have not received permanent White House passes and are operating on "temporary passes."

Those passes are given new employees to allow White House access until FBI background checks are completed. Once checks are made, the White House counsel's office clears employees and the Secret Service de-

termines if they should be given permanent White House access.

"Frankly, I have been continually reminded and nagged by security personnel to get this done and I just haven't done it," said Myers when asked this week. "There are no excuses. I should have done it and I just kept putting it off and didn't do it."

Myers added that she completed paperwork yesterday and expects to get her permanent White House pass soon.

Although the number of aides operating without security clearances is small compared with the approximately 1,000 persons with regular White House access, failure of senior aides to receive security clearances has prompted concern at the Secret Service, officials said.

A senior administration official confirmed there had been "complaints" from the Secret Service about the slowness of some White House officials to provide needed background information and to "be disciplined in getting this stuff done." The problem has been eased in the last few months, the official said.

The issue has also prompted concerns on Capitol Hill in large part because aides without clearances potentially have access to large volumes of classified information. Rep. Frank R. Wolf (R-Va.), who serves on a House Appropriations subcommittee that funds the White House, recently wrote Clinton about the matter, saying the issue was "even more critical" in light of security lapses revealed by the Aldrich H. Ames spy case.

"I believe this is a situation of grave con-

cern now that we are a year into your administration," Wolf wrote. "In previous administrations, these matters were usually handled within the first few months."

Wolf said his staff had confirmed that until last week White House aides without clearances included Patsy L. Thomasson, director of the White House office of administration, which operates the White House computer system. Officials would not identify the other senior official. They said the aide did not work "in the national security orbit."

Administration officials said yesterday only two or three persons of the 15 without permanent clearance were longtime White House workers. The rest were more recent, with some only a few weeks in their jobs.

One official said the White House gives a

leeway of up to three months on personnel before it considers applications overdue. Of the 15 lacking passes, "only a handful are seriously overdue," the official said.

It is the responsibility of White House associate counsel William Kennedy to handle clearance procedures. The White House came under criticism last year for issuing passes to Clinton friends and political associates, but most of those have now expired.

The passes allow free access throughout the White House compound and absolve the holders from security precautions such as passing through metal detectors and having cars and bags searched.

Staff writer Pierre Thomas contributed to this report.

Administration Dreamers Awake In Familiar Washington Scene

By Dan Balz
Washington Post Staff Writer

For an administration that promised to change the culture of Washington and restore ethics to government, yesterday was a nightmare.

When President Clinton's transition planners set to work in Little Rock, Ark., in late 1992, they had big dreams about what they hoped the next four years would bring.

Scenes of White House aides trooping before a grand jury were not part of those dreams.

But there it was again yesterday outside the federal courthouse, a Washington circus—on a smaller scale perhaps—that the country has seen before: government officials flanked by their lawyers standing before a bank of microphones, a small band of protesters with signs and placards calling for justice, a hungry press corps camped out in the rain waiting, waiting, waiting.

This time those officials came from a Democratic administration that had railed about shoddy ethical practices of the Republicans who held power in the 1980s, an administration whose leader had made "no more business as usual" a rallying cry of his campaign.

The symbolism was not lost on anybody. And as one Democrat with close ties to the White House put it, "I just feel sad."

Clinton was in New York, but nearly all his top aides remained behind in Washington, cloistered in a White House where even routine communication is now complicated by concern over further appearance of ethical transgressions.

Six White House officials and four current or former Treasury Department officials have been subpoenaed by Whitewater special counsel Robert B. Fiske Jr. to testify before the grand jury.

They are being asked about three meetings they held to discuss the Whitewater affair and the federal probe into the failure of the Madison Guaranty Savings & Loan, whose owner was a business partner of the

Clintons and whose failure cost taxpayers as much as \$60 million.

Whatever the outcome of Fiske's investigation, some in the administration acknowledge that moral authority has been eroded by what has so far transpired—and the president's political authority is threatened.

Republicans smell blood, and they also sense an opportunity for retribution. Now with the subpoenas, the public may have snapped to attention.

"The subpoenas brought something understandable into this," said Stanley Greenberg, Clinton's pollster. "Before that, it [Whitewater] was very complicated and potentially very old, not something people wanted to

"You can't come out of anything like this and not have a fairly healthy respect for the process."

— Margaret Williams, aide to Hillary Clinton

see get in the way of the people's agenda. The subpoenas brought an immediacy and something real. It has the potential to change the issue, but I don't think we yet know whether it's going to have a substantial effect."

"There is a huge difference between a subpoena and an indictment," one presidential adviser said, "but in the way this is being covered they are indistinguishable."

Up to now, Clinton has weathered the Whitewater storms politically. For the past two months, his approval rating remained high and steady. But there is some evidence that it has begun to erode.

A new Washington Post-ABC News survey shows Clinton's overall job approval rating at 52 percent, down from 58 percent two weeks ago.

Forty percent of those interviewed in the most re-

PRESENT AT WHITEWATER SESSION

THE INVESTIGATOR



ROBERT B. FISKE JR.
Special counsel
Appointed Jan. 20 to investigate Whitewater, death of White House deputy counsel Vincent W. Foster Jr.



MARK GEARAN
White House communications director
Present at Oct. 14 meeting at White House with three Treasury officials.



MARGARET WILLIAMS
Chief of staff for Hillary Rodham Clinton
Present at Feb. 2 meeting at White House with three Treasury officials.



LISA CAPUTO
Press secretary for Hillary Rodham Clinton
Took telephone call from staffer at Resolution Trust Corp. last fall.

THE WASHINGTON POST

cent poll disapproved of the job Clinton was doing as president, largely unchanged from the 38 percent who disapproved two weeks ago.

The first of the administration officials who appeared at the courthouse yesterday were hardly out of Hollywood central casting of government villains, a point made repeatedly by sympathetic Democrats.

Margaret Williams, the top aide to First Lady Hillary Rodham Clinton, was the first to arrive at the courthouse yesterday morning. After testifying for 2½ hours, she stopped briefly to make a statement:

"You can't come out of anything like this and not have a fairly healthy respect for the process," she said. "But I'm really encouraged to be participating in something where the finding of fact is actually important, as opposed to innuendo and rumormongering and gossip and sensationalism. Other than that I've got to get back to work."

Lisa Caputo, the young press secretary to Hillary Clinton was next. She wore a smile that belied any butterflies in her stomach as she walked down the corridor with her lawyer, William Taylor.

"Hi, guys," she said to the reporters there to record her arrival. And then: "I'm not saying anything."

"To somehow say Lisa Caputo is John Mitchell [the for-

mer attorney general who was convicted during Watergate] is excess in the extreme," said political strategist James Carville, who said he took Williams and Caputo to dinner Tuesday to take their minds off the case.

Communications director Mark Gearan, the third White House official scheduled to testify, had not appeared at the courthouse by late afternoon, but White House aides were afraid to try to find him.

A combination of gallows humor, studied determination to carry on with routine business and anxiety about the impact on the administration kept White House officials off balance as the day played out.

But if the friends of those subpoenaed expressed their sympathy and solidarity with flowers and encouraging words, others made no secret of their sheer delight in watching the Clintonites squirm.

Rachel Abrams, whose husband, Elliott, was convicted of withholding evidence from Congress during Iran-contra, wrote in yesterday's Washington Times that she knows well the emotions the Clintons are feeling.

"I know how their stomachs churn, how their anxiety mounts . . .," she wrote. "I know all this, and the thought of it makes me happy."

Whitewater Rumors Push Dow Down 23

Perceptions, Not Specifics, Spook Markets

By Brett D. Fromson
Washington Post Staff Writer

NEW YORK, March 10—Whitewater splashed over Wall Street today, buffeting stocks, bonds and the dollar.

Unsubstantiated rumors about Clinton administration problems in the Whitewater affair swirled through the markets and worried investors, according to traders in New York and Chicago.

The Dow Jones industrial average of blue-chip stocks fell 22.79 points to 3830.62, and broader indexes also declined. The yield on the benchmark 30-year Treasury bond reached 6.98 percent. Gold and other precious metals rallied.

The Whitewater rumors spooked already jumpy investors who are worried about rising interest rates and the possibility of a trade war between the United States and Japan.

Although traders did not know how much credence to give the rumors, they said the stories created the perception that they foreshadowed political problems in Washington.

STOCKS, From D1

Secretary Dee Dee Myers denied one of the most commonly circulated rumors—that White House deputy counsel Vincent Foster committed suicide in a private apartment in Northern Virginia used by White House officials, not in Fort Marcy Park, where his body was found.

Wall Street has seen presidential rumors move the market before. "This is what happened during Watergate," said a professional investor in New York. "Whitewater is rapidly becoming an 'investable' event."

"The rumors that Whitewater was turning into a bigger problem for Clinton started in the morning in Asia and Europe in the currency markets," said William J. King, a Chicago-based money manager. "Then at around 10:30 a.m., the rumors about the 'safe house' and Vince Foster started."

A source close to speculator George Soros said, "Foreigners are focusing on Whitewater for the first time."

At the center of the gossip on Wall Street was a report issued Wednesday by Johnson Smick International Inc., a Washington-based consulting firm headed by Manuel H. Johnson, a former vice chairman of the Federal Reserve Board and a Treasury official in the Reagan administration. Another principal, David Smick, is a former aide to the late senator John Tower and to former New York representative Jack Kemp.

Johnson Smick sells economic and political information to foreign and U.S. traders, who pay about \$100,000 a year for the service, according to the firm's clients. Customers get periodic phone calls and newsletters to alert them to developments that could affect securities prices.

The latest newsletter included several Whitewater-related stories that have been reported by the press. According to one of these, staffers for Senate Finance Committee Chairman Patrick Moynihan (D-N.Y.) "are putting the word out that [Vincent] Foster in fact committed suicide in a private apartment in Virginia. That apartment (the Moynihan crew refers to it as a 'safe house') was said to be used frequently by many of the senior

MARKET MOVES

Dow:	
3830.62	-22.79
Gold:	
\$387.30	+\$8.10
Dollar (vs. yen):	
105.2 yen	+0.65 yen
Bonds:	
(30-year Treasury)	
6.98%	+0.15%

"People trade on the rumors because there is a risk, however small, that they could be true and would be bad for the markets," said the head trader for a large arbitrage firm.

In Washington, White House press
See STOCKS, D2, Col. 5

White House staff as a place to wage game long-term problems . . .

Senate Finance Committee chief of staff Lawrence O'Donnell denied the story. A White House official who was working to quell the Foster rumor yesterday said, "This is a full Oliver Stone—'JFK' meets Wall Street."

A source close to the firm said Johnson Smick had received calls from the White House complaining about the report. The source said that the firm was "confident" that the information in the report accurately reflected what its sources had said.

The source also said that the firm was "not pleased" to see its work made public. "This is proprietary information," the source said. One of Johnson Smick's clients said after reading the firm's report, "We are trying to verify the information in the report to find out how much substance there is."

■ Declining issues outnumbered advancing ones on the New York Stock Exchange fell about 13 to 6; NYSE trading volume rose to 333.5 million shares from 309.7 million.

■ The Standard & Poor's 500-stock index fell 3.16 points to 463.90, the American Stock Exchange index was down 2.01 to 464.78, the NYSE composite index fell 1.56 to 257.22 and the Nasdaq index fell 3.96 to 789.09.

■ The price of the Treasury's main 30-year bond plummeted 1-11/16 points, or \$16.88 per \$1,000 in face value, the biggest one-day plunge in at least two years. Its yield rose to 6.98 percent from 6.83 percent.

■ The dollar fell against major currencies, dropping to a three-month low against the German mark on traders' worries about Whitewater. In New York, the dollar finished at 105.20 Japanese yen, down from 105.85 yen, and at 1.6820 marks, down from 1.7055.

■ Gold prices shot up. On the New York Commodity Exchange, gold for current delivery closed at \$387.30 a troy ounce, up \$8.10.

■ Energy futures prices fell moderately in slow trading due to warmer weather and fading prospects for OPEC oil output cuts. Light sweet crude oil for delivery in April settled at \$14.14 per barrel, down 4 cents, on the New York Mercantile Exchange.

Satellite Firms Cleared to Sell Photos

By John Mintz
Washington Post Staff Writer

President Clinton has given a green light to U.S. satellite firms that want to sell nearly spy-quality photos of Earth taken from space. The decision is a victory for U.S. industry and a setback for Pentagon and Central Intelligence Agency hard-liners who fear the sales will harm national security.

The bitter dispute was settled Wednesday night, when Clinton signed a presiden-

tial directive essentially siding with the firms. Clinton's action is an attempt to help satellite companies such as Lockheed Corp. practice "defense conversion" by finding commercial use for highly classified intelligence gear developed during the Cold War, administration officials said.

Many CIA and Pentagon officials had wanted the Commerce Department to prohibit firms from selling high-resolution satellite pictures. They also wanted to set up a government censorship board to rule on

See SATELLITES, D2, Col. 3

Satellite Firms Win Fight

SATELLITES, From D1

where and when the firms could take photos. They wanted to prevent pictures of U.S. and allied military operations, officials said.

But Commerce Secretary Ronald H. Brown helped convince Clinton that there should be no permanent commission to rule on every photo assignment and persuaded him to state in his decision that there should be a "presumption" that firms should receive licenses.

Under the directive, companies would apply to the Commerce Department for licenses to launch the photo satellites. If the defense secretary makes a formal finding that a given photo assignment would harm national security, the commerce secretary would make the final decision. Disputes would be sent to the president.

Deputy Commerce Secretary David J. Barram said yesterday that the intent is that the Pentagon and CIA would object only in the rarest instances, but that when they do, the commerce secretary almost certainly would agree with them.

"That won't be a problem," Barram said. "There's hardly any possibility of there being a disagreement."

On the surface, the Pentagon and CIA support the decision. A Pentagon spokesman said yesterday that military officials took part in the interagency team organized by the White House on this issue, and "are comfortable with the security guarantees included in the agreement."

But privately some Pentagon and CIA officials expressed fury, saying the directive could endanger U.S. military operations by making it possible

for adversary nations—or fronts for them—to buy high-quality photos immediately after they are taken, officials said.

"There's some real naivete out there," said a U.S. national security official who shares the CIA's concerns. "The arguments of hard-liners were holding less weight than the liberals."

Industry officials say that by 2000 there will be a worldwide industry with revenue of as much as \$15 billion providing pictures to mapmakers, environmentalists, oceanographers, urban planners and utilities.

Foreign companies, including some in Russia, dominate the high-resolution market, and the French are developing a commercial version of their military satellites.

Russian satellites can take pictures that delineate objects almost as small as one meter—telling the difference, for example, between a Buick and a Corvette. Lockheed and a separate consortium of three U.S. firms are each proposing similar systems. Current U.S.-made photos are much fuzzier.

Gilbert Rye, a vice president at Orbital Sciences Corp. of Fairfax—which is in the consortium—said the decision is "a great step forward."

He and other industry officials said they are pleased that the CIA has stated privately that it will not release to the public current-day spy photos. The firms feared the CIA would flood the market with current pictures to try to drive the firms out of business. But Rye said the CIA says that it will release only photos more than 20 years old.

Lockheed and other firms see growth in this business as a way to slow waves of layoffs caused by cuts in spy budgets.

FRIDAY, MARCH 11, 1994 THE WASHINGTON POST

No Immunity, No Problem ✓

The White House counsel has resigned under pressure. Ten Clinton aides have been subpoenaed by the Whitewater special prosecutor looking into improper contacts between the White House and independent S&L regulators. The administration has promised the urgent erection of a "fire wall" to prevent further contacts. The deputy Treasury secretary has "recused" himself from investigations that touch on the Clintons' involvement in Whitewater. In short, the White House has pledged itself to a wholesale cleanup of its Whitewater ethics.

How did all this start? With a congressional hearing.

On Feb. 24, the Senate Banking Committee held oversight hearings on the Resolution Trust Corp. It was here that Deputy Treasury Secretary Roger Altman, acting head of the RTC, revealed under questioning that he had briefed the White House counsel on the RTC investigation of Madison Guaranty, the failed Arkansas S&L to which the Clintons had numerous and questionable ties.

This was the first and, thus far, only congressional hearing on Whitewater. Without it we might still not know about the secret contacts between Clinton aides and the agency investigating the Madison bank. Even the president admitted at his press conference on Monday: "I didn't know about, for example, Roger Altman's meeting until he testified to it on the Hill."

A week after Altman's testimony, The Washington Post revealed that there had been two more such meetings. The first of these had tipped off the White House that the RTC was going to make a "criminal referral" to the Justice Department in which the Clintons were named as possible beneficiaries of Madison's possibly criminal activities.

This is not the first time that a congressional hearing has led to a cascade of other

revelations. The Watergate tapes were discovered not by the press, not by prosecutors, but in the course of congressional hearings.

Republicans are now demanding Whitewater hearings. The Democrats, having seen how much damage was done in half a day, continue to stonewall. This is the same party that in 1990 had the House Banking Committee spend two days in public hearings on Neil Bush's involvement in the collapsed Silverado S&L. At the time, Democrats were gleeful about making Bush the "S&L poster boy." Now that the S&L poster girl might turn out to be named Clinton, they express deep concern about the partisanship of such hearings.

This is the same party that bathed the country in Iran-contra hearings. That put every syllable of Anita Hill's charges against Clarence Thomas on national TV. That even saw fit to hold hearings on a total fiction, the so-called October Surprise.

If Bill Clinton were a Republican, we would now be in our third month of hearings of a Select Committee on Whitewater. We would by now have a pretty good idea of the financial, political and—a particular interest of Mrs. Clinton's—moral conduct of the Clintons during the "decade of greed" that they ran so successfully against in 1992.

So much for the hypocrisy. What about the public interest? The Democrats are trying to hide behind the Whitewater prosecutor, who is advising against hearings on the grounds

that they might adversely affect his investigation. Aren't they right? Would not congressional hearings interfere with the prosecutor's work?

To which there are two answers. First, they do not have to. In fact, in this case, the prosecutor's own investigation of secret White House-RTC contacts was helped—indeed, triggered—by a disclosure elicited in congressional hearings.

True, the convictions of Oliver North and John Poindexter were famously overturned because of the immunity they had been granted in congressional testimony. To which the remedy is: no immunity.

If in congressional Whitewater hearings those subpoenaed decide to take the Fifth Amendment and not testify, fine. That is their right. The public will then have to wait for the press and the special prosecutor to ferret out the story. Nothing lost.

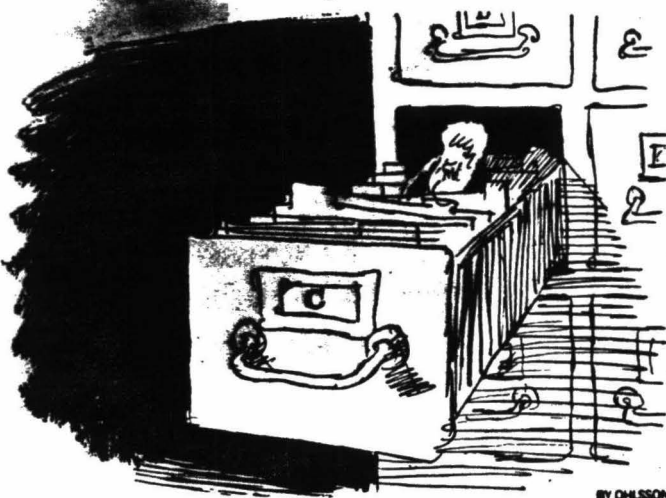
If, on the other hand, they do testify, much will be gained. The American people will learn about Whitewater today rather than next year. They can begin to make judgments based on the sworn testimony of the people involved.

But second, even if there is some disruption of the prosecutor's case, so what? Every prosecutor wants control. But a prosecutor's interests are not necessarily the same as the public interest.

The prosecutor's interest is prosecution. The public interest is disclosure. The prosecutor tries to find breaches of law. The public needs to know about breaches of trust. The public's interest in Whitewater is not, say, to see Hillary Clinton or her Rose law partners on trial. It is to find out simply what happened.

This capital has just endured a decade during which the criminalization of policy differences and ethical lapses became the norm. Perhaps it is poetic justice that the fate Democrats visited on Republicans should now rebound on them. But that would just compound the injustice.

The public interest is served best not by criminalizing but by publicizing. The most important objective of these inquiries is not to put people in jail (though that may happen) but to help us reach a judgment. Congressional hearings would do just that.



BY OHLSSON

Veering Off-Center on Welfare

IT JUST couldn't last. Until now, there seemed at least an outside chance that congressional Republicans, Democrats and President Clinton could get together on welfare reform. At the least, it seemed possible that the debate would avoid the posturing usually associated with the issue of public assistance. But that chance could be lost because House Republicans, who drafted a fairly serious welfare proposal last year, are now under pressure to move their plan in a far more draconian direction.

The original Republican plan, endorsed by almost every Republican in the House, had its problems—it paid for its provisions with some rather severe cuts in existing programs for the poor. But at least it accepted that if welfare recipients were limited to two years on the rolls, the government needed to spend some significant sums to help welfare recipients get education and training. The bill also accepted that government would have to create some jobs if it wanted welfare recipients to work. For all its problems, the plan had enough in common with the proposals President Clinton has been contemplating that there was at least an opportunity for reasoning together across party lines.

But that was before a group of conservative intellectuals—Charles Murray, William Bennett and William Kristol among others—took their fellow Republicans to the woodshed for going soft. Messrs. Murray, Bennett and Kristol raised a fair enough point: that time-limiting welfare and requiring welfare recipients to work would not necessarily do much to deal with what is a genuine social concern, the rise of out-of-wedlock births among teenagers. Mr. Murray has

proposed a radical idea to get at that problem: Just announce that in nine months, the welfare system will be abolished for all new applicants. That would send a powerful message to potential single mothers all right. As for the kids, Mr. Murray suggests that fewer of them would be born, some might get taken care of by their grandparents, some might be better off put in orphanages. House Republicans are reviewing their plan to move it in Mr. Murray's direction.

Putting aside the many questions raised by establishing a whole new system of orphanages—do conservatives really have faith that government will get that one right?—Mr. Murray's "solution" looks an awful lot like giving up on the problem. It reflects too much eagerness to take risks with the lives of some of the most vulnerable people in society. In any event, conservatives have usually argued, correctly, that the rise of out-of-wedlock births is in large part the result of cultural trends that were not the creation of government and won't be reversed primarily by government. This is an issue where the search for simplicity really is simplistic.

It's hard to escape the suspicion that what really underlies the Republican shift is the party's unhappiness that Mr. Clinton has taken on an issue that Republicans loved to use against the Democrats but didn't do much about when the White House was in GOP hands. If Mr. Clinton is willing to be tough, well the Republicans would be tougher—much as some Republicans started talking about "two strikes and you're out" when Mr. Clinton backed three. The Republicans should think twice before veering to the far edges on the welfare issue.

Dwindling Curls of Smoke

THE DOWNTOWN protest march staged by the tobacco industry Wednesday may have struck observers as incongruous. But given the dramatic strides recently made by antismoking advocates, what other avenue does the industry have left? That same day, the Defense Department announced it will ban smoking in military workplaces, affecting 2.6 million workers, and the state of Maryland announced sweeping regulations (to take effect in 60 days unless legal challenges prevail) that would use the occupational health and safety law to ban smoking in the workplace statewide. The Maryland rule would go farther even than what most people think of as the workplace, extending the no-smoking rule to such traditional drink-and-smoke places as restaurants and bars. These steps come on the heels of a smoking ban by that other giant employer, McDonald's, and another, potentially dramatic regulatory threat—Food and Drug Administration chief David Kessler's announcement that his agency might have to consider regulating cigarettes as a drug.

These assorted strikes against smoking have little in common except their status as telltales in the accumulating gale of sentiment that has pushed smoking out of mainstream public—if emphatically not yet out of private—life in this country. A recent New Yorker magazine cover showed a city landscape full of hapless smokers hanging outside on balconies,

ledges, streets, fire escapes—anywhere that wasn't indoors. Antismoking rules by major employers, workplace by workplace and industry by industry, are the most straightforward and legally trouble-free way to go, and the arena in which pressure on workers to stop smoking has made the most progress. More sweeping governmental moves like Maryland's are attractive to those who want to speed up the process, but—as the tobacco industry has missed no chance to point out—they offer a lot more openings for counter-lobbying, often by legislators heavily supported by tobacco-growing constituencies.

Hints of more drastic regulatory moves on the Kessler model offer yet more complications: Some analysts have suggested that if the FDA began to regulate cigarettes, its only option under its own rules would be to ban them; banning while there are still millions of addicts brings up the specter of Prohibition-style illegal drug markets and worse.

It's true that piecemeal private action has not succeeded in lowering the smoking rate among, especially, women and young people; but it's also clear that piecemeal private action is happening more and more widely and that as a practical matter this must eventually force more and more people off the drug. Stronger government regulation is tempting, but it may not change much beyond timing. It's obvious which way this train is going.

Murder at the Clinic

VIOLENCE AGAINST abortion clinics and providers has been increasing in recent years at the same time as legal attacks on *Roe v. Wade* have been producing diminishing returns. Abortion rights groups claim that more than 6,000 clinic blockades or disruptions have occurred and almost 1,500 acts of bombing, arson, acid attacks, death threats, assaults and shootings have been directed against providers. The worst of the lot was the murder of Dr. David Gunn outside a Pensacola, Fla., clinic a year ago. Last Saturday, his killer was found guilty of first-degree murder and sentenced to life in prison.

The case against Michael Griffin was strong, and the evidence was compelling. Eyewitnesses placed him at the scene. A neighbor, alerted by the sound of the first shot, saw Mr. Griffin put two more bullets in Dr. Gunn's back. The killer immediately went to the front of the building and turned himself in to police officers who were monitoring a demonstration. He confessed to the crime and led the police to the body and the gun he had used. He told his wife, and wrote to friends from jail, that he committed the crime but was not sorry as long as a single baby had been saved.

The prospect of actually going to prison for life, however, often reduces a defendant's enthusiasm for martyrdom, and so it was with Mr. Griffin. He tried to plead insanity, but because he refused to let prosecution experts examine him and had no experts on his own behalf, that defense wasn't allowed. Instead, he alleged that he had been brainwashed by leaders of the

local Rescue America organization who, through the use of videos, ceremonial funerals for fetuses, prayer sessions and the like, drove him to commit the crime. A jury sensibly rejected this defense in less than three hours. To have done anything else would have been a terrible signal to zealots of every stripe that they are not responsible for horrendous crimes if they are motivated by some belief, no matter how unreasonable or dangerous that belief is. Every individual is free to believe what he likes and to oppose peacefully those who disagree with him. But violence is another matter entirely, and personal responsibility is clear and must be reinforced by the courts.

The presentation of this unusual defense, unsuccessful though it was, provides some insight into the activities of the most dangerous elements on the fringes of the antiabortion movement. John Burt, the leader implicated by Mr. Griffin, is a former member of the Ku Klux Klan, and he exudes the kind of hatred seen among members of that group. He did his best to turn protesters against Dr. Gunn personally, and he showed neither surprise nor remorse about the killing. He may not have pulled the trigger or even suggested that Dr. Gunn be murdered, but he bears some measure of responsibility for the violence he accepts with equanimity. This successful prosecution should provide a warning to followers of Mr. Burt and others of like mind that they will pay a heavy price if they choose to carry out a hater's fantasy.

For the Record

From an ABC "Good Morning America" interview yesterday with Sam Dash, who was chief counsel of the Watergate committee:

Charles Gibson: Are Whitewater hearings necessary, do you think?

Mr. Dash: . . . We have a democracy. The ultimate sovereign is the people. And Congress is the agency that is given the power and the right and the duty to inform the public on how the government's working . . . So I see no problem, by the way, in Congress holding hearings. I think it was a reasonable request on the special counsel's part, and I think Senator D'Amato and the other members of Congress have acted responsibly.

Q: The senator makes a good point that in Iran-contra, the complicating factor was that immunity was granted to some witnesses who appeared before the congressional hearings, and that complicated later trials.

A: Well, that's true. I want to make an important point. We granted immunity . . . when I say "we," Senator Ervin and the Watergate committee granted immunity to such important witnesses as John Dean, who was counsel to the president; Jeb Magruder, who ran the reelection campaign. And Archibald

Cox, who was then special prosecutor, was quite angry at us. He tried to shut us down.

But, see, we had a balancing judgment to make. Was this particular scandal so important that it affected our democracy that we had to tell the public what was happening, even though it meant risking bad prosecutions?

But I think at this stage, Senator D'Amato and others are making—coming to the conclusion that there isn't that urgency—there's a need, but not that urgency—and that they don't have to grant immunity. . . .

In Iran-contra, they granted immunity too easily. . . .

Whitewater Investigator Brings 3 Aides From White House Before Grand Jury

By MICHAEL K. FRISBY
And PAULETTE THOMAS

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — The Whitewater investigation sent quivers through the Clinton administration, as White House and Treasury officials began delivering documents and testimony to a federal grand jury.

Disclosures that Treasury and White House officials had discussed an investigation involving the Clintons had raised questions about whether the work of regulators had been compromised. Yesterday, Special Counsel Robert Fiske brought three White House aides — Communications Director Mark Gearan; Hillary Rodham Clinton's chief of staff, Maggie Williams; and Mrs. Clinton's press secretary, Lisa Caputo — to the grand jury to talk about their contacts.

Throughout the Clinton administration, the sight of top officials walking into a grand jury provided a clear warning: obstructing Mr. Fiske's investigation or federal regulators will be dealt with harshly.

The Fiske inquiry has had a chilling effect in both the White House and the Treasury Department, where aides said they are reluctant to discuss Whitewater-related issues with their colleagues, even their own deputies. At the Treasury, for instance, officials acting on behalf of Treasury Secretary Lloyd Bentsen confiscated computer equipment and notes — as part of the secretary's own internal review. Mr. Bentsen wants to be sure that his officials have cooperated with Mr. Fiske's request for information relating to contacts with the White House regarding the Resolution Trust Corp.'s investigation of the failed Madison Guaranty Savings & Loan.

The RTC inquiry dealt with allegations that funds from Madison were improperly diverted to Mr. Clinton's gubernatorial campaigns or Whitewater Development Co. The former owner of Madison was a partner of the Clintons in Whitewater, an Arkansas real-estate venture.

"I hesitate to say come look in my basement at Treasury because someone would probably call me a pack rat," Mr. Bentsen told a House Appropriations subcommittee. "But we've been holding back our trash to the point that I've had to use a warehouse in Alexandria [Virginia] to hold the overflow. There are 15 special investigators and internal auditors going through our files on my floor alone."

Further, Joel Klein, the deputy White House counsel, said yesterday the White House has complied with Mr. Fiske's subpoena for documents. A White House aide said that the grand jury was sent about 1,000 pages of documents, gathered from about 40 people who responded to Mr. Fiske's request for information about contacts with Treasury officials.

Tension at the White House will very likely rise next week. Seven other White House and Treasury figures have been subpoenaed to appear before the grand jury. One of the officials is presidential aide Bruce Lindsey, who Mr. Clinton said "probably" was the person who first informed him that the RTC would seek a criminal investigation of Madison.

In addition, Deputy Chief of Staff Harold Ickes is scheduled to appear Thursday. Mr. Ickes has headed the internal handling of the Whitewater matter, and participated in one of the three meetings between White House and Treasury officials that triggered the uproar.

Investigators will be eager to question Jean Hanson, the Treasury's general counsel, who also will testify. On Sept. 29, she told White House Counsel Bernard Nussbaum that the RTC would seek the criminal investigation of Madison, providing an early warning for the White House. Ms. Hanson has told Treasury officials that she acted after receiving an inquiry from the press about a possible referral, and she contends that she was seeking guidance from Mr. Nussbaum on how to respond.

As Ms. Williams was leaving the courthouse yesterday, she mocked the media attention on the case. "You can't come out of anything like this and not have a fairly healthy respect for the process," she said. "I'm really encouraged to be participating in something where the finding of fact is important, as opposed to innuendo and rumormongering and gossip and sensationalism."

On Capitol Hill, meanwhile, tempers grew testier. New York Republican Sen. Alfonse D'Amato called for the resignation of the Deputy Treasury Secretary Roger Altman, following Mr. Altman's recent disclosure that he consulted with the White House about whether he should recuse himself from the investigation.

—Greg Hitt contributed to this article.

Manager of Hedge Fund Disputes GOP Statements

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The manager of a hedge fund in which Hillary Rodham Clinton is an investor said former thrift owner James McDougal was never among his clients, as a group of Republican representatives asserted.

Bill Smith, president of Smith Capital Management, disputed several statements in a letter signed by 81 members of the House and sent Wednesday to the Office of Government Ethics. The letter asked for an investigation into Mrs. Clinton's holdings in a hedge fund, Value Partners I, that is managed by Mr. Smith.

Among other things, the letter said Mr. McDougal was an investor in the fund and was in a position, with others, to inform Mrs. Clinton that the fund was selling short health-care and pharmaceutical stocks at the time she was making speeches about national health-care reform. Health-care stock prices dropped after those speeches.

In an interview, Mr. Smith said the fund didn't hold any pharmaceutical stocks at the time of Mrs. Clinton's speeches and in fact was "long" — or betting that prices would rise — in the stocks of two health-maintenance organizations during the first quarter of 1993. Mr. Smith said Mr. McDougal, the former chairman of Madison Guaranty Savings & Loan Association, was never a client.

Democratic Leaders Meeting in Heartland Find There Is Nowhere to Escape From Whitewater

By JOHN HARWOOD

Staff Reporter of THE WALL STREET JOURNAL

CLEVELAND — The Democrats have come to Ohio, and the ripples of Whitewater are already here.

In the suburbs east of where party leaders gathered for a national meeting, Republican challenger Tucker Marston has begun turning up the heat on Democratic Rep. Eric Fingerhut, challenging the ethics-minded freshman to demand "immediate and open" congressional hearings into potential "civil and criminal violations by the president, the first lady and their staffs."

As editorial pages in Cleveland and Cincinnati blast ethical lapses in Mr. Clinton's White House, GOP Rep. John Boehner uses Whitewater to link Ohio's other vulnerable Democratic freshmen, Ted Strickland and David Mann, to purported abuses of power by House Democratic leaders.

Such episodes, now being repeated in states and congressional districts across the country, show how the often-arcane Whitewater controversy has moved from Washington virus to a low-grade fever that's beginning to worry Democrats elsewhere. "It has gone beyond ... the Beltway," says Sen. Bob Graham of Florida, who chairs the Democratic Senatorial Campaign Committee. "You have to be concerned about it."

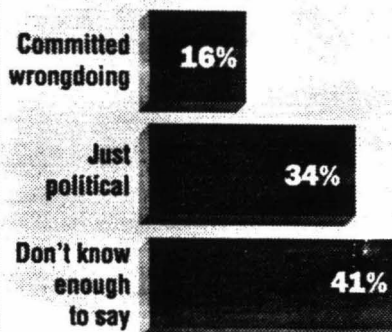
The controversy provides a case study of a media-driven political culture in which partisans use the modern communications apparatus to ride a wave of press attention and maximize pressure on their opponents. It also shows that Mr. Clinton, more than Democratic lawmakers who don't have deep institutional or personal ties to him, is the one most likely to get squeezed.

Republicans aren't shy about appearing to cash in politically on the issue. Since the highly publicized resignation of White House counsel Bernard Nussbaum and the issuance of subpoenas to several Clinton aides in recent days, GOP campaign committees have shifted into high gear, faxing unflattering news clips and background material to local Republicans. Beyond Ohio, Democratic candidates in Virginia, North Dakota and Maryland, among others, have been hit with GOP missives.

Rep. Bill Paxton of New York, who heads the National Republican Congressional Committee, welcomes the controversy as a vehicle for blocking movement on Mr. Clinton's health plan. "It's kept the president and Mrs. Clinton from ... being able to focus" on health care, Mr. Paxton boasts. "It's undermined his credibility. The Democrats have a lot to worry about."

The Politics of Whitewater

"Do you believe Clinton committed financial wrongdoing in Whitewater or is the issue just being used against him for political purposes? If you don't know enough to have an opinion, please say so."



THE WALL STREET JOURNAL/NBC NEWS POLL

he says.

"We have to conduct ourselves in a way that ensures he's a one-term president," adds GOP Rep. Robert Dornan of California, a self-styled "commando" and sometime substitute for right-wing radio personality Rush Limbaugh. Piggybacking on Mr. Limbaugh's own efforts, Mr. Dornan says he and other members of the House GOP "Theme Team" will now "hammer on this every day" in an attempt to link questions about Whitewater with questions about Mr. Clinton's conduct in his personal life.

So far, insist Democratic National Committee members who have gathered here as the midterm election season heats up, the issue hasn't yet made a deep impression on voters. Many dismiss Whitewater barbs as a measure of GOP desperation as Mr. Clinton enjoys a strong economy, moves forward on health care and co-opts traditional GOP themes such as crime and welfare reform. "The only issue they can even dream about is this," says Ohio's state Democratic chairman, Harry Meshel.

Opening the three-day session with a news conference dominated by Whitewater, Democratic National Chairman David Wilhelm shrugged off the Republican strategy as "the pursuit of gridlock by other means." He added that "once the smoke clears from this week, the essential dynamics of the 1994 elections will be back in place," and insisted that the American people "now look ... to this party for leadership."

Yet some rank-and-file Democrats at the same time are keeping a certain dis-

tance from Mr. Clinton's troubles. In an earlier era, when they depended on their party establishments for political survival, Democrats and Republicans alike had strong incentives to rally behind embattled leaders. Now, those ties have weakened as politicians place top priority on protecting their own local power bases.

"I don't know what kind of person Bill Clinton was as governor of Arkansas," says veteran Rep. Jim Chapman, a conservative Texas Democrat. "Most Democrats are looking at it and saying, 'We don't know.'"

"I haven't said whether he's innocent or guilty," adds freshman Rep. Peter Barca of Wisconsin, who was elected by the slimmest of margins in a special election last spring. Either way, Whitewater is "starting to capture people's attention," he says. "When people start hearing words like subpoena, those words carry a certain weight."

Republicans hope that sort of pressure will buckle Democratic leaders' opposition to congressional hearings on Whitewater. Mr. Fingerhut of Ohio is standing firm, rejecting Mr. Marston's call by saying it is "common sense" not to interfere with the special counsel's investigation. At the same time, he calls White House handling of Whitewater "very disturbing," and points out that he has voted against Mr. Clinton's legislative program more often than any other Ohio Democrat.

The scandal may also become an issue in Pennsylvania. Republican Rep. Rick Santorum, a combative conservative now running for the Senate as a self-styled "reformer," envisions TV commercials using Whitewater to skewer Democratic

incumbent Harris Wofford as "a lapdog" for the administration. But Sen. Wofford, while closely allied with the president on health-care issues, is preserving his maneuvering room. He says he privately urged the White House to seek a Whitewater special counsel before the president decided to do so. And he adds that "I don't have a closed mind" on the congressional hearings that Mr. Clinton wants to avoid.

Rising public cynicism toward politics means the issue carries some risk for Republicans as well as Democrats. While many voters may assume some wrongdoing, they also may see the GOP's focus on Whitewater as more political "blue smoke and mirrors," as Indiana Democratic Chairman Ann DeLaney put it. "Does it make a difference to anybody's life? No, it doesn't," says Ms. DeLaney, noting that she's still trying to book Mr. Clinton to speak at a party dinner in May.

Nevertheless, as Mr. Nussbaum's resignation and special counsel Robert Fiske's investigation have finally put the issue on the front page in many communities, a few Democratic candidates are beginning to ask party strategists whether they should still welcome the president's embrace. "Anytime the focus is on the president and negatives, it's going to have a negative impact on the party," says John Marino, a Democratic national committeeman from New York who is close to Gov. Mario Cuomo. "It's getting a lot of ink. It's all over TV news."

On Capitol Hill, the Democratic leadership may soon start fighting back by forming a task force, including House Whip David Bonior and others, to defend Mr. Clinton on the House floor and on TV talk shows. "We need to start helping the president," says New Mexico Rep. Bill Richardson, one of Mr. Bonior's deputies.

Some Democrats in Cleveland aren't sure the issue needs any more attention. "They need to get the danged thing over

with," says James Wengert, a labor leader and Democratic committeeman from Iowa, where the issue grabs headlines in part because of the efforts of home-state Republican Rep. Jim Leach to investigate the scandal.

"They should just worry about passing health care, the crime bill and welfare reform, and let the special prosecutor do his work," concludes Illinois Chairman Gary LaPaille. "If we stay on that message, we won't have problems."

Unproven Report On Foster Death Helped Sink Marts

By PAULETTE THOMAS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Financial consultants eager to influence the markets can sometimes succeed, even with the latest wild speculation.

David Smick proved that yesterday when his financial-gossip newsletter printed a report — unproven, he readily concedes — about the suicide of deputy White House counsel Vincent Foster, and helped send stocks and bonds tumbling.

Concern that the Whitewater mess would derail the Clinton legislative agenda certainly helped depress the markets, but the periodic newsletter published by Johnson Smick International was cited in particular. The two-page issue reported that staffers in the office of Sen. Daniel Moynihan, the New York Democrat, said that the body of Clinton aide Vincent Foster was moved from an administration apartment in Virginia to the park location where it was found. If true, such a claim would raise shocking questions about the Clinton administration's investigation of the death of Mr. Foster.

But Mr. Smick, a one-time aide to former Republican Congressman Jack Kemp, said he was surprised by the market reaction to his column casually passing along a rumor. He said he didn't know whether it was true.

The tone of the newsletter was far more sober and authoritative. "Again, we normally ignore Washington's regular stream of rumor mongering every time a President gets into trouble because the rumors are almost always untrue," it read. "In

this case, however, the offices of Senate Finance Committee Chairman Moynihan are putting the word out that Foster in fact committed suicide in a private apartment in Virginia."

The White House and Sen. Moynihan's office vigorously denied the rumor.

Mr. Smick and his partner, Manuel Johnson, the former Federal Reserve vice chairman, characterize their business as practicing "information arbitrage." Mr. Johnson's former position gives them entree to financial movers and shakers, but even they don't pretend that their information is 100% reliable. "If you're 55% to 60% right, you're gold," Mr. Smick has said in the past.

He won't disclose the circulation of his newsletter or its price, but both he and his partner have prospered with the firm, which also holds conferences and gives advice.

Washington has been rife with Whitewater rumors, but once the Foster rumor was set in the type of the Johnson Smick newsletter, it was given a wide airing. Market news services widely reported the newsletter was affecting the credit and currency markets. And the conservative talk-show host Rush Limbaugh discussed it on his widely followed radio broadcast.

Said Thomas D. Gallagher, a political analyst for Lehman Brothers Inc. in Washington: "We're in a situation where the scandal has taken on a life of its own and the markets are going to be susceptible to rumors."

Whitewater Rumors Send the Dollar To a Four-Month Low Against the Mark

By GARY ROSENBERGER

Special to THE WALL STREET JOURNAL

NEW YORK — The dollar was beaten down to a four-month low against the mark yesterday on rumors concerning the Whitewater investigation.

Panic selling sent the dollar on a downward spiral beneath a key psychological support level of 1.7000 marks to an intraday low of 1.6755 marks. That level was previously surpassed Oct. 29, when the dollar hit 1.6696 marks.

Late in New York yesterday, the dollar was quoted at 1.6825 marks, well down from 1.7025 marks late Wednesday in New York. The U.S. currency also was changing hands at 105.25 yen, down from 105.80 yen. Sterling was trading at \$1.5040, up from \$1.4944.

About noon Friday in Tokyo, the dollar was trading at 105.10 yen and at 1.6843 marks.

Reports of grand jury appearances by White House officials—mixed with breathless rumormongering surrounding the case—sparked a "dollar liquidation," said Mark Schwartz, vice president at Lehman Brothers Inc.

The pressure on the dollar was intensified by another tumble on the U.S. bond market, where the yield on the bellwether 30-year bond jumped to a recent high of 6.95%, traders said.

"There was a huge sell-off of dollars and dollar assets," Mr. Schwartz said. "It's like a liquidation, and when people

are liquidating — and everyone wants to sell — it's hard to know where the bottom is."

Margaret Williams, chief of staff for Hillary Clinton, yesterday was the first of six subpoenaed White House officials to appear before a federal grand jury to testify on the Whitewater affair.

The grand jury is looking into allegations surrounding Bill and Hillary Rodham Clinton's involvement in the soured Whitewater Development Co., an Arkansas real-estate venture tied to a collapsed savings-and-loan association.

Questions surrounding the real-estate deal have gone beyond the Clintons' original investment, which occurred long before Mr. Clinton's November 1992 election victory, and now center on speculation about a White House cover-up.

The dollar's plunge began early in Asian trading, prodded in part by a report from the Washington-based consultancy Johnson Smick International Inc., that described, without substantiation, new evidence on Mr. Clinton's ties to the failed Madison Guaranty Savings & Loan and raised new questions about the circumstances of the suicide of former White House attorney Vincent Foster. The White House dismissed the report.

Nevertheless, the market remained rumor-driven. "There is enormous nervousness on the Whitewater situation and rumors about Hillary Clinton and about the Foster suicide have been building up all day," Lehman's Mr. Schwartz said.

Then, too, there were the technical aspects of the drop.

As major support levels gave way, "we hit a lot of stop losses and people began running for cover," said Peter Iversen, vice president at Shawmut Bank of Boston.

The dollar made a mild recovery late in New York trading, as bargain-hunters swept into the market, traders said. "It should be a rosy picture for the dollar with the U.S. economy performing well, but it's a stick in the wheel when the administration comes under fire on moral and ethical issues," Mr. Iversen added.

Treasury Prices Tumble on Whitewater Concerns, Rumor Related to 1993 Death of Vincent Foster

By THOMAS T. VOGEL JR.
And PAULETTE THOMAS

NEW YORK — With investors still struggling to recover from last week's massive sell-off, the Treasury market plunged again yesterday.

Investors' fears of political skulduggery, compounded by widespread nervousness about the economy in the nation's bond markets, pushed down the price of the benchmark 30-year Treasury bond more than 1½ points to 90 27/32. That means a price drop of \$16.25 for a bond with \$1,000 face value. The yield, which moves in the opposite direction of price, soared to 6.98%, the highest since May 1993. Since the Federal Reserve raised short-term interest rates on Feb. 4, the price of the 30-year bond has dropped more than 8½ points, or more than \$82.50 for a bond with \$1,000 face value.

Fallout from wild speculation regarding the suicide last year of Deputy White House counsel Vincent Foster as well as President Clinton's past financial dealings moved from Washington to Wall Street, where stock and bond markets tumbled.

Some analysts pointed to a financial-gossip newsletter published by Johnson Smick International that said staffers in the office of Sen. Daniel Moynihan (D., N.Y.) were saying that the body of Mr. Foster was moved from an administration apartment in Virginia to the park where it was found. The newsletter has been known to print wild speculation, which sometimes moves markets.

By the market's response, White House Press Secretary Dee Dee Myers said, "It is ridiculous. There is not a shred of evidence to suggest that this is true. It is a complete fabrication. Why are we taking seriously a little-known newsletter that makes allegations with no evidence?"

A spokesman for Mr. Moynihan, Lawrence O'Donnell, said no one from the office had spoken to anyone from the newsletter. "They charge people a lot of money to send them something," he said. "I don't know where to begin in dismissing this. This is below the National Enquirer in terms of journalistic standards."

"I hate this," said Thomas D. Gallagher, a political analyst for Lehman Brothers Inc. in Washington. The rumors affected the value of the dollar in foreign-exchange markets as well as gold prices. Mr. Gallagher pointed out. "That's going to have an effect on bonds" as well, he said.

Mr. Gallagher said he tried to calm the bond traders at Lehman in New York with this interpretation of the political speculation: "You have to discipline yourself when you think about Whitewater and ask when it matters to the markets. Has Washington become consumed with this that it affects the president's agenda and his ability to govern?"

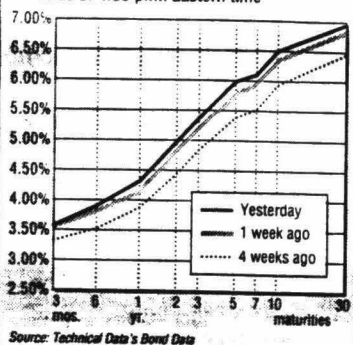
Mr. Gallagher isn't so sure that it has, but he is still worried. "We're in a situation where the scandal has taken on a life of its own and the markets are going to be susceptible to rumors," he said. "What are the allegations that are really going to cripple the presidency?"

But these days in the bond market, a rumor is enough when facts aren't around to justify selling.

For the past month, bond investors have been unloading their holdings. Particularly hard hit has been the U.S. market

Treasury Yield Curve

Yields as of 4:30 p.m. Eastern time



Source: Technical Data's Bond Data

YIELD COMPARISONS

Based on Merrill Lynch Bond Indexes, priced as of mid-afternoon Eastern time.

	3/10	3/9	High	Low
Corp.-Govt. Master	6.26%	6.21%	6.26%	5.19%
Treasury 1-10yr	5.50	5.45	5.50	4.23
10+ yr	7.09	7.00	7.09	6.01
Agencies 1-10yr	5.67	5.66	5.67	5.03
10+ yr	7.34	7.30	7.41	6.40
Corporate				
1-10 yr High Qlty	6.48	6.43	6.48	5.77
Med Qlty	6.61	6.53	6.61	5.77
10+ yr High Qlty	7.62	7.57	7.72	6.93
Med Qlty	7.99	7.95	8.12	7.29
Yankee bonds (1)	7.09	7.05	7.22	6.27
Current-coupon mortgages (2)				
GNMA 7.00%	7.47	7.35	7.47	6.07
FNMA 7.00%	7.44	7.30	7.44	6.10
FHLBAC 7.00%	7.44	7.30	7.44	6.10
High-yield corporates	9.58	9.58	10.53	9.25
New tax-exempts				
10-yr G.O. (AA)	5.20	5.20	5.20	4.38
20-yr G.O. (AA)	5.88	5.88	5.88	5.10
30-yr revenue (A)	5.93	5.93	6.05	5.25

Note: High quality rated AAA-AA; medium quality A-BBB/Baa; high yield, BB/Ba-C.

(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

for corporate junk bonds, from which investors are fleeing. Last week there were large outflows from junk-bond mutual funds, but this week the flows have turned into a tidal wave. Investors have ignored plenty of reports showing that the economy is strengthening — which is usually good news for junk-bond issuers, who have much to gain from an economic rebound.

According to AMG Data Services of Arcata, Calif., investors have yanked more than \$1.36 billion out of junk-bond mutual funds over the past two weeks, \$920 million of that over the week ending Wednesday. "It's the most we've ever seen over a two-week period," said Robert Adler, president of AMG. According to AMG, certain mutual funds have seen a drop in their assets of more than \$100 million over the week.

Many investors are worried that inflationary pressures are growing, something many Wall Street economists doubt. When the Fed raised short-term interest rates, the market began a round of second-guessing the Fed's anti-inflationary policies.

With its February rise, The Fed intended to wage a psychological battle against inflationary fears before actual price increases occurred. But the move has had the opposite effect on many investors, who have begun to believe that perhaps the Fed moved just as inflation was picking up, even though most recent economic reports don't show this.

News that the gross domestic product jumped 7.5% in last year's fourth quarter didn't help matters. In bond-market logic, a rapidly growing economy is bad news because it could lead to rising inflation, which reduces the value of an investment with a fixed rate of return.

"The market is going out of its way to find bearish news," said Dana Johnson, head of market analysis at First Chicago Capital Markets.

James Snyder, head of fixed income at Northern Trust, added that participants are "building a risk premium into the market because of what we are hearing and reading about in terms of the leadership of our country."

Although Treasury securities never really made it into positive territory yesterday, there was some scattered, early buying. However, the sellers quickly overwhelmed the market and prices ground lower through most of the day.

Ron Connors, head of government-securities trading at Bear Stearns & Co., noted "huge selling" by investors during the afternoon as contributing to the downturn. That only added to the pressure created by selling from dealers. "The Street remains littered with huge positions in corporates, mortgage-backed securities and emerging markets. The positions are big and there are no retail buyers," Mr. Connors said.

But for the most part, market participants said the sell-off simply reflected the extremely bearish sentiment pervasive in the bond market. As a result, the selling is continuing, even though many players feel the declines have gone too far.

"It's very emotional and has very little to do with any sort of a sober analysis of the fundamentals," said Mr. Johnson of First Chicago.

Corporate & Junk Bonds

In an unusual move, the Republic of Turkey switched the lead manager "in the 11th hour" of its planned \$1 billion global bond to CS First Boston Inc. from Merrill Lynch & Co. and Salomon Brothers Inc., a source involved with the transaction said.

Trading in the secondary markets was light, with prices down. But the bonds of R.H. Macy & Co. traded up by several points on a reportedly bullish research report.

Turkey had been slated to sell the 10-year global bond Wednesday, but postponed the offering because of market conditions. Up until last week, Merrill and Salomon were said to be marketing the \$1 billion offering to yield 9%. With CS First Boston, Turkey hopes to get a yield ¼ to ½ percentage point lower, the source said.

Salomon confirmed that they lost the deal. "The global deal for the Republic of Turkey has been officially postponed due to market conditions and the mandate has been withdrawn from Salomon and Merrill," said a Salomon official, who declined further comment. Officials at Merrill Lynch declined to comment, as did officials at CS First Boston.

Despite a near currency crisis, Turkey still is "hell bent on selling bonds," one sovereign debt analyst said. "Their reserve is under pressure, their deficit is high," the analyst said. "They've been out of the [bond] market for months and their fiscal situation has worsened even further."

Merrill and Salomon were marketing the global bond at a yield spread of 3.5 percentage points above the yield of comparable U.S. Treasuries. According to the source close to the deal, CS First Boston is hoping to sell Turkey's debt at a considerably cheaper yield spread of 3.15 percentage points.

The bonds are expected to mature in 10 years and carry a three-year put option that will allow investors to sell back the bonds after three years at a preset price. Merrill and Salomon were marketing a deal with a similar structure, the source said.

Global bonds are securities sold in the world's major markets and are intended to be more liquid than other types of securities.

Turkey's debt is rated triple-B-minus by Standard & Poor's Corp. and Ba1 by Moody's Investors Service Inc. Both rating agencies recently downgraded Turkey's debt and cited, among other things, the country's inability to reduce a large deficit and combat inflation.

Meanwhile prices of Macy senior bonds soared yesterday in anticipation of a forthcoming Morgan Stanley research report on the troubled retailer, according to traders.

According to one investor, who didn't wish to be identified, Morgan Stanley representatives were calling clients about the bonds and the report as long as two days ago. A Morgan Stanley spokeswoman said that the report would be issued today but wouldn't comment further.

The 14½s due in 1995, a \$379 million issue that is the most senior of Macy's three bond issues outstanding, closed at 44, down slightly from the day's high but up two points from Wednesday's close. That price movement represents a \$20 gain for every \$1,000 face amount of bonds. However, since the bonds trade at a steep discount to face value, they have actually risen nearly 7% in price over the past two days.

Macy bonds have been particularly prone to rumors because they are one of the few remaining big bankruptcy-court speculations. Macy is expected to present an outline of its reorganization plan to Cyrus Vance, the court-appointed mediator, by March 23. As previously reported, the company's plan is expected to include an investment from GE Capital, a unit of General Electric Co., and Fidelity Investments.

According to traders, Morgan Stanley's report is expected to place a value of \$4 billion on the reorganized retailer, about \$500 million more than the current market value of the company's debt and far more than other distressed-debt experts believe the company is worth. "If they make that bid they'll own it," said Max Holmes, head of high yield at Salomon Brothers.

A Morgan Stanley official confirmed that the firm has owned and traded Macy's bonds for a long time and called the report a "valuation road map" for investors that reflects opinions held by the firm for a long time.

Municipal Bonds

The municipal bond market's consolidation came to an abrupt halt. Tax-exempt issues were as much as a full point lower in late trading.

Although the muni market "is in much, much better shape" than it was recently, it isn't strong enough to stand on its own when Treasuries slide, a New York-based trader said.

Among the issues hit by sales were California's 5.15% of 2019 general-obligation bonds. They were ¾ lower at 87½ in late dealings, yielding 6.11%.

Despite the renewed weakness, tax-exempt-bond traders said there were developments that bode well for the near term. Individual investors, for example, have been seen doing some bargain hunting after shunning the market recently.

—Thomas D. Lauricella contributed to this article.

Bonds and Stocks Tumble On Whitewater Concerns

THURSDAY'S MARKETS

By STEVEN E. LEVINGSTON

Staff Reporter of THE WALL STREET JOURNAL

President Clinton's political troubles sent bond prices tumbling. Stock prices and the dollar followed suit.

The Dow Jones Industrial Average slid 22.79 points to 3830.62. Standard & Poor's 500-stock index lost 3.16 to 463.90, and the Nasdaq Composite Index sank 3.96 to 789.09.

The yield on the 30-year Treasury bond, which climbs as bond prices fall, jumped to 6.98%—the highest level since May—from 6.83% Wednesday.

Bond prices were pummeled by traders' increasing worries about the political controversies swirling around the president and first lady Hillary Rodham Clinton. The first family's troubles with the Whitewater affair came into the spotlight yesterday when administration aides began appearing before a federal grand jury. Also, a congressional hearing into the Whitewater matter seemed more likely despite opposition by Special Counsel Robert Fiske.

The administration also was confronted with a call by 81 Republican House members for an investigation into Mrs. Clinton's holdings in an investment partnership that sold short several health-care stocks early last year.

"It seems something new about the administration's difficulties comes out every day," said Donald Maude, chief U.S. fixed-income strategist at Scotia McLeod (USA). "That creates nervousness among traders in long-term bonds."

Mr. Maude said worries about the administration also were behind a sharp rise in gold prices as investors flock to gold in times of uncertainty. Gold for April delivery jumped \$8.10, to \$388.20 an ounce.

Some traders said bonds also suffered because of a report by the Washington-based consultancy Johnson Smick International Inc. that raised new questions about the circumstances of the suicide of former White House attorney Vincent Foster. The White House dismissed the report.

The Clinton administration's troubles come at a bad time for an already-jittery bond market. Mr. Maude said the flow of funds into bonds has slowed considerably as mutual funds hold back making further commitments. Commercial banks, which were heavy buyers last year, also have tightened purse strings in the past three months, Mr. Maude said.

He added that bond traders are apprehensive about next week's heavy docket of inflation reports. It was the inflation component in last month's Federal Reserve Bank of Philadelphia survey of business activity that set off a bond rout.

The stock market also suffered from continuing uncertainty about interest rates. "There's so much confusion about what the next Federal Reserve interest-rate move is," said Elaine Garzarelli, Lehman Brothers' stock strategist, who recently changed her stance on the stock market to neutral from bullish.

World-wide, stock prices rose in dollar terms. The Dow Jones World Stock Index gained 0.32 to 115.49.

In major market action:

Stock prices fell. Volume totaled 333.5 million shares on the New York Stock Exchange, where 1,486 issues fell and 688 rose.

Bond prices plunged. The Treasury's benchmark 30-year issue sank more than 1%, or more than \$16.25 for each \$1,000 face amount.

The dollar fell. In late New York trading the currency was quoted at 1.6825 marks and 105.25 yen compared with 1.7025 marks and 105.80 yen Wednesday.

Gold-Futures Prices Soar Amid Investigation Of Whitewater in U.S., Turmoil in South Africa

By JEFFREY TAYLOR

By a WALL STREET JOURNAL Staff Reporter

Gold-futures prices soared on concerns about political instability in the Clinton administration and in South Africa, the source of much of the world's gold supply.

At New York's Commodity Exchange, gold for April delivery was up \$8.10 to \$388.20 an ounce, while the price of the May silver-futures contract rose 8.2 cents to \$5.422 an ounce. At the New York Mercantile Exchange, platinum for April delivery climbed \$5.80 to \$402.80.

"The catalyst for the rally was Whitewater," the investigation of President Clinton's involvement in a failed land-development venture, said William O'Neill, chief futures strategist for Merrill Lynch. "Basically, it creates a tremendous air of uncertainty surrounding the presidency, affecting the U.S. dollar and U.S. government assets such as bonds. This kind of chaotic situation tends to bring a flow of money into metals."

Heavy buying of gold-futures contracts by commodity funds, which are managed pools of investors' money, helped to push the price of the gleaming metal through key "resistance levels," analysts said.

COMMODITY INDEXES

Thursday, March 10, 1994.

	Close	Net Chg.	Yr. Ago
Dow Jones Futures	145.23	+ 0.77	130.34
Dow Jones Spot	131.30	+ 0.26	124.21
Reuters United Kingdom	1801.9	+ 4.8	1763.9
K R-C R B Futures*	227.05	+ 0.42	207.66

*Division of Knight-Ridder.

which triggered even more orders to buy futures contracts. One such level was \$384 an ounce, a price that gold prices had tried and failed to penetrate repeatedly in recent days.

The gold market also derived strength from sharp declines in bond prices and the value of the U.S. dollar versus foreign currencies. Continuing riots and political unrest in gold-producing regions of South Africa lent additional support.

Another constructive factor was the failure of large available supplies to deflate prices. "Gold has held up well in the face of the fact that Japan is planning to sell 90 tons of gold, or about three million ounces, left over from the minting of the emperor's commemorative wedding coin," said Fred Demler, metals economist for E.D. & F. Man. "The fact that the market didn't collapse on that news is seen as a positive."

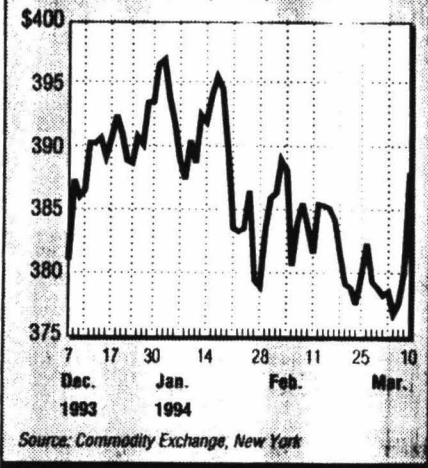
In coming days, news about the Whitewater affair is likely to continue to dominate precious-metals markets, Mr. O'Neill said. "If this were to develop into a situation where the president would be forced to resign, it could push gold prices sharply higher," he said. "I don't think the rally would last, however. This type of nervousness tends to cause short-term movements in the metals."

In other commodity markets yesterday:

ENERGY: World oil prices were generally lower with crude down between four

Gold Futures

April contract, dollars per troy ounce



cents and seven cents a barrel in New York and London futures trading. Heating oil, influenced by the promise of warmer weather in the U.S., led the slump. The U.S. futures contract for April-heating oil fell 0.51 cent to settle at 43.28 cents a gallon. Despite the oil market's general weakness, however, fresh buying developed whenever prices dropped to certain support points, traders said. Crude futures showed such technical resilience near \$14 a barrel on the New York Mercantile Exchange. Yesterday, April crude reached a low of \$14.01 a barrel before

rebounding to settle at \$14.14, down four cents for the day.

GRAINS AND SOYBEANS: Grain-futures prices continued to edge lower on concerns about the big size of Brazil's soybean crop. At the Chicago Board of Trade, soybeans for July delivery were down 1.25 cents to \$6.75 a bushel; July corn fell 2 cents to \$2.8475 a bushel; and July wheat was off 3.50 cents to \$3.2225 a bushel. Many analysts expect the South American crop to come in at about 38 million to 40 million metric tons, which would be a record.

Industrials Drop 22.79 Amid Fall In Bonds and Whitewater Rumors

ABREAST OF THE MARKET

By DAVE PETTIT

Special to THE WALL STREET JOURNAL

NEW YORK — Stock prices retreated amid a sharp sell-off in bonds and a barrage of rumors about the Whitewater affair.

The Dow Jones Industrial Average tumbled as much as 38 points at the height of the selling before recovering partially in late trading to finish with a loss of 22.79, or 0.59%, to 3830.62.

Broad-based indexes posted similar losses, while declining issues swamped advancers by 1,486 to 688 on the New York Stock Exchange. Volume there was active at 333,481,000 shares, up from 309,803,000 Wednesday.

After a day of stabilization Wednesday, the bond market crumbled again. The Treasury's 30-year issue, down nearly a point two sessions ago, slumped more than 1% yesterday, lifting its yield to 6.98%—the highest level since May.

Although bond market losses alone have been enough to clobber stocks recently, stock investors also faced a torrent of rumors about President Clinton's involvement in the Whitewater matter.

Analysts have sent out warnings all week that Whitewater could bog down the administration, hurting its legislative initiatives and causing enough uncertainty to push stock prices lower. But there hadn't been any material effect on the overall market until yesterday.

The Standard & Poor's 500 Stock Index dropped 3.16, or 0.68%, to 463.90 and the New York Stock Exchange Composite Index fell 1.56, or 0.60%, to 257.22.

The Nasdaq Composite Index declined 3.96, or 0.50%, to 789.09. The American Stock Exchange Market Value Index shed 2.01, or 0.43%, to 464.78.

At the center of the rumors was a report issued by Washington-based economic consultancy Johnson Smick International that suggested new evidence could emerge on Mr. Clinton's financial dealings and on the circumstances of the suicide of former White House attorney Vincent Foster.

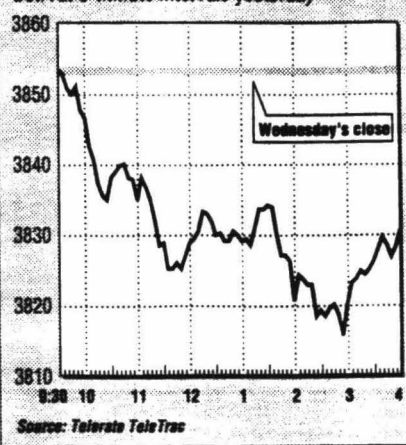
The White House dismissed statements in the report as untrue. A spokesman for Johnson Smick couldn't be reached for comment. The consultancy is run by Manuel Johnson, a former Federal Reserve Board vice chairman, and David Smick, a Washington insider and former congressional aide.

Thomas D. Gallagher, a political analyst at Lehman Brothers, though, said the rumors should ease soon, returning Whitewater to the background of investor psychology.

"The question is when does this become important for the financial markets? The answer is when the scandal [grows enough

The Dow's Performance

DJIA at 5-minute intervals yesterday



to) cripple the president. I think we are a long way from that," he said.

Grumman eased ¼ to 54¼ on the Big Board but surged to 61¼ in after-hours trading following news that Northrop will offer \$60 a share, or \$2.04 billion, for the aerospace company. Earlier this week, Grumman agreed to be acquired by Martin Marietta for \$55 a share.

Shares of Northrop added ¼ to 41¼ on the Big Board and traded at 41¼ after hours. Martin Marietta rose ¼ to 46¼. The Bethesda, Md., company's stock wasn't active after the Big Board close.

Intel slipped 1½ to 70¼ on the Nasdaq Stock Market after a jury ruled in favor of Advanced Micro Devices in a copyright-infringement suit between the two chip makers. Intel said it will appeal.

Shares of Advanced Micro jumped 6¼ to 28¼. Analysts have predicted that a victory in the litigation would give added legitimacy to the company's effort to cut into Intel's share of the market for chips that control personal computers.

Adobe Systems rallied 1¼ to 32¼ on Nasdaq after the company said it expects a continued recovery in its computer printer software business. Its chief executive officer, John Warnock, said weakness in sales of its PostScript software last summer appears to have been "an anomaly."

Precious-metals stocks advanced as the price of gold surged. American Barrick added 1 to 25¼, Newmont Mining 1 to 53¼ and Homestake Mining 1 to 21. On the Amex, Echo Bay Mines was up ½ to 12¼ and Pegasus Gold advanced 1¼ to 20¼. Gold for April delivery climbed \$8.10, to \$388.20 an ounce in New York.

Blockbuster Entertainment lost 1¼ to 25¼. It said it purchased 23 million shares of Viacom's Class B stock for \$1.25 billion. The transaction is part of the planned merger of the two companies. Viacom B stock dropped 1¼ to 25¼ on the Amex.

Gerber Products lost 1¼ to 31 after surging 4¼ Wednesday on rumors that Nestle might seek to acquire the company.

Ethics Irony: Free the Whitewater Ten

Roger Altman, deputy Treasury secretary and charter Friend of Bill, testifies before a grand jury next week. This gives his college chum and boss, President Clinton, plenty of time to do the honorable thing and pardon him.

While he's at it, Mr. Clinton might also examine the others who make up the Whitewater 10. Lisa Caputo, press aide to Hillary Rodham Clinton, testified yesterday for the high crime of having taken a phone call from another government flack. Or take Mark Gearan, the earnest, idealistic 37-year-old White House communications director; he's had to hire an attorney though everyone agrees he's too nice to be nefarious.

Then there's the first lady, the erstwhile "St. Hillary." A year ago only a few raised doubts about a dual presidency; we were suspected of Neanderthal tendencies. Now the same liberals who put her on a pedestal are discovering that a first lady can't be fired like a Bernie Nussbaum. Anna Quindlen hath no greater fury than for a feminist icon who screws up. It somehow doesn't seem right that Mr. Clinton would subject these loyal, perhaps overloyal, colleagues to the tender mercies of a special prosecutor.

Mr. Altman's case may be the most poignant, and not just because his chance

Potomac Watch

By Paul A. Gigot

to become Treasury secretary is probably dashed. Under the criminal standard of ethics established here in the 1980s, Mr. Altman really does have a legal problem. His controversial testimony to Congress, we are now learning, bears an eerie resemblance to that of Elliott Abrams during the Iran-Contra mess. President Bush took his time but in the end stepped up and pardoned Mr. Abrams. Would Mr. Clinton do anything less for his old Georgetown pal?

Mr. Abrams, remember, wasn't punished for telling Congress an untruth. He ran afoul of not telling all that he knew. As the point man on Contra policy, he was asked at a hearing if countries other than the U.S. had given money to the Contras. He said no, which was technically true. But Mr. Abrams knew that the sultan of Brunei had promised some, though the money hadn't come through.

Mr. Abrams corrected his testimony on Brunei a week later. For this conscientiousness, special persecutor Lawrence Walsh used a felony threat and the risk of bankruptcy to force Mr. Abrams to plead guilty to having withheld information from Congress. The New York Times, panting heavily, declared that "Elliott Abrams Is Guilty."

Under this standard, Mr. Altman ought to be petrified. The former Wall Street banker touched off a furor when he told the Senate Banking Committee that he had met with White House aides about a Resolution Trust Corp. inquiry into the Whitewater matter. (He was running the RTC at the time.) This looks like a blunder—"a piece of awful judgment," Mr. Altman now says—not a crime.



Roger Altman

But the trouble is, that may not have been his only meeting. The New York Times, panting less heavily (the story appeared on page A20), reported yesterday that Mr. Altman failed to disclose "two contacts between him and the White House about the agency's investigation." The Times quotes White House officials as saying Mr. Altman now intends to disclose those additional contacts to Congress.

If this seems like a technicality, what about special counsel Robert Fiske? Is he now going to throw out Mr. Walsh's Abrams Standard after it was blessed by the New York Times, Rep. Barney Frank and other liberal ethicists? A Treasury spokesman says Mr. Altman didn't disclose the other conversations because he didn't think they were "substantive." But how will a grand jury define "substantive"?

If this all seems amusingly weird, it certainly didn't seem so to Mr. Abrams and his family. And rest assured it doesn't to Mr. Altman, his family and his newly retained lawyer. But this is what happens when politicians try to criminalize political differences instead of debating them out in the open.

In essence, the standards of the '80s are coming back to haunt the children of the '60s who are governing in the '90s. No doubt the Clintonites never imagined this as they savored the woes of Mr. Abrams, Ted Olson, Ray Donovan and other Reaganites unjustly persecuted. But rules don't change just because the players do.

In a bitter irony, it's the same Democratic fear of normal politics that is causing such hell for the Whitewater 10. In the '80s, Democrats criminalized politics in order to win arguments they thought they'd lose to Ronald Reagan. Now Democrats are afraid that Whitewater hearings in Congress will prove a boon to Republicans. So Louisiana Sen. John Breaux avers that "we don't need more political hearings. We need more legal hearings." Tell that to Lisa Caputo.

George Mitchell, who wrote a book praising the Iran-Contra hearings, now says that calls for Whitewater hearings are "partisan politics." Well, sure. But the state of our polity would be healthier if we had more free-wheeling "politics" in Congress and fewer TV-camera stakeouts in front of grand juries. Which is why Mr. Clinton should pardon the Whitewater 10, then send them to Congress to explain what they did and why they did it.

Of course, I'm not holding my breath.

Whitewater, Watergate

'IT'S EARLY DAYS, MR. PRESIDENT'

The president insists the two situations have nothing in common. That goes too far, though there are differences. The flames of Watergate ultimately engulfed the Nixon presidency. So far there are no flames—there are only wisps of smoke and a crackling sound from the tinder under the Clinton presidency.

Well it's early days, Mr. President. At a comparable stage of the Watergate investigation, nobody had accused President Nixon of an abuse of power either. There never was evidence connecting Mr. Nixon directly with the Watergate break-in. The end came when the Oval Office tapes



showed the president planning to use the CIA to deflect the FBI investigation. If it is true, as Mr. Clinton and his defenders insist, that they have attempted no concealment of evidence, it is also the case that they have certainly given a virtuoso imitation of a coverup. One could easily mistake it for the genuine article.

We may never know whether there is serious wrongdoing that the White House is trying to hide, but the sounds of document-shredding raise legitimate questions and may amount to an obstruction of justice. If Mr. Nixon had burned the tapes, he might conceivably have avoided removal from office, but his presidency would have been paralyzed. If persons close to the Clintons should be indicted for the removal or shredding of files, a similar paralysis may afflict this administration.

There was not in Watergate anything similar to Vincent Foster's death, nor to the inexcusable way it was handled by the White House: giving the Park Police responsibility for the investigation; the secret removal of files from Mr. Foster's office; the lame statement that the so-called "note" in Mr. Foster's home had not been overlooked earlier. The litany goes on. There is far more evidence of a coverup here than there ever was in Watergate until the tapes were played.

I came to the Nixon administration on June 26, 1973. The Watergate break-in was long past and there was no House impeachment committee, but the acrid smell of the wisps of smoke was unmistakable. As matters grew worse, trips to the White House grew more frequent and steadily more depressing. The building exuded a thick atmosphere of desperation. Then, as now, senior staff rushed from one damage control meeting to the next. Then, H.R. Haldeman and John Ehrlichman were jettisoned; now, it is Bernard Nussbaum, with surely more to follow. Then, as now, under pressure, the attorney general appointed a special counsel. The "firestorm" that followed the firing of Archibald Cox, which fell to me, probably means that Robert Fiske's tenure is secure—unless the Clintons are determined to repeat every stage of Watergate.

A common element in Watergate and Whitewater is the hatred that both Mr. Nixon and Mr. Clinton arouse, though from different ends of the political spectrum. That contributed to the bunker mentality in 1973, as it appears to be doing in 1994, and that mentality produces mistakes.

I think I know a little of how the Clinton group feels. It is a unique experience to be inside an administration that may, or may not, be collapsing: the frustration of not knowing the facts; the anguish of hoping that ultimately investigation will bring vindication; the pain of seeing the desperation of those at the center of power. In Watergate only a very few people, perhaps no more than two or three, knew. That is probably true today; the rest must be hoping against hope, as we were.

ROBERT H. BORK
Nixon Solicitor General,
Acting Attorney General
American Enterprise Institute fellow

President Clinton denied earlier this week that the Whitewater-Madison contretemps is beginning to resemble the scandal that toppled Richard Nixon in 1974. "No one has accused me of any abuse of authority in office," Mr. Clinton declared. "That's what Watergate was about." His image master, David Gergen, who played a similar role for President Nixon, echoed that view: "Whitewater is not about coverups, it's about screw-ups." We asked a number of figures involved in the Watergate scandal to comment on resemblances, and differences, between the two "gates." Excerpts from their replies appear below.

'BUNKER MENTALITY'

There are similarities between the two events. There are allegations of a Whitewater coverup, possible destruction of evidence, the appearance of subordinates involved in some form of "modified, limited hangouts," to use a Watergate phrase.

But there are significant differences as well. It is unclear at this time whether civil violations of the law occurred rather than criminal transgressions. President Clinton has thus far encouraged openness and urged that the investigation go forward, although his subordinates have demonstrated a bunker mentality reminiscent of the Watergate era.

SEN. WILLIAM S. COHEN (R., MAINE)
House Judiciary Committee member
during Nixon impeachment procedures

'DON'T GIVE UP HILLARY'

The parallels are uncanny between John Dean's situation in Watergate and Bernard Nussbaum's situation today. Bernard Nussbaum was counsel to the president; John Dean was counsel to the president. Bernard Nussbaum removed evidence from Vincent Foster's White House office to impede the investigation; John Dean removed evidence from Howard Hunt's White House safe to impede the investigation. All that, however, does not mean that Bernie has to turn rat just because John Dean did.

Despite our political differences, Bernie, I offer this letter of encouragement and urge you to do the right thing. Your actions and mine were motivated by the same desire to keep our respective presidents in the White House. What is important is that you remain loyal, keep your mouth shut and don't give up Hillary!

The feds will be angry when you refuse to turn rat. They will threaten you with a long prison term. They sentenced me to 21½ years. Don't let that scare you. Hell, I did only five. They'll let you out shortly after the Clintons are run out of town. Be strong, Bernie.

G. GORDON LIDDY
White House aide convicted in Watergate
Washington radio talk-show host

'50,000 PULITZER-SEEKERS'

In Watergate, there were two guys trying to get the Pulitzer and in Whitewater there are roughly 50,000. Therefore, there has been an intensification by a very large factor of the pressure for disclosure, the creation of a mood of suspicion, and a generalized sense of outrage in Congress and the press at any attempts to withhold information.

I think the multiplication of pressures has created a situation of terminal confusion in which matters not yet proved are taken to be proved and rumors are flying around like birds going south—in great flocks. This has its own momentum that could produce very serious injury to the Clinton administration even if one were to assume there was no significant wrongdoing in Arkansas, about which I do not have any information.

LEONARD GARMENT
Acting Counsel to President Nixon
Washington attorney

'A CREATION OF THE MEDIA'

Out across the country—I'm on the lecture circuit a lot—I don't find people suggesting there was any major corruption in the Whitewater case or a major breakdown of the president's authority. I think it's largely a creation of the media in New York and Washington. I don't see it as a major issue across the country.



Now, I have to confess that in the early days of Watergate, this was also true. When I tried to raise it as an issue in the '72 presidential campaign, I got nowhere with it. I couldn't convince even audiences that were favorable to me that there was much to the Watergate break-in. The only thing we really knew about it at that point was that somebody from the president's re-election committee had broken into our headquarters. I thought the most serious offenses occurred in the coverup.

But here I don't see any really serious wrongdoing originally. And I don't see any devious coverup or anything unethical done to prevent the public and press and Congress from knowing what's going on. They may have been ill-advised to have the White House counsel try to get a report on what was going on—I think that was out of line—but I don't think it was a crime or anything that compares to the Watergate scenario.

GEORGE MCGOVERN
1972 Democratic presidential candidate
President, Middle East Policy Council

'WORSE THAN WATERGATE'

It occurs to me that—minus the federally insured part of the problem, minus the death, minus the large-scale coverup—Whitewater resembles Spiro Agnew's situation more than President Nixon's: the sale of influence by a governor. This would be fairly routine stuff except for the looting of a federally insured S&L (far worse than anything Richard Nixon was ever credibly accused of doing); the federally organized coverup at so many levels; the first lady's frightening, Evita Peron-type involvement; and the still unexplained violent death of Vincent Foster (no one died in Watergate, except Mrs. Howard Hunt, and that was a clear accident).

If any large number of these recent allegations is to be believed, Whitewater is worse than Watergate.

BENJAMIN STEIN
Speechwriter to President Nixon
Actor/writer in Malibu, Calif.

'MAN IS A SINNER'

The most astonishing thing about Whitewater is that we are astonished by it. Our reaction—the press's feeding-frenzy and politicians' posturing—reveals how deluded we are about the most pernicious myth of this century: that man is good, and that with technology and education we can achieve utopian societies. So we regard Watergate and Whitewater and all "gates" in between as dreadful aberrations. Our founders were not so naive. They understood the Judeo-Christian truth that man is a sinner.

We moderns have forgotten this foundational truth. Then we are shocked that a governor apparently made sweetheart deals, and White House aides overzealously protected their president. Not to minimize wrongdoing, only to understand it, one should recognize that, like it or not, governors do make cozy deals and White House aides are by nature—I know—overzealous.

CHARLES W. COLSON
White House aide convicted in Watergate
Chairman, Prison Fellowship Ministries



'A DEBILITATING THING' ✓

One thing that is spookily similar to Watergate is that no matter what's happening at the White House, all questions focus on the scandal. In the Nixon White House, we had a meeting at 7:30 a.m. every day to plan the day. We would spend an hour talking about what we could say about energy policy or the economy or some domestic thing. I would then brief the press and, of course, I would get no questions about these matters. The questions were all on Watergate.

I would imagine that's the way [Press Secretary] Dee Dee Myers finds things happening now. No matter what important developments there are on health care or welfare reform, the questions will be about Whitewater. That's a debilitating thing and that's what hurts government.

Incidentally, one of the people who sat in on those 7:30 a.m. meetings was David Gergen. I'm sure if they ask him, he can give very good advice.

GERALD WARREN
Deputy Nixon Press Secretary
Editor, San Diego Union-Tribune ✓

'US THE PEOPLE'

I've tried to understand why the American people became aroused about Watergate, why there was a firestorm precipitated by the resignations of [Deputy Attorney General] Bill Ruckelshaus and myself. And why, on the other hand, people in Europe couldn't understand the uproar. My answer is that in this country, the executive branch, indeed all branches of government, derive their powers from us the people. That was the unique and revolutionary thing about the creation of the government of the U.S. In those other countries the sovereign was assumed to have all the power. And while progressively power was limited by the evolution of democracy, the sovereign's power is nevertheless the underlying assumption.

So we have always looked to the president and Congress as holding office by delegation from us. And whenever they behave in a way that avoids accountability, we get really excited about it. That's the common denominator between Iran-Contra and Watergate. I don't see that thread in Whitewater. At most I see questionable dealings at a financial level between a local savings and loan and the governor's office and the law firm where the governor's wife worked. On the scale of impropriety, any outcome would not rise to the level of a deliberate effort to avoid accountability to the people of the U.S.

ELLIOT L. RICHARDSON
Attorney General under President Nixon
Washington attorney

'GET YOUR TICKETS NOW' ✓

During the Watergate era, I recall receiving telephone calls revealing information about the status of the investigation and what questions likely would be asked. The White House, then as now, keeps track of matters that affect the King. Have these types of things occurred in the Clinton White House? Yes. Was it improper? Yes.

On reflection, I am torn between a part of me wanting to see the [Whitewater] show, and another part feeling we should not get carried away. The last thing anybody wants is a repeat of the gridlock that kept Richard Nixon from running the country and achieving his foreign policy goals. I have no doubt that the dreadful outcome of Iran and Vietnam was a result of Watergate. Can we risk failure to address issues such as nuclear proliferation, unchecked immigration, continuing deficits, and health care distribution and affordability? The answer is that we are our own worst enemy. Get your tickets now, the show is in town.

DONALD SEGRETTI
White House aide convicted in Watergate
Newport Beach, Calif., attorney

'NONSENSICAL TO COMPARE' ✓

The only thing that Whitewater has in common with Watergate is "water."

Watergate involved a president, Richard Nixon, who committed serious crimes in office solely to advance his political ambitions. Perhaps at no other time has our constitutional democracy been more in danger.

It is really nonsensical to compare these crimes with the undefined allegations relating to Whitewater. Whatever Whitewater is—and at this time we do not know and there has been no evidence of credible charges of wrongdoing—it involved commercial transactions that may have been engaged in by Bill and Hillary Clinton years before he was elected president. The special counsel's investigation has just begun—and we should all patiently await its outcome before pointing fingers and making accusations.

SAMUEL DASH
Counsel, Senate Watergate Committee
Georgetown University law professor



Files turned over; aides take stand

Rumor rattles Wall Street

By Bill Nichols
and Leslie Phillips
USA TODAY

The Treasury Department turns over files today, after two subpoenaed White House aides testified before a Washington grand jury on Whitewater.

Maggie Williams, chief of staff for Hillary Rodham Clinton; and Lisa Caputo, the first lady's press secretary; each testified on Thursday for about two hours in response to subpoenas issued by Whitewater special counsel Robert Fiske.

Four current and former Treasury Department officials were also subpoenaed.

At issue: Whether at least three meetings between White House and Treasury Department officials interfered with a criminal investigation of a failed Arkansas savings and loan tied to the Clintons' Whitewater real estate development.

Said Williams to reporters: "I'm really encouraged to be participating in something where the finding of fact is important, as opposed to innuendo and rumormongering..."

Later Thursday, a briefcase of 1,000 pages of documents was brought to the court by White House deputy counsel Joel Klein. "The president and first lady fully complied with the subpoena," said Klein. "We have asserted no privilege with respect to any document."

Related developments:

► In an interview by public TV's Charlie Rose, new White House counsel Lloyd Cutler said he didn't think Fiske would find much wrongdoing came out of the meetings: "They might have looked bad, but when it becomes clear exactly what happened at those meetings... I don't think it amounts to very much."

► Auditors from the Resolution Trust Corp. began an audit of billing records of the Rose Law Firm in Little Rock.

► Deputy Treasury Secretary Roger Altman testifies March 17.

Meanwhile, a rumor in a financial newsletter, and repeated on the Rush Limbaugh radio show, about the death of former White House aide Vincent Foster apparently made financial markets jittery.

The item was published by Johnson Smick International, a Washington consulting firm. It claimed Foster, ruled to have committed suicide in a federal park last July 20, actually died in a northern Virginia apartment used by White House staffers and that his body was somehow taken to the park.

Johnson Smick, a former aide to James Baker when he was Treasury secretary under President Reagan, said the rumor about Foster's death came from the staff of Sen. Daniel Patrick Moynihan, D-N.Y.

"The only reason we reported this one is because it was circulating on the Hill and was coming from the Democratic side," said Manuel Johnson, former vice chairman of the Federal Reserve. "We're not trying to say there's evidence for it."

Said Lawrence O'Donnell, staff director of the Senate Finance Committee, which Moynihan chairs: "They have written lie upon lie... No one on the Moynihan staff was ever called, nor have any of us ever heard of this newsletter. It's a look into a demented mind."

Foster's death last summer was ruled a suicide by the U.S. Park Police. Fiske is looking at the circumstances of his death.

Contributing: Beth Belton

► Market reaction, 1B



Reuters
FISKE: Whitewater special counsel subpoenaed aides

Uncertainty over violation of ethics rules

In October 1993, regulators asked the Justice Department to investigate whether Madison Guaranty Savings & Loan made illegal campaign contributions to Bill Clinton in 1985.

The White House met with regulators at least three times to discuss Madison S&L. A federal grand jury, requested by special counsel Robert Fiske, is looking at those contacts.

Q: What laws, if any, may have been broken?

A: It's a gray area. Nobody has been prosecuted before for disclosing a criminal referral. It's unclear if White House ethics rules were violated by the White House staffers involved.

Q: Aren't the reports confidential?

A: Yes. Some information can be disclosed, such as if a report exists. Names and details cannot. One exception: Under the Privacy Act, a person may be permitted access to the report.

Q: Don't reporters get this information sometimes?

A: Yes. Knowing about the report is not a crime. That's good news for the White House. But leaking it could be. But a civil penalty, not criminal, is more likely.

Q: What about obstruction of justice?

A: This requires a specific act, such as mailing an intimidating letter. Penalty: up to 5 years in jail.

— Dennis Cauchon

First lady shuns scrutiny's spotlight

Her role in White House again is under fire

By Adam Nagourney
USA TODAY

Four days since Whitewater exploded back into public consciousness, President Clinton has held two full-blown news conferences to deal with an issue that has thrown the White House off track.

But the person who arguably played a much greater role in the Arkansas thrift and land-dealing now under investigation, Hillary Rodham Clinton, is going in the opposite direction.

For all the talk from President Clinton about openness and getting the facts out on Whitewater, Hillary Clinton has been a hermit on the topic, shunning interview requests and participating only in public events that have kept her away from reporters.

And while she still might make a high-profile TV appearance — but only with her husband at her side, and only if this week's presidential first-aid doesn't stop the flow of Whitewater blood — these events have suddenly presented a stark challenge to her attempt to re-

define the first lady's role. She is beginning to be held accountable for the choice she made in the beginning of the administration to assume a policy-making role in this White House, and she's going to have to get used to that," said Sheila Tate, press secretary to Nancy Reagan and Barbara Bush.

"We elect a president; we do not elect a first lady. She has to be accountable, as is any other staff member — man or woman."

Advisers to both Clintons suggest she has been the subject of extremist attacks by insecure, conservative men. "It's a small but pathetic band of right-wingers who hate Hillary not because of what she's done but because their mamas didn't breast-feed them," said political adviser Paul Begala.

Added adviser Mandy Grunwald: "People are uncomfortable with the notion you can be a good wife, a good mother and a good public servant."

But even Hillary Clinton's fiercest defenders agree the situation is more complicated than that. While her troupe of advisers have emboldened the right, conservative fund-raiser Richard Vigorito says just printing the name "Hillary Rodham Clinton" on appeals helps stir his conservative fund-raising

ANALYSIS

pot — she is benefiting from Washington's awkward attempt to figure out how to deal with her.

Thus, there has been no clamor for a press conference, something Clinton's aides acknowledge would have happened if similar questions were raised about any other senior official.

The attacks on her have come mainly from the right wing. And even those are tentative: Bill Bennett, the conservative Republican who normally leaps at an invitation to criticize the White House, wouldn't even come to the phone to talk about this.

Presidential advisers who privately have been distressed over her reluctance to release documents in the Whitewater mess flee at any hint of criticism. Several were stunned when presidential counselor David Gergen on *Nightline* Monday said he and the first lady "can sometimes go at it."

To be sure, the country has come a long way from the days of Jimmy Carter, when news that Rosalynn Carter was attending Cabinet meetings created a firestorm.

There was, by comparison, only a murmur when Hillary Clinton decided to run health-care policy from an office in the West Wing, a minute's walk from the Oval Office. She attends most major policy meetings, is involved in almost all major personnel decisions, and is so well-known by some aides that many easily call her Hillary.

But Whitewater and the rapid deterioration of the health-care reform campaign have combined to bring a focus to the questions that hasn't been seen since the campaign, when Hillary Clinton herself suggested she would be a co-president.

Should a first lady, accountable only to her husband, be so involved in policy and staff decisions? Should she be subjected to the same press and congressional scrutiny as any other public official?

And does she subvert the White House decision-making process, muting officials who would challenge any public official?

Although Hillary Clinton's reputation as fearsome is, to anyone who knows her, clearly overblown (she is more approachable than her husband), she still shares a bed with the



TATE: 'Going to have to get used to it'



By Chuck Kennedy, Reuters

AT CAPITOL: First lady Hillary Rodham Clinton waves as she arrives to meet with Rep. Dick Gephardt, D-Mo. Lately, she's been quiet on Whitewater.

president. "I saw senior officials quake in the presence of a first lady," said Tate.

White House officials react angrily to such questions, trying (to a largely younger press corps) to dampen them by suggesting they are a sexist or generational, or Republican resentment of women's changing roles in society. They noted that such attacks during the Republican convention helped Hillary Clinton in the polls.

"When I heard the Republicans on the (Senate) floor, I thought, 'They think they are on to something,'" said Bruce Lindsey, a senior Clinton adviser and long-time friend of the Clintons. "I think they are as wrong today as they were two years ago."

Paul Costello, who was public rela-

tions adviser to Rosalynn Carter and Kitty Dukakis in 1988, scoffed at the notion that Hillary Clinton was guilty of anything different from anyone else in Washington.

"Very few people in this town get their power on their own. Washington is filled with people whose power is derivative from someone else's."

But the people that Costello used as examples — congressional aides, White House staff — are still on the public payroll, with all the restrictions that brings. Hillary Clinton is not.

Said Tate: "The way to move the need for women was for her to find a way to walk outside the White House, slam the doors and face the world, as an individual, not borrowing the power of the president."

Democratic women rally to first lady's side

By Judi Hasson
USA TODAY

A dozen Democratic women are organizing a defense of Hillary Rodham Clinton, angered by what they call an unjustified pummeling on the first lady by Republicans over the Whitewater affair.

The women say it's time to counter what they see as attacks on a trailblazer.

"This is what happens to women who stand up, step forward and speak out," says Democratic consultant Lynn Cutler.

They already organized a rally this week that included a bookbroker, a physician, a businesswoman, lawyers and professional fund-raisers.

They made plans to:
▶ Write letters to editors.
▶ Appear on TV shows.
▶ Call on their own professional and personal networks to speak out in defense of the



CUTLER: 'This is what happens to women who stand up'

first lady.

They say they haven't talked with the White House.

Judith Lichtman of the Women's Legal Defense Fund says: "This is an attack by Republicans to undermine her



By Charles Tasnadi, AP

IN WASHINGTON: Demonstrators stood outside U.S. District Court Thursday as a grand jury heard Whitewater testimony.

and this administration. They lost crime as an issue. They don't have the economy as an issue. And they have lit on Hillary as a possible way to undermine the administration's effectiveness on health care."

Ann Lewis, another Democratic consultant, says the Washington establishment is taking "potshots" at the first lady out of "repressed resentment" of women in politics.

Today, Cutler, no relation

to White House counsel Lloyd Cutler, is in Cleveland for a Democratic National Committee meeting.

She planned to hand out 1,000 lapel stickers saying "Don't pillory Hillary."

But others say Clinton is being treated like anyone at the center of controversy.

"How do they expect her to be treated?" asks political analyst Stephen Hess of the Brookings Institution.

"She is a principal in this particular situation. She was a co-equal-partner in Whitewater. She was the attorney for Madison Guaranty," the savings and loan at the center of the Whitewater affair.

Says *Washington Post* columnist Richard Cohen:

"If she wants the authority and wants the policy role, then she's got to take the criticism. For people to say it's directed at her because she's a woman is total nonsense."

SEC focuses on consumer protection

By Anne Willette
USA TODAY

Prompted by the flood of money into mutual funds, the USA's top investment watchdog is increasing its support of individual investors.

"We are first and foremost a consumer protection agency," Arthur Levitt, Securities and Exchange Commission chairman, said Thursday. The SEC:

► Set up a Consumer Affairs Advisory Committee to help the SEC solve investor problems. The committee's 15 members range from Peter Lynch, the legendary former manager of Fidelity Magellan Fund, to Helen Boosalis, board member of the American Association of Retired Persons.

► Unveiled *Invest Wisely*, the first consumer guide by securities regulators and exchanges for average investors. For a free copy, write SEC, Office of Consumer Affairs, 450 5th St. N.W., Washington, D.C. 20001, or call 202-942-7040.

► Raised the SEC's consumer affairs division from an operation barely mentioned in the annual report to one reporting directly to top officials.

The SEC's unprecedented consumer-protection campaign was triggered by misunderstandings about risks of mutual funds.

Separate surveys by regulators and consumer groups found more people mistakenly think mutual funds they buy at banks are federally insured. And the March issue of *Consumer Reports* says salespeople at banks often misrepresent risks and returns.

Whitewater rumors roil stocks, bonds

By Beth Belton
and Donna Rosato
USA TODAY

NEW YORK — Whitewater rumors agitated jumpy financial markets Thursday. Long-term interest rates climbed to a 9½-month high and the Dow Jones industrial average slumped 23 points to 3830, reflecting how vulnerable investors can be to Washington rumors.

Michael Moran, chief economist at Daiwa Securities America Inc. said the rumors may have led to "thoughts, speculation, that maybe Whitewater is more serious than the market would have thought up to this time."

Shortly after a White House spokesman denied the rumors, bond yields leapt to 6.97% their highest level since May 25.

Prudential's Kenney noted that Americans may have caught onto the rumors slower than foreign investors. "The impact started probably in Europe. They take those types of stories more seriously than the Americans do," he said.

"I see no reason to believe any of these rumors. There's no reason for any investor to attach any significance to them," said Hugh Johnson, senior vice president and market strategist at First Albany Corp.

Adding to investors' skittishness, White House aides testified Thursday before a federal grand jury investigating the Whitewater probe.

► **Bonds.** The yield on the 30-year U.S. Treasury bond jumped to 6.98% from 6.83% Wednesday, highest yield since late May. The 30-year bond yield has jumped more than half a percentage point since Feb. 4.

► **Stocks.** The Dow sank 40 points early before recovering about half the losses. Broader stock indexes also fell.

► **The dollar.** The greenback sank to 1.6755 against the German deutschemark, a four-month low.

► **Gold.** The price soared

In a slump

BONDS

30-year T-bond yield
Thursday: 6.98%
Wednesday: 6.83%
Last time it was higher:
May 25, 1993 7.01%
1994 low: Jan. 12, 6.18%

STOCKS

Dow industrial average
Thursday close: 3831, -23
Record: Jan. 31, 3978
Source: USA TODAY research

► **Whitewater coverage, 4A**
► **Market Watch, 3B**

\$8.10 to \$387.30 an ounce, biggest one-day rise since Sept. 21.

Political turmoil has a history of upsetting edgy markets. Rumors of a President's poor health has shaved 50 points from the Dow.

Investors have been especially twitchy since Feb. 4, when the Federal Reserve bumped up short-term interest rates to stem inflation. The Fed's move, the surging economy and the breakdown in U.S.-Japan trade talks continue to aggravate inflation fears.

The big question today: how much rumors and anxiety will damage investor confidence.

"There are increasing fears on Wall Street that the Clinton administration is compromised by Whitewater," says Lacy H. Hunt, chief economist at Carroll McAntee & McGinley consultants. "It's the heart and soul of a bad day in the market."

Ron Doran, stock trader at C.L. King & Associates, says Whitewater developments could continue to unnerve investors. "Political distractions could cause more short-term volatility but for the long-term, it won't be a major concern."

Christopher: Japan must measure trade progress

By Lee Michael Katz
USA TODAY

TOKYO — Secretary of State Warren Christopher accused Japanese officials Thursday of renegeing on commitments to open their markets to foreign goods.

After meeting with Japanese Prime Minister Morihiro Hosokawa, Christopher said failure to resolve the trade dispute "continues to trouble our relationship with Japan." Japan, he said, "has not complied with the commitments they made."

Japan pledged to open its markets in autos and auto parts, telecommunications, insurance and medical technology, but

talks on details fell apart when the United States insisted Japan find a way to measure progress. Japan refused. Last year, the United States had a \$59 billion trade deficit with Japan.

Christopher said, "I found a realization by Japanese leaders that the status quo is unsatisfactory." And the Japanese government has pledged to produce a plan to open its markets by the end of the month.

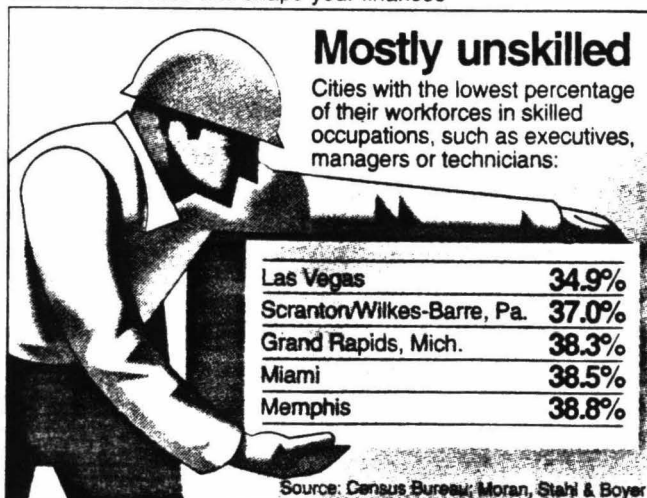
There were reports Thursday of an agreement between the Japanese and Motorola on opening the Tokyo cellular-phone market. But officials said a deal wasn't final.

► **China is next, 1A**

USA TODAY • FRIDAY, MARCH 11, 1994

USA SNAPSHOTS®

A look at statistics that shape your finances



By Sam Ward. USA TODAY

Clinton aides testify on briefings

3 tell grand jury of secret RTC contacts

By Jerry Seper
WASHINGTON TIMES

Three White House officials testified before a federal grand jury yesterday about secret briefings they attended concerning ongoing investigations by the Resolution Trust Corp. (RTC) in the Whitewater-Madison affair.

Clinton administration officials also delivered White House documents sought under subpoena by Whitewater-Madison special counsel Robert B. Fiske Jr., including notes, telephone logs and internal memos.

A circus-like atmosphere enveloped the federal courthouse as photographers and reporters huddled in the morning rain under brightly colored umbrellas, and witnesses and prosecutors scrambled to get into U.S. District Court.

Testifying were Mark Gearan, White House communications director; Margaret A. Williams, first lady Hillary Rodham Clinton's chief of staff; and Lisa Caputo, Mrs. Clinton's press secretary.

"This has been a difficult day for me; it's been an emotional day," the House counselor David E. Bonior told CNN.

Seven other White House and Treasury Department officials involved in the secret briefings, including outgoing White House Counsel Bernard W. Nussbaum and acting RTC head Roger C. Altman, were granted extensions and will testify at a later date.

They others are Bruce Lindsey, senior adviser to President Clinton; Harold Ickes, deputy White House chief of staff; Jean Hanson, Treasury's general counsel; Josh Steiner, Treasury's chief of staff; and Jack DeVore, former spokesman for Treasury Secretary Lloyd Bentsen.

Incoming White House Counsel Lloyd Cutler, who will officially replace Mr. Nussbaum after April 5, tried to downplay the secret briefings.

"It might have looked bad, but when it becomes clear exactly what happened in those meetings, it isn't, in my view at least, I think it amounts to very little," he said in a taped interview on CBS' "Charlie Rose" show.

As the grand jury proceedings unfolded, financial markets took a beating yesterday amid mounting worries about the Clintons' and the White House's role in the Whitewater-Madison affair and rumors sparked by a Washington-based economic consulting firm casting doubt on details surrounding the death last July 20 of White House deputy counsel Vincent W. Foster Jr.

The Dow Jones industrial average was off 23 points and long-term interest rates, which influence consumer and mortgage loans, soared to 6.94 percent. The dollar plunged against major currencies, fueled by rumors circulating in financial markets that Mr. Foster committed suicide in a northern Virginia apartment rather than at Fort Marcy Park, where his body was found July 20.

Speculation regarding Mr. Foster is included in a Johnson International Report newsletter circulated yesterday. It reports that staff members of Senate Finance Committee Chairman Daniel Patrick Moynihan had said Mr. Foster's body was moved after he killed himself "in a private apartment in Virginia."

Lawrence O'Donnell Jr., staff director for the Finance Committee and a spokesman for Mr. Moynihan, New York Democrat, strongly denied yesterday that any member of the senator's staff had spoken to the newsletter or was aware of the rumor.

"It is a work of sheer madness,"

Mr. O'Donnell said. "They invented it in their mad dreams. They are lying. ... The subscribers of that newsletter have been defrauded. These are the delirious dreams of a completely incompetent newsletter."

The death of Mr. Foster, a former law partner of Mrs. Clinton's at Little Rock's Rose Law Firm and the Clintons' personal attorney, is part of the Whitewater-Madison investigation. Mr. Fiske's staff has said it has begun a new inquiry into what U.S. Park Police have said was a suicide. Investigators said this week that no conclusion had yet been reached.

Shortly after Mr. Foster's body was found, White House officials removed records pertaining to Whitewater Development Corp., a partnership involving the Clintons and James B. McDougal, owner of the failed Madison Guaranty Savings and Loan Association.

Mr. Fiske, who had to be helped through the throng of photographers and reporters by U.S. marshals, stunned the White House on March 4 with subpoenas of the 10 key administration officials.

The subpoenas sought information and documents about briefings — either given or attended by the 10 — regarding the RTC inquiry into financial irregularities at Madison. The RTC, which handles S&L bailouts, was investigating Madison's 1989 failure that cost taxpayers \$50 million.

The subpoenas underscored what authorities described at the time as the seriousness of the Whitewater-Madison investigation, regarded until then by the White House as a bothersome diversion.

A senior administration official said yesterday that about 1,000 pages, many of them duplicates, were turned over to Mr. Fiske's office. The documents included notes, letters, memos, phone logs and newspaper clippings related to Whitewater that were gathered during a week-long search by 400 White House employees.

"We produced the White House documents to the Office of Special Counsel," said administration attorney Joel Klein as he left the federal courthouse. "All White House employees and staff complied [with Mr. Fiske's subpoena]. We claim no privileges of any sort with respect to any documents."

The search for Whitewater records has spread from the White House to the Treasury Department.

Mr. Bentsen said he had to rent a warehouse to store documents that have so far been collected, adding that 15 special investigators and internal auditors were "going through our files on my floor alone."

The White House said yesterday it was considering a range of options to contain the political damage, from finding a friendly forum for Mrs. Clinton to a possible joint appearance by the Clintons on a television news magazine show to give their side of the story. Aides traveling with the president in New York denied, however, that the Clintons would appear on a TV show to discuss Whitewater-Madison.

In Cleveland, Democratic National Chairman David Wilhelm said efforts by Republicans to entangle Mr. Clinton in the Whitewater-Madison affair was the "great political hope" of the GOP to undermine the president's agenda.

"It is very obvious that this is a political strategy that in part is the pursuit of gridlock by other means," Mr. Wilhelm said. "If they can tie up Congress, if they can tie our government up and instead of having health-care reform we focus on Whitewater, that is in their political interest."

Mrs. Clinton, whose top aides were testifying in court, ventured to Capitol Hill yesterday to talk about health care with select House Democrats. Hoping to avoid a repeat of her visit to the Senate Wednesday, when Mrs. Clinton made a sarcastic comment about health care when waiting reporters asked her about Whitewater-Madison, Hill security officials kept the press far away from the first lady.

She smiled to reporters on the way into and out of the House but did not stop to answer shouted questions about health care.

Also on Capitol Hill, Democrats took to the Senate floor to mount a defense for the Clintons and to charge that Republicans were trying to stall the Clinton agenda.

"It's absolutely pathetic," Sen. John D. Rockefeller IV of West Virginia said of constant GOP calls for congressional hearings. "Some here will always reach for one more excuse because good policy is hard work and it does take time, and it's patience by the way, and it takes political courage."

Sen. Tom Daschle, South Dakota Democrat, said the public was losing confidence in government because of the charges.

"Why do we continue to destroy the institution we all claim we came here to serve?" Mr. Daschle asked, adding that Republicans were taking a "meat ax to the process."

But Sen. Christopher S. Bond, Missouri Republican, said the GOP just wants "straight answers."

"Some may want to turn this investigation into a partisan battle but they endanger the president's agenda and the office of the presidency in the process. ... Treating this serious situation like a political campaign only makes me wonder what the White House has to hide," Mr. Bond said.

Senate Republicans who have demanded congressional hearings on Whitewater-Madison said yesterday they were willing to let the grand jury hear evidence for several months before calling hearings of their own.

The House Banking Committee has tentatively scheduled RTC oversight hearings for March 24, during which Republicans have said they will ask about Whitewater-Madison. Committee Chairman Henry B. Gonzalez, Texas Democrat, said he will limit the inquiries, a position supported by House Speaker Thomas S. Foley.

The grand jury yesterday heard first from Mrs. Clinton's chief of staff, Mrs. Williams, who spent two hours before the panel. She told reporters on her way out of the building: "You can't come out of anything like this and not have a fairly healthy respect for the process. I'm really encouraged to be participating in something where the finding of fact is important, as opposed to innuendo and rumor mongering and gossip and sensationalism."

She was followed by Ms. Caputo and later by Mr. Gearan.

Mr. Fiske declined to comment to reporters when he left the courthouse, but he did stop to help a photographer who fell while scrambling to get a picture.

The bizarre atmosphere was heightened by the presence of nearly a dozen demonstrators who carried banners and placards with slogans such as "Please, All Documents," "It's Ethics, Stupid," "Shred No More" and "Fess Up."

• Michael Hedges, Anne Veigle and J. Jennings Moss contributed to this report.

A capital awash in Whitewater ripples

By Rod Dreher
THE WASHINGTON TIMES

LITTLE ROCK, Ark. — Want to see George Jernigan spin like a top? Ask the man, who stepped down recently as head of the state Democratic Party, what he thinks about the arrival in town of independent counsel Robert Fiske, deputized by Congress to look into Whitewatergate.

"I think it's a new industry for Arkansas, all these New York lawyers coming down here renting office space and hiring secretaries," he says, grinning broadly. "It's hard to get these kind of good white-collar jobs in Arkansas. I'm going to have them here."

Down-home bonhomie notwithstanding — playing the country boy is still the No. 1 sport — the Establishment in Little Rock is running scared. The media inquiry, and coming official investigation, into Bill and Hillary Clinton's questionable financial dealings threatens many of the powerful members of the capital's close-knit ruling class, which isn't used to having its business dealings so closely scrutinized. Mr. Fiske promises to look under a lot of rocks, and a lot of folks here don't like it.

Almost all the players are clanking up. You won't get a word out of Warren Stephens, head of Stephens Inc., the largest brokerage

SPECIAL REPORT



Big name: An ad for Little Rock's influential Stephens Inc. dominates a newsletter read by Gladys Jeffries at a recent Democratic fund-raiser.

firm off Wall Street and for decades, under the leadership of his uncles, an Arkansas kingmaker.

Not a peep from Curt Bradbury, a former top Stephens executive who now heads the Stephens-influenced Worthen Bank, which made presidential hopeful Bill Clinton a crucial multimillion-dollar loan that kept his campaign

alive during the Democratic primaries of 1992.

Even those without obvious political or financial interests at stake in the Clintons' future are lying low. Don't waste your time trying to get a quote out of the Rev. Vic Nixon, who performed the Clintons' wedding ceremony ("Which one are you doing an expose on, Bill or Hillary?" his sec-



The Washington Times

retary, her voice full of jaded weariness, asks). The Rev. Rex Horne, the president's pastor, who shepherds the enormous flock of the Immanuel Baptist Church (the city's largest congregation), can't find time to talk about life and times in scandal-scarred Little Rock.

None of this surprises Sheffield Nelson, the millionaire Little Rock Republican who ran a strong race against Mr. Clinton in his last gubernatorial election in 1990.

"You won't get anyone who's close to Clinton to talk," Mr. Nelson says. "If one major Clintonite falls and decides to take somebody with

see CAPITAL, page A6

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CAPITAL

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him, he could take a lot of people."

"They got caught off guard," says Roy Drew, a fraternity buddy of Thomas F. "Mack" McLarty's who spent six years as a salesman with Stephens Inc. "It's kind of like cockroaches reacting to flipping on a light. It's like this has been going on for a long time, and now the light has just been turned on."

A prominent Little Rock lawyer likens Arkansas to a banana republic, where "an oligarchy gets together to determine who the elected officials are going to be."

"Such a system leads the fortunate to push their luck," the lawyer says. "Fortunately, they get their comeuppance eventually, and that's what we see happening now."

Gail Kennedy was born and raised in Little Rock. As the wife of one-time Rose Law Firm partner William Kennedy, now an assistant White House counsel, she once lived atop the cream of Little Rock society. After a rough year in Washington, she returned to her hometown and is seeking a divorce.

Mrs. Kennedy says that the small numbers and social insularity of the city's elite, which not only works together, but lives in the same neighborhoods, plays golf in the same country clubs and shops at the same supermarkets, explains a lot about the casual professional ethics now on national display.

"Insularity" is a word visitors hear often in explanation of Arkansas, and it's fact that the frontier closed here late. Some say only in this century.

"After living in Washington for a year, I think the self-interest is evident in both communities, but I definitely think the politics in Little Rock are a lot different than in Washington," she says. "In Washington, nobody trusts anybody, but you get into a small community and you feel that there are people around you you can trust."

From that standpoint, the political climate is going to be different, because if you're dealing with people you trust, you're going to act differently," she says.

Institutionalized corruption flying under cover of a good ol' boy aristocracy? Peapatch patricians upholding a de facto code of silence? What one source close to the Rose firm describes as "a feeding frenzy" behind its doors, signaled by its internal investigation of Webb Hubbell's billing practices? Cockroaches, for heaven's sake.

Just what kind of place is Bill Clinton's Little Rock anyway?

A small-town place

"Everything in Little Rock is only 15 minutes away," a woman says reassuringly. It's an innocent

reply to a question asking for directions, but it speaks volumes about why the Clintons' Whitewater problem has unnerved the power culture here.

When you ask folks to explain how so many of Little Rock's elite seem to have a surprisingly close connection to the Clintons and their business dealings, the automatic response is: It's a small town after all. This is a cliché, but no less true for being so. The fact is, it's all but impossible to eat lunch here, much less wheel and deal, without falling all over fellow members of the Arkansas oligarchy.

But it's important to understand the anger underlying the class distinctions here. A large part of the white middle class in the state, perhaps a majority, cooled off on Bill Clinton years ago, and by some local reckoning he survived as governor through the 1990 primarily on the strength of the blacks and the state employees, who were voting for their jobs.

Many Arkansans, who don't lunch at Doe's and trade clients at the Little Rock Club or play golf at the Country Club of Little Rock, look on the Clintons' compounding troubles in Washington with a mixture of bemusement, amusement and above all, satisfaction. The president won only 52 percent of the Arkansas vote in 1992, after all. These Arkansans see the Clintons' comeuppance as comeuppance for the Establishment as well.

To get a clear idea of how physically close to each other the Establishment lives and works, start with a visit to downtown Little Rock, a neutral ground between the city's rich and poor neighborhoods. The area is depressingly like every other downtown in mid-size American cities of the late 20th century: full of office towers, parking lots, quick-bite lunch places and out-of-business retail establishments. After 5, it's a ghost town.

Downtown's smallness and lazy calm are deceptive. There is major, major money here, and major, major action.

"You've heard of big fish in little ponds?" asks Mr. Drew, who has become a leading in-state critic of President Bill Clinton and the way business is done in the Arkansas capital. "In Little Rock, we have whales living in a fishbowl."

The mega-rich Dillard family lives here. The chicken-baron Tysons and the heirs of Sam "Wal-Mart" Walton, based upstate, have heavy, and occasionally heavy-handed, clout. But in terms of political influence, no family comes close to the Stephenses, longtime financial backers of Bill Clinton. Though not the wealthiest in Arkansas, the Stephenses have been unsurpassed in political influence for three decades.

Taking the tour

The Stephens Building, a nonde-

script silvery glass office tower in the heart of downtown, is perhaps the best place to begin a Scandal Tour of Little Rock. It houses the headquarters of Stephens Inc., whose business practices have been called into question since Mr. Clinton became president.

The firm, founded by brothers Jackson and Witt Stephens, has played a paramount role in Arkansas politics since the mid-1950s. According to Little Rock lore, this is because while the other families made their fortunes in areas not especially dependent on state government (the Tysons, with their pullet fiefdom beholden to state agriculture inspectors, are something of an exception), the Stephenses have their roots in banking, utilities, agribusiness and other areas that are directly affected by what goes on under the dome of the Capitol.

Warren Stephens, who heads Stephens Inc. today, would not take a reporter's phone calls. In the past, Stephens executives have dismissed Mr. Drew as a crank. So has another nontalker, Curt Bradbury, president of Worthen Bank, whose downtown tower isn't far from Stephens Inc.'s doorstep.

Mr. Bradbury and Mr. Drew formerly worked together at Stephens. Mr. Drew quit; Mr. Bradbury continued to rise in the firm. He now heads Worthen, which is partially held by Stephens interests. Mr. Clinton's pals at Worthen made a timely \$3.5 million loan in 1992 to him when his reserves ran low during the New York primary.

After a hard morning of deal making, a Stephens high roller might step around the corner for a power lunch at the bar of the Capital Hotel. The historic hotel, not the biggest in town but probably the grandest, is the site of chichi soirees and big-money fundraisers.

Lawyers, bankers and politicians get together in its elegant, high-ceilinged bar to jawbone and make deals. Leave the bar, hang a right and walk a block or so up Louisiana Street and you'll see the vacant white building that housed Clinton-Gore headquarters. Before that, it was home to the Arkansas Gazette, which was merged with its competitor, the Arkansas Democrat, in 1991 at the end of a notable newspaper war with media giant Gannett, whose offices are four blocks away, across the street from the Rose Law Firm.

Some say the city's single newspaper — the Arkansas Democrat-Gazette — has been less than aggressive in reporting on shady dealing in Little Rock, particularly on the Whitewater affair.

"If Bill Clinton hadn't run for president and won, nobody would've known about all this," says one power player here. "Normally, [the Little Rock elite] know what they're doing, but they've never been caught at it because nobody looked."

The hometown press

Mrs. Kennedy says the relative lack of local media scrutiny contributes to the laissez-faire attitude toward professional ethics in Little Rock.

"When you're doing business with a friend, or discussing politics with a friend, it's more casual, and you don't think about how a decision will look with the light of day shown on it," she says.

This view of a timid hometown press is shared by a local business tabloid. In assessing the state's winners and losers in the first year of the Clinton presidency, Arkansas Business magazine chided the Democrat-Gazette for failing to break ground on the Whitewater controversy, "instead choosing to reprint or otherwise regurgitate information uncovered by the national press."

Bob Lutgen, managing editor of the Democrat-Gazette, dismisses the tabloid's criticism, retorting that it has done nothing at all new on Whitewater. He concedes, however, that during the 1980s, when there were two competing papers in town, reporters did not scrutinize Gov. Clinton's business dealings as closely as they should have.

Though the paper's coverage of Whitewatergate "is not as complete as we would like it to be," Mr. Lutgen argues that "for the enemies of Bill Clinton, we will never publish enough about Whitewater."

But Paul Greenberg, the editor of the editorial page, has built a national reputation as a consistent, reasoned critic of the Clintons and Griffin Smith Jr., the executive editor, has recruited across the nation to build a staff with which Walter Hussman, the owner and publisher who won the newspaper war with Gannett, wants to create a "national class" newspaper.

Mr. Lutgen jokes that he can look out his window and see the Rose Law Firm.

Behind the firm's prim red brick walls, there is said to be a struggle going on between the firm's Old Guard, represented by allies of Hillary Rodham Clinton, Webster Hubbell, Bill Kennedy and the late Vincent Foster Jr., and younger lawyers who resent the damage being done to Rose by the Old Guard's flamboyant business practices.

When Hillary Rodham Clinton finished tough work on a case — perhaps the one in which she represented James McDougal before state regulators appointed by her husband, the governor — it was an easy drive from the Rose bunker over to Center Street, then a straight shot south to the Governor's Mansion, a mile and a half away.

On the way home, she would have had to cross the boundary between the safe and dangerous sections of the downtown district: In-

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terstate 630, the Wilbur Mills Freeway, which slashes its way westward past Travelers Field, the old baseball park that was a stronghold of the old Southern Association and now of the Texas League, from Interstate 30. "South of 630" is a euphemism for "wrong side of the tracks."

The only relatively safe neighborhoods here are the historic blocks surrounding the mansion, known, by extension, as the Quapaw Quarter. It's a revival district that still hasn't quite come around. It's packed with faded, dowdy Victorian hatboxes, even the most modest of which dwarfs in style the graceless brick mansion (circa 1950, built with brick reclaimed from the old state prison on East Roosevelt Road.)

Not too far beyond the mansion, conditions deteriorate drastically. The Fourche Bayou neighborhood, the city's poorest, cringes in the lowest swag of the city. When a visitor learns that Little Rock has as many homicides per capita as does New York City, and is told by the Little Rock police that there are about 1,500 gang members in town, he decides to forgo the total urban-decay experience.

There's more than enough to be found in the area around Little Rock Central High School, site of the 1957 integration standoff between Gov. Orval E. Faubus and President Dwight D. Eisenhower. It was a watershed event for the city, and the state, and the reaction of the city's moneyed classes to integration helps explain the rot that has set into the neighborhoods south of I-630.

"The school crisis was such a divisive thing to this community that most of the old-line families who had been involved in civic activities withdrew from the schools," said Fred Williams, a history professor at the University of Arkansas at Little Rock. "They just dropped out and moved west."

Whether out of racism or fear, the withdrawal of the white middle class and their money from this neighborhood had a devastating effect. The massive brick school building, once the nation's largest high school, remains a bulwark, but the houses surrounding it are falling apart.

Stained mattresses and ex-stuffed sofas litter the curbside across the street from the entrance where mobs of angry whites once gathered to taunt the black students who wished to enroll there.

Mr. Williams drives a reporter past a memorial garden of white crosses, erected by a civic activist in a vacant lot nearby to remember black children killed in the plague of gun violence infecting the city.

Poignantly, the memorial corners on Dr. Martin Luther King Drive. A left here, and only four blocks north, on the other side of I-630 but a world away, is the Immanuel Baptist Church, where the president of the United States is a member, and the highly regarded Arkansas Children's Hospital.

Moving to the Heights

"The old wealth, when they left the city, they moved to the Heights," says the historian.

Geography is a facile metaphor representing the hierarchy in Little Rock. The poor, black residents live in the lowest-lying parts of town. The middle-class neighborhoods cling to the side of a hill overlooking the city, and the rich live on top, in the Heights. "New money" — white and black doctor and lawyer types whose families haven't been here since the beginning of time — tends to live further west of the city.

The professor is driving westward, following Kavanaugh Boulevard, the pilgrim trail of moneyed and white middle-class Little Rockians. It was the route of the old trolley line connecting the Heights with downtown. The completion of the trolley line in the 1920s — the tracks were ripped up just after World War II — accelerated the exodus of wealthy residents from the Quapaw.

Spiraling up Kavanaugh toward the Heights, a visitor passes through the Hillcrest neighborhood. It's a burst of yuppie sunshine, with clean yards and little shops with names like the Morning Muffin. When the Rodhams retired here from Chicago to be closer to their daughter, Hillary, then the state's first lady, they settled here.

Before long, the sedan turns onto Edgehill Road. This is the most exclusive precinct of Little Rock, and the air is indeed rarefied. Residents of the veritable castles here leave their Jaguars and Porsches parked on the street. Passing Sheffield Nelson's fancy digs, Mr. Williams notes that there are bigger houses out in the west Little Rock neighborhoods of Pleasant Valley and Chenal Valley, where the new money settled, but none as coveted as an address on Edgehill Road.

"There'll be other Chenal Valleys, but there won't be any more Edgehills," he says. "This is blue blood."

Skip Rutherford, top Little Rock public relations man and high-ranking FOB lives in more modest digs nearby. White House decorator Kaki Hockersmith makes her home here, as did the Vince Fosters before they moved to Washington.

Warren Stephens has a white-columned house in this neighborhood. For a back yard, he has a golfing green on the Country Club of Little Rock — finally integrated with one black member, to whom Mr. Clinton promptly gave a job that required him to move to Washington. This is where presidential candidate Clinton found himself in trouble when it came out that he golfed in a club that refused black members.

Later, over iced tea and grilled catfish at the Dixie Cafe at the bottom of Cantrell Road, the professor explains why the state can produce politicians as drastically different as Governors Faubus and Clinton, the two most popular governors in modern Arkansas history.

"There are no hard-core political ideals. It's all a matter of convenience," Mr. Williams says. "You can really see the truth of the saying that politics makes strange bedfellows. Folks who are at odds on one campaign are giving money and helping each other on the next."

It's hard to be ideological in such a small place, he says, because you never know whose friendship you'll need one day. If there is any constant political tendency in Arkansas, it's an independent-minded rural populism.

"Those folks aren't conservative in the sense of having money and wanting things to stay the same. It's more of a social conservatism, of wanting to have a great sense of social well-being," he says.

The story of Arkansas politics is the story of rural populists struggling to reform the power structure dominated by the well-born and connected, he says. The populists have never been able to get a politician who was entirely their own into the Governor's Mansion, not since a turn-of-the-century governor named Jeff Davis, but they have had great influence over whom the elite choose to anoint.

Take Bill Clinton, says Mr. Williams. He is a politician with a nat-

ural instinct for shaking hands and doing what it takes to connect with the little guy. When the Stephens machine noticed his charisma and political gifts around 1976, they put their money on him.

"One reason Clinton was so successful was those guys decided he could win," Mr. Williams says.

One well-connected source puts it more bluntly.

"They never were big friends of Bill's, but they could lay money on him," he says. "They're opportunists who will lay money on anybody who can help them."

Sick of attention

Downtown at Doe's Eat Place, an unapologetic hot-tamale-and-beef place that is a knockoff of the original in Greenville, Miss., owner and certified FOB George Eldridge presides over a packed house of businessmen scarfing up lunchtime vittles. Surprise, surprise, he thinks there's nothing to Whitewatergate.

Says Mr. Eldridge: "Business people can see through this thing. This is not a complicated, serious deal, in my opinion. If Bill Clinton wasn't president of the United States, this wouldn't even have come up."

But he did, and it has. Aside from the city's power elite, whose reputations and livelihoods could be on the line in the Whitewater investigation, there appears to be a strong wish among ordinary Little Rock residents that the reporters would just go away.

"I'm pretty sick of the attention. Everybody's got their own dirt. I'm just sick of all the jokes," says Eric Strom, an apolitical twentysomething who froths cappuccino for a living at a downtown coffee shop. He fears the rest of the country will use the Whitewater disclosures to stereotype Arkansans as corrupt hicks.

Paul Greenberg, the Pulitzer Prize-winning syndicated columnist and editorialist at the Arkansas Democrat-Gazette, attributes much of the Sturm and Drang to an inferiority complex at work among some Arkansans.

"A person with an inferiority complex tends to take excessive pride in a compliment, and is excessively sensitive to criticism," he says. "We can't quite believe that we've hit the spotlight, and we feel like people are waiting for us to fall."

Mark Pryor, a Little Rock lawyer who grew up in Washington as the son of Sen. David Pryor, says that the Establishment's problem is primarily one of image.

"We know folks here. That kind of comes across as being incestuous, so to speak, and that's unfortunate," he says. "We have conflicts of interest all the time. You either get them waived, or drop the case. But it's almost impossible to avoid them in such a small place."

"Look at a guy like Jack Kent Cooke. He probably has a lot of the same kinds of connections, but because Washington's so big, you don't notice," he says.

Nevertheless, as the media spotlight on Arkansas grows more intense as the affair burgeons, the image of Little Rock's business, legal and political establishment will likely continue to suffer. One year after the state proudly sent a home boy to the White House, the cover of a recent issue of Arkansas Business wonders if the state's business climate could withstand the Clinton presidency.

"Arkansas had a great chance to put a guy on the national scene who could really do something,

but I'm afraid it's exposing a structural weakness that's been here a very long time," says a prominent Little Rock lawyer.

Sheffield Nelson, for one, thinks the fallout from the controversy will be purgative for Little Rock's system.

"There are some things that are going to come out of this that are really going to embarrass the state of Arkansas, about the kind of shenanigans that have been pulled down here," he says. "But the people who want the truth are going to be satisfied."

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Hubbell fails to back up expenses

Ex-law partners weigh complaint

By Greg Gordon
and Tom Hamburger
MINNEAPOLIS-ST. PAUL STAR TRIBUNE

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Webster L. Hubbell, the Justice Department's No. 3 official, has repeatedly failed to document hundreds of thousands of dollars in expenses claimed while he was with an Arkansas law firm, and his former partners are considering filing an ethics complaint against him, according to a source familiar with the matter.

A 10-month internal inquiry at Little Rock's Rose Law Firm found that the associate attorney general had provided little or no backup for a large number of expenses charged to the firm and its clients from 1988 to 1992, the source said.

Frustration over the matter has built to the point that the Rose firm's partners huddled with an outside lawyer this week to consider filing a complaint against Mr. Hubbell with the ethics committee of the Arkansas Supreme Court, the source said.

Mr. Hubbell has denied any wrongdoing.

A complaint against Mr. Hubbell would be a serious blow to the Clinton administration, already facing a political storm in the Whitewater-Madison affair. It also would be a personal blow to President Clinton and first lady Hillary Rodham Clinton, who consider Mr. Hubbell one of their closest friends in Washington.

Perhaps the worst effect would be at the Justice Department, where Mr. Hubbell has been a constant at an agency plagued by friction, vacancies and failed nominations.

If Mr. Hubbell were found to have billed clients or his firm for personal expenses, he would face consequences ranging from professional sanctions to criminal fraud prosecution to ouster from the Justice Department.

The issue is perhaps the most wrenching faced by the embattled Rose firm, the oldest and, until recently, the most widely respected in Arkansas. Besides Mrs. Clinton, the 60-member firm counts among its alumni the late Vincent W. Foster Jr., the White House deputy counsel whose body was found in a Fairfax County park in July in what police ruled a suicide,

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HUBBELL

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and White House Associate Counsel William Kennedy III.

Rose lawyers lately have faced accusations of improper document shredding and conflicts of interest. The dispute with Mr. Hubbell, a longtime Clinton golfing buddy, has aggravated those tensions.

Although the firm's 35 partners face out-of-pocket costs to cover Mr. Hubbell's expenses, the source said they are more concerned about their ethical obligations to the clients Mr. Hubbell billed.

The source said the firm sought advice from Houston lawyer Walter Stuart IV this week about ways to ensure that clients were billed fairly. He also advised the firm about filing a complaint against Mr. Hubbell with the Committee on Professional Conduct of the state Supreme Court.

Mr. Stuart did not respond to requests for comment.

The source said members of the Rose firm are unhappy about the prospects of filing a complaint but may feel compelled to do so under the code of conduct, which requires lawyers to report ethical violations. They hope that Mr. Hubbell will provide documentation for his expenses, but their patience has nearly run out.

Administration officials deny accusations of wrongdoing by Mr. Hubbell, portraying the dispute as minor and typical of the questions any law firm might ask of a former partner.

Mr. Hubbell, his Washington attorney, John Nields, and Rose partners did not respond to numerous phone calls on the matter.

Last week, however, in response to a report in The Washington Post that the law firm had conducted an investigation into the matter, Mr. Hubbell issued a statement saying he was not "aware of any 'investigation'" and has "never overbilled a client."

He said the law firm asked late last month "about billings on cases I worked on" and that he was trying to locate documentation. He added that it is not unusual for a firm to question a former partner about billing issues.

But a source said Mr. Hubbell's accounting records are unusual, in some cases consisting of copies of payment checks he sent to several credit card companies without the monthly itemized credit card bills.

Recently, the Rose firm began to contact some clients to inquire whether they felt they had been overcharged by Mr. Hubbell, the source said. In at least one instance, a client declined to pursue the matter and saw no need to see further documentation, the source said.

The most dissatisfied group remains Mr. Hubbell's former partners, who paid him more than \$100,000 when he cashed in his interest in the firm before coming to Washington in late 1992, then discovered the extent of the billing problems.

The first question about Mr. Hubbell's expenses arose in June shortly before he was confirmed by the Senate. At that time, Rose partners were discovering the extent of losses from his decision to handle a lawsuit on behalf of a parking-meter-manufacturing company owned by his brother-in-law, Seth Ward Jr. Mr. Hubbell had taken the case on a contingency basis — meaning the firm would be paid only if he prevailed.

When the company, POM Inc., lost the suit, the firm was stuck with hundreds of thousands of dollars in uncollectable legal fees and hundreds of thousands of dollars more in expenses. The source said Mr. Hubbell had assured the firm that POM would cover all expenses, including the hiring of an expert witness and an outside patent lawyer.

When the expert witness, Tom Overstreet of Charles River Associates' Washington office, went unpaid, he sued the Rose firm on the grounds Mr. Hubbell had committed in writing that it would cover his fees. Mr. Overstreet ultimately was paid about \$150,000; it could not be learned whether POM or the law firm paid.

The Star Tribune source said Rose lawyers had hoped that Mr. Hubbell would clear up the POM expenses because the case was a family matter and should not have been billed to the firm. Alston Jennings Sr., a Little Rock lawyer who succeeded Mr. Hubbell in representing POM, declined to comment on the matter except to say he has "no knowledge about any problems between the Rose firm and Mr. Hubbell."

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Fiske's subpoenas inflame rest of press

By Rod Dreher
THE WASHINGTON TIMES

The Whitewater-Madison controversy, smoldering in the media for months, finally burst into a five-alarm brush fire thanks to a Santa Ana wind of a lawyer named Robert B. Fiske Jr.

When the special counsel served grand jury subpoenas last Friday to six members of the White House staff, Whitewater-Madison was suddenly major news.

Fueled by the subsequent resignation of White House Counsel Bernard W. Nussbaum, the story ignited the Beltway fire line and television airwaves have been saturated with Whitewater coverage. Four ABC "Nightline" programs and four CNN "Crossfire" shows in five days is enough to ruin a White House's week.

"What [the subpoenas] did was change the venue of the story from Little Rock to Washington," said CNN analyst Bill Schneider. "It meant that Whitewater not only involved events in Little Rock 10 years ago, when Bill Clinton was governor, but things that happened in Washington today, while he is president."

Reports of the Whitewater-Madison affair first began surfacing during the 1992 presidential campaign. Former California Gov. Jerry Brown unsuccessfully tried to make it an issue in his race for the Democratic nomination.

Despite damaging revelations over the course of last autumn and winter in The Washington Times, The Washington Post and other Washington-oriented publications, the story failed to provoke much interest outside the Beltway until last week's subpoenas.

The labyrinthine complexity of the Whitewater case had much to do with that, said most journalists and media experts contacted yesterday. Some said there was also liberal bias at work.

"There are a lot of liberals who just didn't want to get into this, as there were a lot of conservatives who didn't want to deal with Watergate until they had to," said political analyst Kevin Phillips.

Now that the story has broken big, some noticed this week a sort of glee among the press corps.

"The one thing I clearly see hap-

Friend of Bill at ABC pulls no punches on Whitewater

By Rod Dreher
THE WASHINGTON TIMES

ABC News has devoted more time than its competitors to the Whitewater-Madison controversy. Ironically to some, the executive producer of "World News Tonight," the country's most watched newscast, is Rick Kaplan, a card-carrying Friend of Bill.

"The oddity of that is that 'World News Tonight' was the one that did 18 of their 22 minutes one night on White-

water. ABC was the only network to mention the Paula Jones story," said Tim Graham of the Media Research Center. "You could say the only broadcast willing to take on the president is the broadcast headed by the Clinton toady."

Paula Jones is the Arkansas state employee who held a Washington news conference last month to accuse President Clinton of sexually harassing her. It was largely ignored by the media.

Mr. Kaplan, who through a spokesman declined an interview request, has been criticized in the past for playing an informal advisory role to the Democratic nominee during the 1992 presidential campaign.

The veteran producer reportedly counseled Mr. Clinton to appear on "60 Minutes" to regain credibility after reports of womanizing threatened to derail his campaign. He also allegedly ar-

anged a crucial radio interview in the Big Apple on the eve of the make-or-break New York primary.

As producer of the ABC news-magazine "PrimeTime Live," Mr. Kaplan reportedly pressured co-host Sam Donaldson to go soft on Mr. Clinton in an interview conducted a few days before the election.

Despite these apparent conflicts of interest, most observers say the Kaplan-Clinton friendship has not affected "World News Tonight" coverage of the president. Mr. Graham gives the newscast high marks for its Whitewater reporting. Marc Gunther, who wrote a recent book about ABC News, finds no evidence of a pro-Clinton bias.

"All of us in this business labor under burden of friendship, preferences and feelings," said Brit Hume, ABC's White House correspondent and an avowed political conservative. "As a professional, you have to set them aside. I have every confidence Rick will be able to do that."

Despite a heightened awareness in scandal-crazy Washington concerning conflicts of interest, Mr. Donaldson said Mr. Kaplan should not recuse himself from supervising coverage of the president, nor should he put his friendship with Mr. Clinton on hold.

"Unlike some public official who can call secret meetings where we don't know what's going on, what Rick does we see every night at 6:30," Mr. Donaldson said. "I don't care what Rick says to his buddy Bill Clinton. The proof is what we see on the tube."

• Josep Adalian contributed to this report.



Kaplan

pening is the press is going harder on Whitewater to make up for going soft on sex allegations [against Mr. Clinton]," said Mickey Kaus of the New Republic. "So in a sense, the sex stuff is finally taking its

toll."

CNN's Mr. Schneider said some reporters may view this as their chance to "get" Mr. Clinton for making an end run around them during the campaign. He also said

reporters may be sick and tired of the dissimulation coming from White House spin doctors.

"I have heard many, many reporters say that the spin in the White House is out of control," he said. "People don't like being spun, and there's more of that in this White House than I've ever seen."

Mr. Schneider blames the White House for violating what he calls "the first principle of damage control" — release the most damaging information first.

"Our polling shows a majority of Americans think the president is hiding something," he said. "That is driving the coverage, which is driving the polls the wrong way from a White House perspective."

Hold on, said Mr. Kaus. "It's hard to say, 'Gee, why don't they do full disclosure?' unless we know what they have to disclose," he said.

Now that the Washington press corps has shifted into crisis mode, some reporters foresee potential pitfalls for the media.

"There's always an entirely different climate created when an atmosphere of scandal takes hold in the capital," said ABC's Brit Hume. "All kinds of things that may be perfectly innocent take on a different appearance. Our job as reporters is to make sure appearance conforms to reality, and not make reality conform to appearance."

According to Mr. Phillips, issues concerning Mr. Clinton's character raised in the press during the presidential campaign planted seeds of skepticism in the mind of the public.

"Because of that, it was possible for the non-establishment media, who, just by putting this thing under the public's nose somewhat relentlessly, were able to magnify the pre-existing doubts and skepticism. It didn't have to be created," he said.

"This is showing two things," said Tim Graham of the Media Research Center. "First, the power that the up-and-coming conservative press — The Washington Times, the American Spectator, Rush Limbaugh and the New York Post — now has. And it shows the utter harm that liberal bias in the media can do, that this hasn't been considered a worthwhile story for two years."

Cafe, barber poll has Hillary hitting Whitewater rapids

By Joyce Price
THE WASHINGTON TIMES

Between bites of their doughnuts, customers at Squeek's Coffee Shop in Wichita, Kan., have chewed over the latest developments in the Whitewater affair.

And the name that has come to their lips most is that of first lady Hillary Rodham Clinton.

"All my customers think something improper occurred, and they are putting the blame on Hillary, saying it's all her fault," said coffee shop owner Viola Crouse, known as "Mama Squeek" by her customers and friends.

Mrs. Crouse said she also believes wrongdoing may have occurred in the first family's dealings in the Whitewater Development Corp. "But I don't think it was intentional," she said. "People are the eternal optimist."

Like drinkers in Wichita are not alone in their concern over Whitewater.

A new CNN-USA Today-Gallup poll shows that 61 percent of Americans believe President Clinton did something illegal or unethical in Whitewater. The poll found that 56 percent believe the first lady acted illegally or unethically in the affair.

Some pundits have said that Whitewater is a hot topic only in the nation's capital, but calls to radio talk-show hosts and businesses around the country indicate it's playing big in Peoria, Ill. — as well as in Los Angeles; Detroit; St. Louis; Chicago; Fort Lauderdale, Fla.; Tupelo, Miss.; and Kalamazoo, Mich.

Michael Jackson, a talk-show host on Radio KABC in Los Angeles, said that, when Whitewater was first discussed on his program, it was viewed as a "partisan issue" by most callers.

"Now they truly believe it's a problem for the president. ... The Clinton has a full-blown scandal on his hands," said Mr. Jackson, no relation to the entertainer.

Mr. Jackson said caller response to Whitewater has been atypical in that listeners "are asking a lot of questions, rather than making statements" and saying the press has been fair in its coverage.

Customers at the Central Barbershop in Tupelo have been more opinionated.

"Everyone here thinks [the Clintons] are guilty and were out to make money and that they've been trying to cover it up," said Rick Crone, the barbershop's owner.

According to bartender Linda Hughes, customers at the Parkway Tavern in Peoria haven't talked much about Whitewater. She said she's just as glad since the issue is "just a bunch of baloney" pushed by political foes "trying to

cause problems" for Mr. Clinton.

"What he did before he became president is nobody's business," she said.

Not everyone in Peoria shares Ms. Hughes' view. Mark Nolan, manager of Donnelly's Restaurant, said he's heard many customers discuss Whitewater. "They feel there is a problem and that there may have been improprieties. ... I share that view," he said.

Jim Buist, an avowed liberal Democrat who owns Jim's Barber-shop in Kalamazoo, called Whitewater "much ado about nothing" and said it's wrong for Republicans to compare it to Watergate.

He acknowledged the affair has "eroded support for Mr. Clinton and Hillary" in Kalamazoo.

"I think this probably will roll over, but it's taken the main thing that should be on his agenda — national health care — off the agenda," Mr. Buist said.

Yet a radio talk-show host in Chicago is predicting Mr. Clinton will be a one-term president only because of Whitewater, and apparently many of his listeners agree.

Don Wade, co-host of an early morning show on Radio WLS, has begun distributing "Gore in '94" campaign buttons, which designate the wearer as a member of Mr. Wade's "WLS Talk-Radio Whitewatergate Celebration Committee."

Roe Conn, another WLS talk-show host, said "thousands" of buttons were ordered in the first two days of sales, primarily because conservative commentator Rush Limbaugh discussed them on his television show.

"It's assumed the president will take a dive on this, and most people feel Hillary is the guilty party," Mr. Conn said. "While most callers think Whitewater is pretty much a nothing issue, they believe it's the cover-up that will lead to the president's [political] demise."

Nick Lawrence, executive producer of talk shows on Radio WFTL in Fort Lauderdale, said: "Sixty percent of our callers believe ... that there may have been a juxtaposition of money and that Hillary may need to pay a fine or restitution, but they don't feel it will affect the president's term in office."

Nan Wyatt, talk-show host on Radio KMOX in St. Louis, said a third of her Whitewater callers "believe there was serious wrongdoing here and movement by the administration toward cover-up."

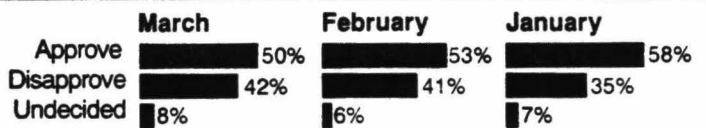
Another third "is not sure what to make of the whole thing" and is waiting for more information, she said. The remainder dismiss the affair as "political posturing."

Many people "feel they need to have congressional hearings" on Whitewater, Ms. Wyatt said. "They feel its Congress' role to look into ethical questions."

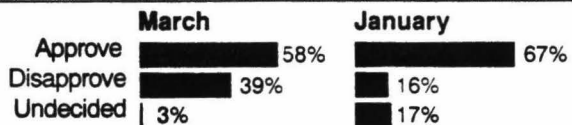
RATINGS DIP

A CNN-USA Today-Gallup poll of 1,023 adults surveyed Monday and Tuesday. The margin of error is 3 percentage points. Figures may not equal 100 due to rounding.

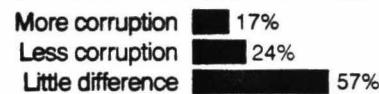
How do you feel about the job President Clinton is doing?



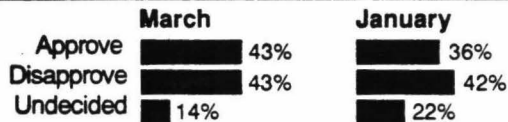
How do you feel about the job Hillary Rodham Clinton is doing as first lady?



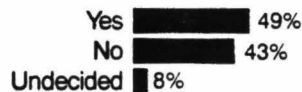
Compared with administrations over the last 25 years, the Clinton administration has ...



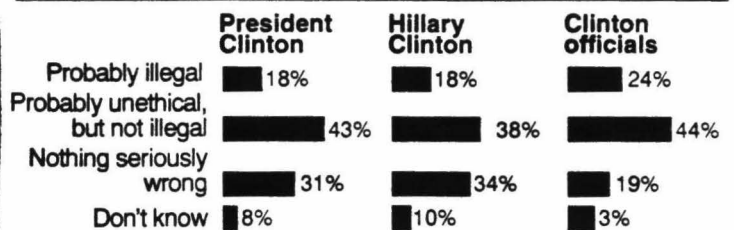
How do you feel about President Clinton's handling of the Whitewater affair?



Should Congress hold hearings on the Whitewater affair?



How do you feel about the actions on the Whitewater affair of ...



The Washington Times

The Washington Times FRIDAY, MARCH 11, 1994

Altman: 'Awful'

Deputy Treasury Secretary Roger Altman told the Wall Street Journal he was guilty of "a piece of awful judgment" in arranging a meeting at the White House on Whitewater.

Mr. Altman, who is also acting head of the Resolution Trust Corp., which is investigating the related Madison Guaranty Savings and Loan, added, "This is a pretty traumatizing experience."

"It's very difficult for your family," he said. "My children [ages 10, 8 and 5] are old enough to read the newspaper, and you have to explain it to them."

Still, his announcement that he was recusing himself from further involvement with the matter "both startled and angered the White House, which at that point was hoping that the worst of the controversy was past," say Journal writers David Wessel and Michael K. Frisby.

'Oh, Hillary!'

A couple of liberal voices went south on Hillary Rodham Clinton yesterday.

New York Post columnist Jack Newfield writes that "up until last month, I preferred Her to Him. But now, Hillary Rodham Clinton is starting to resemble an Ozark Leona Helmsley, with her executive acumen, self-righteousness and potential Whitewater tax liability."

Columnist Richard Cohen of The Washington Post says that Mrs. Clinton's "tendency to see her own motives are pure but to impeach those of others — partisan, sexist or whatever — is not one of Mrs. Clinton's attractive qualities."

"Not for the first time," he says, "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."

"Oh, Hillary!" Mr. Cohen had written earlier.

Rosty's boost

Rep. Dan Rostenkowski's fight to keep his seat may have gotten a boost from two missteps by his closest competitor, state Sen. John Cullerton.

Mr. Cullerton, one of four Democratic challengers in Mr. Rostenkowski's Chicago district, pulled his only TV ad after Rep. Joseph P. Kennedy II, Massachusetts Democrat, complained about its use of a quote from his father, Robert F. Kennedy.

His campaign is replacing the quote with words from a Chicago Sun-Times editorial endorsing Mr. Cullerton and will re-air the ad, says Cullerton spokeswoman Dana DeBeaumont.

Mr. Cullerton also was criticized for a mailing that included a spent bullet casing and claimed that shots were fired nearby.

A Chicago Tribune poll shows him at 23 percent and Mr. Rostenkowski at 27 percent. A Culler-

Inside Politics



ton poll shows Mr. Rostenkowski ahead 32 to 26, roughly the same due to statistical differences, an aide said.

"You've got to call it a 50-50 chance" that Mr. Rostenkowski could lose, said Democratic consultant Don Rose. Mr. Rose has advised former Alderman Dick Simpson in his quest for the seat; Mr. Simpson is third in the polls.

Gunderson speech

Rep. Steve Gunderson, Wisconsin Republican, had a drink thrown on him by a homosexual activist in a homosexual bar, was "outed" in a hometown newspaper and discussed the incident on the House floor.

But Mr. Gunderson has never verified his sexual orientation when reporters have asked him.

Tomorrow night he is to be the keynote speaker at a Baltimore dinner of the Human Rights Campaign Fund, the nation's largest homosexual-rights organization.

Other Republicans have addressed the group, such as Rep. Constance A. Morella of Maryland, but none with a profile like Mr. Gunderson's. What will he talk about? Tolerance and the Republicans, he said.

It's politics, stupid

The most serious failure in the Whitewater controversy has been the political judgment shown by President Clinton and his staff, columnists Jack Germond and Jules Witcover write.

"This is a White House infected with hubris from the outset, one in which they have been quick to return to the 'war room' campaign mode to do combat with the Republicans. In this case, the last thing the president needed was to give the Republicans the kind of partisan opportunity they have been handed. . . .

"The fact is that the Whitewater case seemed to have little political edge until the White House blundered. . . .

"The political clumsiness of the White House has fed the purveyors of conspiracy theories and put President Clinton on the defense when he would rather be using his strength in the polls to make his case for health care reform.

"It wouldn't have happened if someone on the White House

staff had shown even minimal political smarts," the two men say in the Baltimore Sun.

Gergen on cutlery

David R. Gergen, counselor to the president, has become the center of a whispering campaign within the White House, the New York Times reports.

The Times' Richard L. Berke says Mr. Gergen is now using his spin-doctor skills to save his own reputation. But inside the White House questions remain on why the Watergate veteran didn't help more with Whitewater.

Mr. Gergen told the Times: "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 naive to come in thinking I would be a welcome player for everyone who worked their heart out for Bill Clinton in the campaign."

Your turn

"I remember how Watergate just built and built and built. Kind of a Chinese water torture," says Lyn Nofziger, a former aide to President Reagan and now a GOP consultant. "Clinton's got the same problem that Dick Nixon had on Watergate. It's not the crime; it's the cover-up."

Dole & Wanniski

In a rundown on the GOP presidential field 700 days before the New Hampshire primary, columnist Albert R. Hunt writes that the front-runner in the current polls is Senate Minority Leader Bob Dole, who can be expected to dominate the political scene as he opposes President Clinton.

"The downside is that Bob Dole, who'll be 73 in 1996, is a much better indoor, or legislative, politician than he is an outdoor candidate; his sharp humor that delights Washington insiders becomes mean-spirited outside the Beltway," Mr. Hunt observes in the Wall Street Journal.

"He has a remarkable penchant for not listening to good advice while heeding those he should ignore. This hasn't changed; currently, for example, he's scheming with self-promoter Jude Wanniski, a fallen away Kemp confidant, to become the candidate of the supply-siders de-

spite his record.
Mr. Hunt places the odds on Mr. Dole's nomination at 7-to-2.

Netsch

Illinois Comptroller Dawn Clark Netsch, who supports higher state income taxes to pay for school improvements, leads in a poll published yesterday in the three-way Democratic race for the gubernatorial nomination.

Mrs. Netsch, a liberal with many years' experience in the state legislature, was the choice of 34 percent of likely voters in the survey for the Chicago Tribune. State Attorney General Roland Burris had 23 percent.

Mr. Burris, who would be the first black nominee for governor in the state's history, led in previous polls. The winner of Tuesday's primary will likely face one-term GOP Gov. Jim Edgar.

It's politics II

More Americans perceive the Whitewater affair as a Beltway political squabble than as evidence of misconduct by Mr. Clinton, according to a Wall Street Journal-NBC poll.

Thirty-four percent believe it is being used against the president for political purposes, while 16 percent think Mr. Clinton committed financial wrongdoing. Forty-one percent say they don't know enough to have an opinion.

The survey found that approval ratings for Mr. Clinton had dropped since a poll in January, going from 60 percent to 55 percent. Hillary Rodham Clinton is also down a bit, dropping from 51 percent two months ago to 47 percent.

Senator: 'Not guilty'

Sen. Dave Durenberger pleaded not guilty yesterday to charges of abusing his Senate expense account. Thomas C. Green, his attorney, asked a federal judge to transfer the case to a court in the senator's home state of Minnesota.

Mr. Durenberger is charged with making false claims to the Senate and with conspiring to make false claims. It is the second time he has been charged in the case. A judge earlier dismissed identical counts.

Prosecutors claim Mr. Durenberger hid his ownership in a Minnesota condominium so he could collect \$3,825 in Senate reimbursement for staying there.

Fear and loathing

"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," the Boston Globe reports.

A senior administration official told the Globe's Michael Kranish, "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."

"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."

Gore's balancing act

If anyone has to walk a political tightrope these days, it's "squeaky-clean" Vice President Al Gore, says Deborah Orin of the New York Post.

Miss Orin says the vice president has to stay loyal to President Clinton — but Mr. Gore risks jeopardizing his own integrity if he goes too far in defending the president on Whitewater.

"For if the worst happens and Whitewatergate explodes, Democrats will desperately need a squeaky-clean veep to pick up the pieces," she said.

• Compiled by Alan McConagha.

Anyone remember Travelgate?

By Mark R. Levin

"The Freedom of Information Act . . . has been one of the primary means by which members of the public inform themselves about their government. . . . Federal departments and agencies should handle requests for information in a customer-friendly manner. The use of the Act by ordinary citizens is not complicated, nor should it be. The existence of unnecessary bureaucratic hurdles has no place in its implementation."

"I . . . call upon all federal departments and agencies to renew their commitment to the Freedom of Information Act, to its underlying principles of government openness, and to its sound administration."

William J. Clinton
Memorandum for Heads of
Departments & Agencies
Oct. 4, 1993

Unfortunately, like so much that comes out of this administration, the president's public statement about his "commitment" to open government does not comport with the actions of his subordinates.

Remember the White House Travel Office affair? The Clinton administration is hoping you don't. Lest you forget, the scandal involved the wholesale firing of career employees; the hiring of Clinton cousin Catherine Cornelius to run the office; terminating UltraAir (an airline charter service and long-time contractor to the Travel Office); a sudden audit of UltraAir by the IRS; an effort to replace the former charter service with TRM (an air service owned, the substantial part, by Clinton friend and Hollywood producer Harry Thomason); the pressuring of an FBI official by William Kennedy, associate White House counsel (and Mrs. Clinton's friend and colleague from Rose Law Firm days) to initiate a criminal investigation of the Travel Office; and so forth.

When this scandal first broke in May 1993, Mr. Clinton appointed his chief of staff, Mack McLarty, and OMB director, Leon Panetta, to conduct an "internal management review," which they completed on July 2, 1993. The review raised many more questions than it answered.

Most important, it revealed Mrs. Clinton's personal involvement in the affair. For instance, the review discloses that on May 13, 1993, Mrs. Clinton made inquiries about the office to both Mr. McLarty and the late deputy White House counsel, Vincent Foster. On May 27, 1993, Mrs. Clinton also received a memorandum from David Watkins, an assistant to Mr. Clinton, detailing actions that the staff had taken as well as future plans for the Travel

Office (including firing career employees and hiring Mr. Clinton's cousin, Ms. Cornelius).

Given the revelations in the White House's review and the failure of Mr. McLarty and Mr. Panetta to follow up on critical leads—including failing to carefully and thoroughly question Mrs. Clinton about her involvement—Landmark Legal Foundation undertook its own fact-gathering effort through the Freedom of Information Act (FOIA).

Since June 1993—that's nine months—Landmark's requests to the FBI, IRS and Justice Department for information relating to the Travel Office scandal have been denied or otherwise thwarted. Indeed, not a single piece of paper from any of these agencies has been released. Here are some details:

■ On June 18, 1993, a FOIA request was filed with the IRS. An IRS attorney responded on July 8, 1993, by writing that "[y]our . . .

*Since June 1993 —
that's nine months —
Landmark's requests
to the FBI, IRS and
Justice Department for
information relating to
the Travel Office
scandal have been
denied or otherwise
thwarted.*

request appears to be asking for the tax returns or return information of another taxpayer. We are prohibited by law from making such information public."

What? There was no request for any such thing. Requested was, among other things, evidence of any communication between the White House and the IRS regarding UltraAir. This was made clear through several follow-up calls to the IRS attorney and even a conversation with her supervisor. For the past six months, the IRS has not even bothered returning telephone calls, and no information has been forthcoming from that agency.

■ On June 18, 1993, a FOIA request was filed with the criminal division of the Justice Department. On June 28, 1993, an attorney there informed us that a search would be conducted. On August 12, 1993, a senior official in the criminal division wrote "[w]e have conducted a search and identified records within the scope of your request in the possession of the Public Integrity Section. Those records are part of an open investigation being conducted by that office. We have been informed that the release of these documents

could interfere with the investigation." All records were withheld.

■ On June 23, 1993, a FOIA request was filed with the FBI. On June 29, 1993, the FBI acknowledged receipt of the request. In a follow-up call to the FBI on July 1, 1993, it was learned that the FBI would not even address the request for "more than a year" due to a backlog of FOIA cases. This was confirmed in a letter from the senior FBI official on Aug. 16, 1993, in which the FBI added that "[i]n order to reduce unnecessary correspondence, we will notify you only after the processing of your request has been partially or fully completed." In other words, don't call us, we'll call you (in a year).

■ On June 23, 1993, a FOIA request was filed with the Justice Department. The request covered, in part, any information about the Travel Office located in the offices of Attorney General Janet Reno and Associate Attorney General Webster Hubbell. Last month, Landmark learned from Justice that the department had identified and gathered about a one-foot-high stack of documents that were responsive to the nine-month-old FOIA request. When asked if those documents would be released in the near future, a Justice official advised that "consultations" with the offices of Ms. Reno and Mr. Hubbell were required before any information would be released, and the official refused to give us a firm date for a decision.

This is what passes for "openness" in government and "sound administration" in the Clinton White House. In truth, this is old-fashioned stonewalling. But serious questions remain about Mrs. Clinton's possible involvement in this scandal, including whether her peculiar interest in the Travel Office was driven by her friend Harry Thomason's efforts to remove a competitor, and whether her friend and former Rose Law Firm colleague William Kennedy was pressuring the FBI at Mrs. Clinton's suggestion (or whether he informed her of his highly irregular discussions with the FBI).

If there was no wrongdoing in the White House's handling of the Travelgate matter, as Messrs. McLarty and Panetta assert in their report, it is difficult to understand the administration's absolute refusal to release any information to the public nine months after the event. The president or Ms. Reno can and should order the release of this information today.

Now, in the midst of the White House damage control effort in Whitewater, the Clintons are promising full cooperation with investigators. Let us hope that this latest pledge is more serious than the president's earlier commitment to FOIA and the "principles of government openness."

Mark R. Levin is Director of Legal Policy at Landmark Legal Foundation.

COMMENTARY

The Washington Times

KEN ADELMAN

Beyond spin control . . .

After Time magazine featured "The Incredible Shrinking Presidency" during Bill Clinton's inaugural months, the fledgling, fumbling president grabbed for a master image-maker. All that David Gergen offered and symbolized hasn't saved Mr. Clinton from yet another plummet.

Hence the lesson: Snappy spinners can't solve sloppy styles.

"Where's Gergen?" Washington wags chuckled when Whitewater first erupted again. He has surfaced since the initial brouhaha broke, peeping out to urge that everyone forget Whitewater and look to the really big issues of health care reform, crime, etc.

Still, David Gergen must feel the failure of his mission.

He had swept back in the White House like some saving angel when Mr. Clinton landed in trouble last spring. By so doing, Mr. Gergen risked a good deal, both the turncoat tag and Republican fury over a vigorous Reaganomics salesman orchestrating the "reverse Reaganomics" pitch.

But Mr. Gergen offered to serve, and many people found this commendable. This was, after all, an experienced hand aiding an inexperienced president in trouble. Mr. Gergen's arrival last spring is being replayed by Lloyd Cutler's arrival this week as the new chief White House legal counsel.

Yet Mr. Gergen offered more: the image of competence and moral convictions for a bungling and lax president. With subpoenas now issued on top administration offi-

cials, the president's counsel (Bernard Nussbaum) being forced out, secret and improper White House meetings, alleged shreadings and what-have-you, that just hasn't come across.

What the past year proves is that spinmeisters, no matter how adept, help but fleetingly and marginally.

At its core, the Clinton presidency today suffers from the same two deficiencies as last spring, when Mr. Gergen arrived: a specific type of arrogance and a general lack of discipline.

The arrogance is not that of the Establishment elite. Bill Clinton is a down-home type of fellow, charming in groups and exceedingly approachable (and likable) in person.

Rather, it's an adolescent arrogance of feeling invulnerable. "I can get away with it!" Mr. Clinton conveys. No wonder he feels this way, after overcoming more allegations and setbacks than any other politician alive (except Richard Nixon).

While Mr. Clinton is getting hammered on Whitewater, he remains reluctant to reveal just what went on there. He can now hide behind the special prosecutor's investigation but must realize that it's a big cloud overhanging his presidency and — as information seeps out — presents him with daily trouble.

Even big-hearted observers reckon that Mr. Clinton must realize the

cost of not revealing more. Being a smart fellow, he must calculate that revealing more would be even worse.

The second major problem is Mr. Clinton's lack of discipline. This trait is manifest in his personal lapses, which gave rise to "the character issue" — episodes involving marital infidelity, not inhaling, and skirting the straight truth.

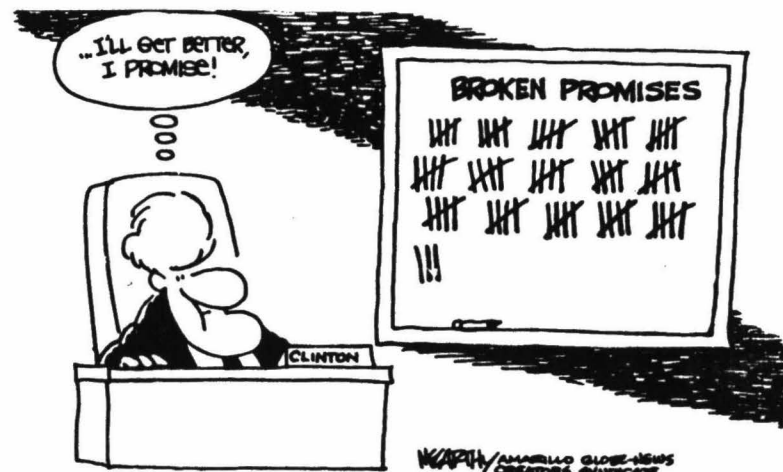
Beyond this is the lack of basic competence in process. His White House had initially been plagued by constant tardiness — Mr. Clinton being way behind schedule, endless delays in filling his top posts — and overall sloppiness.

When I recently put this charge directly to Mack McLarty for Washingtonian magazine, the White House Chief of Staff admitted that "some of it" was true.

Yet Mr. McLarty went on to explain: "But President Clinton is, by nature, an inclusive person. He wants to reach out and hear everyone out."

Discipline has been improved, he claimed. "We're now about where we need to be on scheduling. The meetings have been tightened. They run in better order for the president and take less of his time."

Since then, right down the hall, have been those improper White House meetings on its most sensitive issue, the Whitewater investigation, without the president even



being informed.

Now well into its second year, the Clinton administration still lacks clear definition. It has yet to establish normal procedures and a distinct identity. The consistencies of the Kennedy, Johnson and Reagan administrations are yet lacking in the Clinton administration.

When I recounted last spring's string of setbacks — "a debate over gays in the military, nominating successive attorneys general, having a \$200 haircut, and the travel office firings. It seemed like the gang that couldn't shoot straight!" — Mr. McLarty passed these off as post-Inaugural foul-ups.

"Scrutiny started very early with

this administration. We were just formulating policy on economics, health care, etc. Expectations were high, and there wasn't much of a honeymoon. Small mistakes were magnified."

Now small mistakes have led to big mistakes.

And they aren't being magnified. They exist and have become a hallmark of this presidency.

No spinmaster, even of David Gergen's caliber, can help a White House marred by this type of arrogance and lack of discipline.

Ken Adelman is a nationally syndicated columnist.

The sheen is off the rose for first lady Hillary Rodham Clinton. As the convoluted Whitewater affair develops into a potentially more sordid affair, it is Hillary, and only secondarily Bill, who is reaping the most bitter criticism.

To cite just a few of the mitts-off recent critiques, U.S. News columnist Michael Barone asked, in a cutting column: "Is she a political liability?" The Wall Street Journal's Albert Hunt opined that the bunker mentality at the White House is "a reflection of Hillary Clinton." And the New York Times' Maureen Dowd published a comprehensive front-page story headlined: "Whitewater Inquiry Is Putting First Lady at Center of Embarrassing Ethical Issues."

All of this would have been unthinkable even months ago, when Mrs. Clinton was the icon of much of the press — the first first lady to be an emancipated woman, one of the 100 best lawyers in America, and a woman who grew more attractive as she aged.

What happened? Two areas of concern finally began to close around her. Those areas can be characterized by the words "accountability" and "hubris."

From the beginning, in her roles in the White House, Hillary Rodham Clinton had the enormous burden of having no accountability, neither through the election process nor through an appointed, salaried position. Some thought it was cute, or nouveau-power, or just plain gutsy, for her to take top positions alongside her husband without benefit of political clergy. In truth, it never was.

Indeed, it was inevitable that, given her talents and her ambition, her unaccountability would eventually become a noose around her neck.

What happened? Two areas of concern finally began to close around her.

Revised rules of engagement

Oddly, she seemed never to realize this.

First, she is utterly convinced that she is right, and that she and the activist leaders of her generation have a sacred duty to use any methods they choose to reform and even "save" America. Second, her group is typified by others who are also without accountability, most prominently the congressional staffers who make so much of our law and the "friends of the Clintons," who also came into the White

House without benefit of political legitimization.

The Clintons, you see, did not come to the presidency to govern the country, but to tell people how to live. They and theirs were not "pols" but the

legendary "best and the brightest." And Hillary goes even further than her husband on the supposed morality behind this elaborate posturing.

Her "politics of meaning" article in the New York Times Magazine last year, bemoaning the lost America she and her generation seem to see, was the high-water point of this pretentiousness. In fact, many Americans choose to think they already have meaning in their lives!

From the outset, the Clintons seemed to be suffering from the quality that so often brought down the Greek gods: hubris, or an overweening pride that dances dangerously on the edge of moral arrogance.

Mrs. Clinton took over areas inappropriate to her position, which was unelected, unappointed and unaccountable. The first lady chose important appointees, particularly the deputies in the Justice Depart-

ment. She pushed through a health plan, not even including the appropriate health care officials in the loop. And all of the most politically radical would-be appointees, it turned out, came out of Hillary's office.

It was inevitable that, given these looming problems of her presence and of her persona, staffers and others would eventually defer to her on many decisions because she was the president's wife. At the same time, resentment was bound to build.

Strangely enough, here was one of the most intelligent and accomplished of American women taking positions more in the style of a from-the-wings political courtesan than in the manner of a responsible public figure.

If she and the president's new "meritocracy, which replaces the old party-controlled traditional pols," had not seen themselves as flying so high, the fall that now threatens would not loom so dangerously steep.

When, instead of the politics of meaning, there is what looks like sordid wheeling and dealing, a marriage held together through all the infidelities in great part by ambition, and a marked incapacity to deal with the world in practical political terms, the fall, when and if it comes, will be precipitous.

The original "best and brightest," of course, were the John F. Kennedy aides who so blithely, and with all the best of intentions, got the nation into the maelstrom of Vietnam. The White House would do well to ponder what happened to them.

Georgie Anne Geyer is a nationally syndicated columnist.

The Washington Times FRIDAY, MARCH 11, 1994

Michael Barone started it. The columnist for U.S. News & World Report blamed Hillary Rodham Clinton for miscues that have mangled her husband's presidency. That broadside lifted the taboo against hammering the first lady and gave the Washington press pack an excuse to pummel Mrs. Clinton.

Call it the Nancy Kerrigan Syndrome. Americans cannot revere any public figure for too long. When someone gets uppity, as Hillary Rodham Clinton did during her crusade against the medical industry, the public serves up humble pie.

The Hillary hagiography ended because reporters finally began to treat the first lady not as a cookie-baking superlawyer but as a White House official who makes important decisions about other people's lives. That is, they decided to take her seriously.

This abrupt change in tone startled the nation's news junkies. It was as if complaisant reporters had been possessed by an inexplicable urge to make a fellow who shows up at the White House with an AK-47. So now the press needs some ground rules to ensure balanced and predictable coverage of Mrs. Clinton. Here are a few recommendations.

Honor her privacy: Journalists have every right to ask about Mrs.

Serving up humble pie

Clinton's financial dealings, from her penchant for writing off the family's lingerie at tax time to her participation in complex business schemes in Arkansas. Nevertheless, news hounds should honor legitimate matters of privacy — such as her infinitely variable hairdo, her wardrobe and other girl stuff. Either that or editors also should order their charges to chronicle changes in the president's physique and accoutrements.

Use her middle name: The first spouse wants the press to identify her with the seven-syllable sobriquet Hillary Rodham Clinton, which is one beat shorter than "John Jacob Jingleheimer Schmidt." If journalists can call "Mr. T" by his chosen moniker, they surely can honor the first lady's request.

Respect her intelligence: Friends of Hillary routinely put up the Hayseed Defense. They explain that the Clintons may have sinned, but only because they come from a swampy backwater where people have just gotten wind of the Ten Commandments and have not yet developed the skills required to eat with uten-

sils or fill out White House ethics forms.

These same friends boast that the Clintons possess the highest His 'n' Hers IQ in presidential history, and they talk admiringly of the way in which the first couple has mastered the subtleties of Washington life — making the right friends, backing the right issues and attending the right New Year's retreats. People this smart and smooth do not make persuasive Hicks.

Understand her role: Hillary Rodham Clinton serves as a full-time official in the Clinton administration. When she rejected the traditional notion of first lady as first grandmother, she did an honorable, historic thing. But her unprecedented duties impose new burdens — scrutiny and accountability.

For example, she has an obligation to obey conflict-of-interest statutes, at least if existing legal opinions have any force. It's therefore legitimate to ask whether her participation in a hedge fund known as Valuepartners I violated criminal conflict-of-interest laws — and if so, what the Justice Department will do about it.

Use a grain of salt: In what one observer dubbed the "My Wife is Not a Crook" speech, President Clinton recently defended Mrs. Clinton by saying, "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."

The press devoured this morsel of political drama, and papers described the soliloquy as a husband's stirring defense of his wife. Few noted that Mr. Clinton's act of chivalry also shoved his spouse directly into the path of the White-watergate express.

Get out of the tank: An astonishing number of reporters have confessed that they have rooted for the first lady's success. Some even dismiss Mrs. Clinton's critics as troglodytes who fear strong women. This kind of cheering makes reporters look bad and can't do much for Hillary Rodham Clinton either.

The best way to cover the first lady is in little baby steps — story by story, as far as the facts permit, without ignoring the icky stuff. If revelations rankle the Wife of Bill and her friends, tough. She chose her path and picked her fights. Now she must pay the price the public exacts from everyone who wants to play in the big leagues.

Tony Snow is a Washington-based editorial page columnist for the Detroit News and is nationally syndicated.

R. EMMETT TYRRELL JR.

President Clinton would have us think that there is nothing unusual about his present predicament other than the unusual zealotry of his critics in the press and in the Republican Party.

Well, what other president has been in such a mess so early in his administration? Was George Washington ever in such a pickle, or Abraham Lincoln? OK, they never had to contend with the fierce Republicans. So, how about Woodrow Wilson or Franklin Roosevelt? All right, they were among the giants. Let us be reasonable and compare President Clinton to presidents more likely to share his place in history; how about Millard Fillmore or Franklin Pierce or Richard Milhous Nixon? Perhaps Fillmore and Pierce were just lucky. Perhaps they were smoother than Mr. Clinton. As for Mr. Nixon, it took him six years to come a cropper, and I am not sure Watergate involved as wide a range of irregularities as Whitewatergate.

The Clinton presidency is increasingly comparable to that of only one other American president, Warren Gamaliel Harding — though Mrs. Harding was as clean as a whistle, save for the rumor that she killed her roguish husband. Actually, I am not even clear that Harding's scandals were comparable to those now binding the Clintons hand and foot. A couple of Warren's pals attempted to make off with a little boodle and the oil at Teapot Dome

Pattern of ethical lapses

and Elk's Hill. Warren's response was to take a train to San Francisco and die. The Clintons' scandals embrace ill-gotten gains, bank fraud, campaign fraud, a mysterious death, conflict of interest, and obstruction of justice. Doubtless I have left something out, but I hope our president will be making no trips to San Francisco in the near future.

Lies and deceptions surely should be included among the Clintons' scandals. Consider the other day when Mr. Clinton told reporters "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 "it" that he "didn't think much about" was the decision of the Resolution Trust Corp. to mention Mr. and Mrs. Clinton in a criminal referral to the Justice Department. Aside from Chelsea Clinton, is there anyone in the country who believes Bill Clinton did not "think much about" a criminal referral from an independent government regulatory agency that included his name and his wife's?

President Clinton insists, among other dubieties, that he has done nothing wrong, broken no regulations, and that his new White House Counsel Lloyd Cutler will establish even stronger guidelines restraining

the Clintons' eager subalterns from making controversial contacts with agencies outside the White House. The venerable Mr. Cutler is going to have his hands full, for the Clintons have displayed a pattern of ethical obtuseness that suggests that only with great difficulty can they distinguish right from wrong.

Bernard Nussbaum was forced out as White House counsel for having improper contacts with the RTC regarding its investigations of the Clintons' business partners in the Whitewater development. At those controversial meetings, Mr. Nussbaum just managed to bring along the first lady's chief of staff, Margaret Williams. He also had her with him when he entered the office of Vince Foster and departed with the deceased's private papers. Again, aside from Chelsea, does anyone really believe that the simultaneous appearance of these two aides to the Clintons was accidental? Or is it not more likely that the Clintons — or one of the Clintons — asked these trusted aides to poke into matters that should have been out of bounds for the White House?

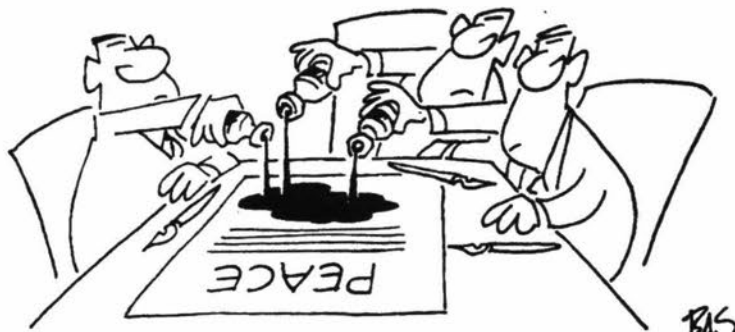
Clearly, it is unethical for the White House to be involved in the litigation of criminal matters. Both Clintons are lawyers. Did they not

know this, or did they not care?

Moreover, we know there have been other times when the Clintons intruded into areas that would be deemed off-limits by principled or merely prudent public figures. It is clear from the White House's own 80-page report on Travelgate that — contrary to the White House's early protestations — Hillary Clinton was deeply involved in that unsavory endeavor. As the Los Angeles Times reported on July 3, 1993, the 80-page report "reveals a surprising level of interest in the matter by Hillary Clinton," and the Times goes on to note that Mrs. Clinton had the ill-fated associate White House counsel, Vincent Foster, snooping around the travel office months before. Then there is the spectacle of Mr. Clinton dialing an Arkansas state trooper to find out what was being said by other troopers about the president's sex life. That too was reported in the Los Angeles Times and in the American Spectator.

Given this pattern of moral obtuseness, I do not expect Lloyd Cutler to have any more success at cleaning up the White House than did David Gergen. Over the next few months, this White House is going to appear ever more unusual. Harding is redeemed!

R. Emmett Tyrrell is editor-in-chief of the American Spectator.



INKING THE BOSNIAN ACCORD

PAUL CRAIG ROBERTS

Cover-up ramifications

Hillary Rodham Clinton may enter the record books as the first co-president to be indicted.

Under U.S. law, a subpoena does not have to be in effect, or legal proceedings pending, in order for documents to be a federal crime. It is obstruction of justice to conceal, alter, or destroy evidence in anticipation of possible proceedings.

This ruling, upheld by numerous federal courts, was specifically strengthened with legislation in 1989 with regard to S&L cases. The FIRREA act specifies that investigations by the Resolution Trust Corp. are considered "pending proceedings" under the obstruction of justice statute.

The RTC's investigation of Madison S&L with its Whitewater and Rose Law Firm connections dates back to the Bush administration. The case was first referred for criminal investigation in the fall of 1992. According to newspaper reports and grand jury testimony by Rose Law Firm employees, a vast quantity of documents has been shredded since March 1992, when the New York Times first reported the Clintons' connection to the Whitewater scandal.

Rose Law Firm employees say Hillary herself ordered them to shred documents during the 1992 presidential campaign when Whitewater became an issue. They admit to shredding records belonging to Hillary and to her three partners that she placed in the Clinton administration: Associate Attorney General Webster Hubbell, Associate White House Counsel William Kennedy, and Deputy White House Counsel Vincent Foster, whose mysterious death last year is being re-examined by a special prosecutor.

Two Rose Law Firm employees, Jeremy Hedges and Clayton Lindsey, have said they shredded, on instructions from the firm, records from the files of Vincent Foster after the special prosecutor announced he was reopening the investigation of Mr. Foster's death.

If these statements are true, we are faced with a reckless conspiracy to obstruct justice that goes far beyond anything President Nixon attempted in the Watergate

coverup.

Obstruction of justice charges may also pertain to the privileged information that Treasury and RTC officials gave the White House on the pending indictment of Whitewater-tainted Madison S&L. This shocking misdeed may have stimulated more document shredding. It promptly led to the forced resignation of White House Counsel Bernard Nussbaum and to the subpoena of 10 Clinton officials to appear before a Washington grand jury. The special prosecutor has also ordered the White House not to destroy any remaining records.

Obviously, so much impropriety cannot be associated with a legitimate business loss. If the Whitewater files were as innocuous as Mr. Clinton claims, he would release them, not preside over a dangerous cover-up.

The cover-up has expanded beyond the Whitewater documents to include the police report on Vincent Foster's death and his purported suicide note. The Justice Department has reneged on its promises to release copies of both. Apparently, there is something not right about Mr. Foster's death that has to be kept from the public.

Clinton partisans are whistling in the dark when they pretend that Whitewatergate is nothing but the appearance of impropriety created by dumb White House aides' mis-handling of the issue. The attempt to frame the issue as one of replacing "dumb" lawyer Bernie Nussbaum with "savvy" lawyer Lloyd Cutler is just part of the cover-up.

The problem is the Whitewater records, not the White House lawyer. The concerted efforts to keep these documents from the light of day are an indication of the serious implications the Whitewater scandal has for the political viability of the first couple, not of the dumbness of Mr. Clinton's inner circle.

Mr. Clinton's top appointees at Justice, Treasury and the White House, and Hillary's former partners in the Rose Law Firm are not all judgment-impaired. They are doing what they have to do in order to shield the Clintons and their political agenda from Whitewater's radioactive fallout.

Paul Craig Roberts, a distinguished fellow of the Cato Institute and a former assistant secretary of the U.S. Treasury, is a columnist for The Washington Times and is nationally syndicated.

Clinton administration officials are busily congratulating themselves for orchestrating a political settlement between Bosnia's warring Muslim and Croat factions.

The rest of us should hold our applause. Instead of bringing lasting peace to Bosnia, the accord creates new conditions for instability and conflict that could go on for decades.

Washington's ultimate objective is to establish a Bosnian Muslim-Croat state in a loose confederation with Croatia. Some officials even indulge in the fantasy that the Bosnian Serbs can be enticed or coerced into joining that new political entity. Americans have reason to be concerned about such diplomatic machinations, since the administration has repeatedly indicated that the United States will provide troops to help enforce a Bosnian peace agreement.

The U.S. strategy is dubious for several reasons. Resuscitating the Muslim-Croat alliance against the Serbs recreates the conditions that caused the Bosnian civil war. Indeed, administration policy-makers concede that the purpose of the confederation plan is to isolate the Serbs and force them to make concessions.

The principal Serb concession would be to relinquish enough land to give the new Muslim-Croat state control of at least 51 percent of Bosnia's current territory. At the moment, Serb forces control approximately 70 percent. The standard U.S. propaganda line—echoed by most of the American press—cites the 70 percent figure as evidence of the extent of Serb "aggression." Those who make that assertion act as though no Serbs lived in Bosnia before the war—as though they dropped in from some other planet and seized 70 percent of the land. The reality is quite different. Although Serbs constituted only 33 percent of Bosnia's prewar population, they were a largely rural people. Consequently, some 60 percent of Bosnian territory was inhabited by Serbs before the first shot was fired in the civil war.

Washington is demanding that the Serbs accept a settlement that would give them less land than they had at the start of the conflict, despite their victories on the battlefield. Even if the threat of NATO military intervention intimidated the Serbs into making such a humiliating capitulation, it would be a dubious accomplishment for American diplomacy. The boundary between the new Muslim-Croat federation and a Bosnian Serb state (whether or not officially recognized by the international community) would become one of the world's perennial flashpoints. Serbs would nurse grievances about the territories "stolen" by the Croats and Muslims—with the aid of the United States—and exploit every opportunity to undermine the settlement. Such conditions hardly create the foundation for an enduring peace.

In addition, the proposed Bosnian Muslim-Croat state is a congenitally unstable political monstrosity. It is replete with arrangements (such as a presidency that will rotate annually between Muslim and Croat politicians) that are reminiscent of the awkward balancing measures that Lebanon used in a vain effort to preserve peace

Dubious 'solution' for Bosnia

between its Christian and Muslim factions. The collapse of the Lebanese state into a bloody civil war in the mid-1970s offers little reason for optimism that such a strategy will work any better in this case.

Washington appears to harbor the illusion that the Muslims and Croats, because they initially cooperated against the Serbs, have basically compatible objectives. They do not. Both groups supported Bosnia's secession from an increasingly Serb-dominated Yugoslavia, but they did so for very different reasons. The Muslims, as the most numerous faction in Bosnia, wanted an independent state in which they would be dominant. The Croats, as the least numerous group, had little enthusiasm for that outcome. They regarded Bosnia's independence as merely an interim step leading to a merger of the predominantly Croat portion of the country with Croatia.

Two factions with such incompatible goals are unlikely to coexist for long in the same country. If the Muslims seek to exercise their power as the majority, the Croats will want out of the arrangement. Moreover, they will probably ask Croatia for protection, a move that is made easier by the loose, ill-defined "confederation" with that country that Washington contemplates for the Bosnian state. One could scarcely imagine a more effective blueprint for mischief, instability and conflict.

It would be folly for the United States to send troops to enforce such an inherently unstable accord. Even if the Serbs can be coerced into signing on to this agreement, the duration of the settlement is likely to be measured in months, not years. Members of an outside peacekeeping force would inevitably become targets for discontented factions.

Washington's pernicious meddling threatens to make a bad situation in Bosnia even worse. The entire strategy is an example of elitist arrogance—the belief that U.S. officials can formulate The Perfect Plan to solve the many complicated problems of a region that Americans comprehend dimly, if at all. The administration's would-be architects of peace should let Bosnia's feuding factions work out their own destiny, however long it takes. Only a settlement forged by the parties to the conflict—an agreement that reflects battlefield realities and the balance of political and military forces—has any chance of achieving a viable, lasting peace.

Ted Galen Carpenter is director of foreign policy studies at the Cato Institute and the author of "A Search for Enemies: America's Alliances After the Cold War."

Pruden on Politics

By Wesley Pruden



What a difference a subpoena makes

Bill Clinton's lower lip is failing him.

It's always worked before, even in Arkansas, where they usually know better than to fall for the kind of trick a little boy learns early to play on his mommy.

In two press conferences over two days, called to put the Whitewater questions finally to rest, to rest, to rest, to rest, to rest, the president offered his usual denial of naughtiness, and clamped down on the lower lip for emphasis.

As any number of ladies past might say, how could you resist?

This time a lot of people did, and the polls are even beginning to reflect a little of the skepticism that suddenly exploded inside the Beltway this week. A fortnight ago nobody was interested in Whitewater; the television entertainment-news folk were dreaming of videos of Tonya Harding topless in Sunday school, editors at The Washington Post mooned over the prospect of a seven-part series (by Walter Pincus) on the Iran-Contra scandal.

This morning to say the word "Whitewater" out loud is enough to get you invited to seven TV talk shows.

Says Democratic pollster Alan Secrest: "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." The Democrats taunted Sen. Al D'Amato for enjoying himself too much with Watergate comparisons, but when the White House 6 stepped out of their cars at the courthouse yesterday it was 1973 all over again. Suddenly everyone was young again.

Competition for a piece of the story is suddenly so fierce that rumor, supposition and innuendo are retailed as fact. The financial markets took a hit yesterday on the rumor, published by a financial newsletter and picked up by talkmeister Rush Limbaugh, that investigators have established that Vince Foster died in a suburban Virginia apartment before the body was taken by persons unknown to Fort Marcy Park, where it was found by authorities.

This is the rumor, in several variations, that has

been talked about in Washington for days, but so far no one has established that it is more than rumor. (Newsletter editors hyperventilate easily. David Keene's political newsletter, posing as inside stuff,



Al D'Amato

"reports" that The Washington Times obtained its story about shredding at the Rose Law Firm from a reporter at the New York Times, whose editor had spiked it. Mr. Keene's clients must hope that he knows more about how politics works than he does about how newspapers and Washington work, which is not much.)

The Clintons and their remaining true pals in the media are attempting a weird double spin, something like Tonya Harding's triple axel. Spin No. 1 is that, well, the story wasn't important when it was about complicated stuff that happened years ago in Arkansas, and became important only when it moved to Washington. Spin No. 2 is that if only the Clintons open up everyone will see that there's nothing to any of this.

Al Hunt of the Wall Street Journal, for whom Bill and Hillary have been the great loves of a hungry life, thinks he's finally got a handle on it: "The First Lady has to have a Geraldine Ferraro-type news conference, to be candid, to be forthright, not to come at it with a chip on her shoulder."

But what happened in Arkansas is important, because if nothing important happened in Arkansas there was nothing to cover up. And maybe Bill and Hillary really are as smart as their fans in the press have been saying — they know what was in all those shredded documents and maybe they know exactly why a cover-up makes more sense than disclosure.

Miss Hillary, after all, worked on the House committee that considered the impeachment of Richard Nixon, and she learned well the lesson that if Mr. Nixon had had the smarts to burn the tapes he might now be measured for Mount Rushmore. By shredding, and by not submitting to questioning by the press, maybe she's demonstrating just how smart she really is.

Getting treated like everyone else is a new experience for Bill Clinton, who has been coddled all his life — indulged by a succession of solicitous women, babied by an inattentive draft board, packaged by a cynical political establishment in Arkansas, protected by Lady Luck from ever having had to get a job, and lionized by reporters and pundits because he reminded them of themselves.

But that was then, and this is now. Welcome to real life, Mr. President.

It will be next week before deputy Treasury Secretary Roger C. Altman testifies before a grand jury investigating the tangled Whitewater affair. He was to have appeared yesterday, but was given a little extra time to prepare with his lawyer. And he may want to prepare long and hard: He is in imminent danger of becoming the first prosecutorial victim of Whitewatergate. Not, of course for his attendance at meetings with White House officials, at which the Resolution Trust Corp.'s criminal referral involving the first couple was discussed. The very fact these meetings took place is problematic, and may indeed run afoul of federal regulations, but that is not Mr. Altman's biggest worry. The deputy secretary made extensive remarks about his contact with the White House in testimony before the Senate banking committee. It seems these statements may not jibe with what is now known about those contacts.

In the hearings Mr. Altman offered that he had initiated a meeting with White House counsel Bernard Nussbaum, a meeting at which he told Mr. Nussbaum of the RTC's Whitewater criminal referral. Mr. Altman was cautious, however, in the way he described these events, repeatedly saying that the meeting with Mr. Nussbaum was his only "substantive" or "meaningful" contact with White House officials. After using the waffle-word "substantive" several times, senators realized there might have been other meetings that the deputy secretary was attempting to gloss over. Sen. Pete Domenici went to the point and asked Mr. Altman outright if there had been other meetings: Mr. Altman: "Yeah, one substantive contact."

Mr. Domenici: "Please?"

Mr. Altman: "One substantive or meaningful contact."

Mr. Domenici: "Yeah. Well, I assume — we're not arguing there that you had — you're not suggesting you had more than one, are you?"

Mr. Altman: "No. I'm just saying that if you — you know, you run into someone in the hall — did you see that thing in the paper this morning? — I'm not including that."

So, Mr. Altman had only one meeting at which he discussed Whitewater with the White House. This

was his testimony to Congress, though he did leave himself some wiggle room by saying he might have had an off-hand remark here or there in a hallway. But yesterday, the New York Times reported that at least two other contacts took place between Mr. Altman and White House officials at which the RTC's Whitewater actions were discussed. If this turns out to be the case, Mr. Altman better be prepared to show that they took place in a hallway. If these additional contacts took place in someone's office, or were conducted over the telephone, then Mr. Altman's portrayal of them was clearly in error. Moreover, in one of these contacts, according to the Times, Mr. Altman discussed the possibility of recusing himself from the RTC investigation. That hardly seems as casual as running into someone and chatting about what's in the paper.

Interestingly, Mr. Altman was at pains to appear to be scrupulous in keeping Congress informed. On March 2, Mr. Altman wrote to Banking Committee Chairman Donald Riegle "to amend the record," saying that he had heard that day (March 2) that other Treasury officials had met with White House personnel on at least two occasions not mentioned in his earlier testimony. On March 3, Mr. Altman again wrote Mr. Riegle, this time "to expand the record," saying that he gave the White House no confidential information, and also to say that his in-house ethics officer had given a green light to the Treasury general counsel before the meeting. (Republicans, by the way, were not made aware of these two letters at the time, either by Mr. Altman or Mr. Riegle.)

So, two subsequent attempts to amend and expand the record — and still no mention of the "contacts" the New York Times reported yesterday, including a discussion of the far from trivial matter of whether or not to recuse himself.

It looks like Mr. Altman owed Mr. Riegle at least one more letter. As things stand, and especially given his apparently ongoing unwillingness to offer a full and complete accounting of his contacts while at the same time trying to create the appearance that he had given exactly such an accounting, Mr. Altman had better be preparing a defense against potential criminal charges of lying to or misleading Congress.

Whitewater and the ethics boomerang

"We have no conclusive evidence of wrongdoing, but the seriousness of the allegations, and the weight of circumstantial information, compel an effort to establish the facts."

— House Speaker Thomas Foley (with Senate Majority Leader George Mitchell) in a 1991 statement on the need for congressional hearings to determine whether Reagan campaign officials sought to delay the release of U.S. hostages in Iran.

"There is no evidence of any kind of wrongdoing in this matter. None."

— Mr. Foley this week, explaining why there is no need for congressional Whitewater hearings.

These are hard times for Democrats. Having reveled in the attacks on former Attorney General Ed Meese for the "appearance of impropriety," they now find their highest elected official in the dock for "appearances" and worse. The ethics boomerang they hurled at the likes of Raymond Donovan, Ted Olson, Ed Meese, Robert Bork, John Tower and Clarence Thomas during the 1980s has come full circle.

A special counsel in Little Rock with a hand-picked staff of legal professionals has carte blanche to rummage through every waste basket in Arkansas — if that's what it takes to get a handle on Mr. Clinton's land deals, campaign loans and tax returns. The liberal media, never eager to be beaten to a story by this newspaper or The American Spectator, now smell blood in the water. Republicans are in full cry, and Democrats are reportedly increasingly worried about the political consequences of a whitewash.

The president complained bitterly the other day about Republicans' playing "the politics of personal destruction." But it was Mr. Clinton who, Gary Hart-like, invited scrutiny of administration ethics by smugly promising change from Reagan-Bush era "sleaze." And it was Democrats who confidently hurled that ugly boomerang at the likes of:

■ Raymond Donovan. Secretary of Labor during the Reagan administration, he had to endure not just Senate Labor Committee investigations driven by that paragon of virtue Edward Kennedy, but three reports from a special prosecutor and indictments from an ambitious Democratic district attorney over everything from larceny to alleged links to organized crime. He was never convicted of anything, but the damage was done. "Which office do I go to to get my reputation back?" he wondered.

■ Edwin Meese. A special counsel investigated the attorney general nominee in 1984 on charges ranging from questionable financial dealings to cufflinks he received from the South Korean government. His report ultimately found no evidence to warrant criminal prosecution. Still another special counsel investigated him in connection with the Wedtech scandal, which involved bribery of government officials to get government contracts, and other issues. He found no illegal behavior.

(Interestingly, one of those other issues was the question of whether Mr. Meese had made certain decisions affecting the telephone industry while owning telephone stock. Mrs. Clinton, keep in mind, attacked health-care companies even while investing money in a firm that "shorts" health-care stocks, that is, bets the share prices will fall. Will she have to meet the Meese standard?)

■ Oliver North and John Poindexter. The two men endured countless administration, congressional and special counsel investigations in connection with accusations that they had violated the so-called Boland amendments by diverting funds from Iranian arms sales to the Nicaraguan contras. Despite Independent Counsel Lawrence Walsh's own warnings that offering them immunity during congressional testimony threatened criminal proceedings against them, he proceeded anyway, wasting millions of dollars in a vain attempt to win convictions.

For all the Democratic complaints about having both congressional hearings and a counsel probe going at the same time now, they were more selective in their indignation in the case of former Reagan aide Michael Deaver. Rep. John Dingell demanded that Mr. Deaver testify before a House panel about possible violation of conflict-of-interest rules. He then sent the testimony over to the special counsel's office, which used it to indict Mr. Deaver on perjury charges.

This little summary should suggest two things at least to the Clintons. First, one question typically leads to 10 more. The investigation into Mr. North's alleged fraud and conspiracy turned into a trial about whether he did things like accept a home security fence. Second, some partisans will undoubtedly commit politics by trying to use the investigation to hamstring the president's agenda, just as they did to Mr. Reagan.

But Mr. Clinton should also remember this: Republicans didn't come up with the rules to this game. Democrats did. And now he is going to have to play by them too.

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White House Aides Testify Before Grand Jury About Whitewater (Washn)

By Paul Richter and John M. Broder= (c) 1994, Los Angeles Times=

WASHINGTON Clinton administration lawyers delivered 1,000 pages of documents on the Whitewater case to a federal grand jury Thursday, as three of six White House aides subpoenaed by the panel appeared at a federal courthouse to discuss controversial contacts between the White House and federal regulators.

The mounting distractions of Whitewater were apparent elsewhere in the capital as well. Secretary of Treasury Lloyd Bentsen told Congress of Treasury's effort to comply with the Whitewater counsel's demands, and President Clinton, speaking on crime in New York, lashed out at politicians and reporters who "twist (words) like taffy, to the Nth degree."

In Little Rock, meanwhile, auditors from the Resolution Trust Corp. have begun examining more than \$1 million in billings to the agency by the Rose Law Firm over the past four years.

The probe was prompted by reports that Rose itself was trying to determine whether former partner Webster L. Hubbell, a long-time Clinton friend and now Justice Department's number-three official, had overbilled the RTC for work done by the firm.

Special counsel Robert B. Fiske subpoenaed six White House aides and four current or former Treasury officials in search of evidence that contacts between them might have intruded improperly on the RTC's investigation of the Whitewater affair.

Both Fiske and the agency are looking into allegations that Clinton may have benefited improperly from his association with James B. McDougal, owner of the failed Madison Guaranty Savings & Loan and partner with the Clintons in the Whitewater Development Corp. The company was established to develop a resort community in the Ozarks.

Also under investigation is the role played by Hillary Clinton and the Rose Law Firm, in which she was a partner, in representing Whitewater and Madison Guaranty.

Maggie Williams, Hillary Clinton's chief of staff; Lisa Caputo, her spokeswoman; and Mark D. Gearan, the White House communications director, all braved a gantlet of photographers and reporters as they headed for a third-floor grand jury room in Washington's federal courthouse. After two and a half hours of testimony, Williams said she was "really encouraged to be participating in something where the finding of fact is important, as opposed to innuendo and rumor-mongering and gossip and sensationalism."

Nearby, a gaggle of protesters, who said they represented conservative groups, held signs that read "Fess Up," and "It's Ethics, Stupid" and other slogans.

Although Gearan showed up at the courthouse, it was unclear whether he was called to testify.

Joel Klein, the White House counsel responsible for overseeing White House compliance with Fiske's subpoenas, appeared at the federal courthouse, carrying an attache case with memos, phone logs, letters, and other documents related to the aides' contacts. Four hundred White House employees had been contacted to look for germane documents, and 30 to 40 of them had provided documents that were in turn passed on.

At issue in the controversy surrounding the meetings is whether White House officials tried to interfere with the investigation by regulators or whether the Clintons benefited from knowledge about the probe.

An RTC official said that the Little Rock audit would attempt to determine whether the bills from the Rose Law Firm were justified and the requested work was done. The examination by a team of three auditors is expected to last several weeks, officials said.

(Begin optional trim)

The RTC audit brings more unwelcome scrutiny for the Rose firm, which already is under investigation by the special counsel's office for its possible involvement in the Whitewater case, for perhaps having destroyed evidence and for the events relating to the July 1993 death by apparent suicide of former Rose partner Vincent W. Foster Jr. At the time of his death, Foster was deputy White House counsel.

Ronald M. Clark, managing partner of the law firm, did not return repeated telephone calls seeking comment on the RTC audit.

In the late 1980s, Hubbell had solicited work for Rose from the RTC, which handles the assets of failed savings and loans. The Rose firm was retained in 1990 by the RTC to sue the accountants of the failed Madison Guaranty Savings & Loan, whom the RTC accused of misrepresenting the financial condition of the thrift.

Madison was owned by McDougal, the Arkansas businessman with whom the Clintons invested in the Whitewater Development Corp.

(End optional trim)

Clinton's comments came in a seminar, as he talked about how the public debate over national affairs too often involves distortions.

"I don't know how many people I've had older members of Congress tell me in the last week how much meaner and more partisan and negative the national arena is," Clinton said.

On Capitol Hill Thursday, Democrats went on the attack after a week of reacting defensively to mounting Republican demands for a congressional investigation of the Whitewater affair.

Several Democrats including two mentioned as likely candidates to succeed retiring Sen. George J. Mitchell as majority leader next year took to the Senate floor to defend the Clintons and attack the Republicans for what they said was a politically motivated attempt to paralyze the presidency.

"The motives of our Republican colleagues cannot be more clear. ... It's hard for them to find something to complain about when it comes to the economy or our efforts to reduce the deficit" so they are seizing on Whitewater "and trying to create the appearance of wrongdoing" to use as a political issue, said Sen. Tom Daschle, D-S.D.

Rallying around Hillary Clinton, the Democrats also chastised the Republicans for alleging that the first lady may have been guilty of wrongdoing in the Whitewater affair.

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WASHINGTON Republican strategists, already savoring the discomfort inflicted on President Clinton by the burgeoning Whitewater controversy, now to reap a political bonanza.

With polls showing Whitewater hurting both the president and the first lady, some GOP officials said that the impact could extend to Democrats running in next November's congressional races and inflict long-term damage on the Democratic party.

Rep. Bill Paxon, R-N.Y., chairman of the GOP Congressional Campaign Committee, said Thursday that Clinton is becoming "a serious liability" to Democratic candidates. A year ago they would have sought his support, he said, but "a majority of them now probably will distance themselves from him."

If Republicans register gains in Congress and Clinton is further weakened, the result could be a major setback in the Democrats' efforts to regain their old dominance of national politics. And the GOP has developed a two-part strategy to pursue that goal.

Republicans in Congress are keeping up attacks that have already led to the appointment of a special Whitewater counsel, the firing of White House lawyer Bernard Nussbaum and heavy pressure for full-blown congressional hearings.

At the same time, GOP Chairman Haley Barbour, in Denver attending a national meeting of state Republican chairmen, said that the party's strategy outside Washington is to leave Whitewater to the press. Almost daily reports of document shredding, improper White House meetings and other alleged conduct have kept the White House on the defensive and the issue at a boil. "The Democrats have this fraudulent defense that it's all being stirred up by the Republicans," Barbour said. "When the Washington Post, L.A. Times and New York Times dig all this stuff up, they can't say it's Republicans doing it."

Republicans have been attacking Clinton on the Whitewater issue for several months and Barbour, in an interview with Denver Post editors Wednesday, declared that, while he doesn't know what the Clintons did, "they are doing the best job of looking guilty I've ever seen."

On the other hand, Democrats in Congress had launched similar steady attacks on Republican presidents in the past. Democrats dogged President Bush in the controversy over diversion of U.S. aid that helped arm Iraq in the years before the 1991 Persian Gulf war. They also attacked President Reagan over the Iran-Contra scandal, which involved sale of U.S. arms to Iran in exchange for the release of American hostages, with proceeds from those sales going to finance Contra rebels in Nicaragua.

In each case the Democratic majority in Congress conducted sweeping hearings a step that it is now resisting on Whitewater.

Some GOP officials attending the Denver meeting, apparently unaware of Barbour's strategy of leaving Whitewater to the press, were outspoken in saying that the controversy would hurt the Democrats.

California Republican Chairman Tirso del Junco called Whitewater "more serious than Watergate" and Jeanie Austin, who jointly chairs the Republican National Committee, called it "definitely a negative for Democrats."

Barbour said that he has refused to go on television to discuss the issue and "abet my adversaries' defense." Democrats, he said, tried to get him to appear on television with Democratic Chairman David Wilhelm "but I've turned them down. It would make it look political."

(Optional Add End)

Wilhelm said, "They're taking a huge political risk that will backfire once the smoke clears and the facts come out. Republicans will be left with nothing to say of any relevance to middle-income families."

But Rep. Jim Leach, R-Iowa, who has led the attack in the House, insisted that, while he expects hearings into Whitewater eventually to produce "a blockbuster," he believes that any remedies for wrongdoing will be civil rather than criminal.

Senate Minority Leader George J. Mitchell, D-Maine, has dismissed the idea of congressional hearings as "a political circus" and said: "All they want to do is to throw up a lot of dust and embarrass the president." And several Democratic senators, including John D. "Jay" Rockefeller IV of West Virginia and Tom Daschle of South Dakota, rose to Clinton's defense on the Senate floor Tuesday.

Sen. Phil Gramm, R-Texas, chairman of the Republican Senatorial Campaign Committee, said whether Whitewater remains an issue in the future will "depend mostly on what the president does now, and to a secondary extent what he did in the past."

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(ATTN: National editors) (Includes optional trims)

Papers Found in Foster's Office McDougal's Property (Arkadelphia)

John M. Broder= (c) 1994, Los Angeles Times=

ARKADELPHIA, Ark. The Whitewater papers found in the White House office of the late Vincent W. Foster Jr. were legally the property of James B. McDougal, President Clinton's former business partner, and were not intended to be in Foster's possession at the time of his death, according to several sources involved in the matter.

The current Whitewater controversy erupted in December with the discovery that a White House official had found the papers in Foster's office shortly after his apparent suicide in July and had transferred them quietly to the Clintons' private attorney.

The new details, provided by McDougal in an interview at the home of a friend here and by sources who did not want to be identified, provide insight into the episode.

Under terms of a December 1992 contract by which Clinton and his wife, Hillary Rodham Clinton, sold their interest in the Whitewater Development Corp. to McDougal, Foster was to have prepared the land company's delinquent taxes and promptly return all Whitewater-related documents to McDougal.

But Foster was swamped with his duties as deputy White House counsel and feeling pressure because of failed White House nominations and the botched firing of five aides in the White House travel office. He delayed preparing tax returns for six months and the papers still sat in his office at the time of his apparent suicide.

"Vince had them because he had been working on the taxes and then he killed himself before returning them," said a senior White House official involved in handling the Whitewater case. "Instead of McDougal having them, we had them, and the rest is history."

The papers, which McDougal said are a much more complete record of Whitewater's finances than the Clinton representatives have acknowledged, were found in Foster's office within hours of his death last July 20.

White House counsel Bernard W. Nissbaum, who announced his resignation last weekend amid continuing Whitewater revelations, quietly removed them from Foster's office and sent them to David Kendall, the Clintons' private attorney. Kendall declined to comment.

The Clintons initially refused to release the papers to the Justice Department, which was investigating the failure of a savings and loan owned by McDougal. They yielded only after Kendall negotiated the terms of a Justice Department subpoena that covered a wide range of Clinton papers.

But questions about the Clintons' handling of the matter persisted for weeks, finally forcing them reluctantly to approve the appointment of a special counsel to investigate the Whitewater case. Robert B. Fiske Jr., a Republican from New York, subsequently was named to the post.

(Optional add end)

In an interview this week, McDougal said that when the Clintons' sold their interest in the Whitewater real estate project to him in December 1992 for \$1,000 the contract called for the tax returns to be prepared by Foster, a longtime friend of the Clintons and, like Mrs. Clinton, a former partner in the prestigious Rose Law Firm in Little Rock, Ark.

The contract gave Foster 90 days to complete the task. Afterward, he was to return all the underlying documentation to McDougal or to his Little Rock attorney, Sam Heuer.

McDougal said that Foster was working from the only complete set of Whitewater financial documents, including the general ledger, deeds and contracts, records of all land transactions, canceled checks and previous tax returns.

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Parties butt heads over inquiry

GOP senators insist Whitewater hearings start as soon as May

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — Senate Republicans said Thursday that congressional hearings into the Whitewater Development Corp. affair could begin in May or June without endangering the investigation by Robert Fiske Jr., special counsel.

But Senate Democrats remained adamantly opposed to holding hearings for fear of interfering with Fiske's independent criminal inquiry.

"By refusing to hold a hearing, the Democrats are building a stone wall around Whitewater," Sen. Al D'Amato, R-N.Y., said.

The continued debate over Whitewater came as 81 House Republicans called for a separate investigation into other business dealings by Hillary Rodham Clinton, the first lady.

The House members asked the Office of Government Ethics to look into her investment in ValuePartners I, an investment fund managed by a Little Rock firm.

GOP members said the fund made health-care stock transactions last year when Hillary Clinton was overseeing President Clinton's health-care task force. White House officials have said Hillary Clinton had

no control over the investments, which were placed into a blind trust in July.

The Republican request is the latest in a series of congressional questions focusing on Hillary Clinton's business dealings, including her role in Whitewater.

The president and first lady once were partners with James and Susan McDougal in Whitewater, a 230-acre Marion County real estate development along the White River. James McDougal also owned Madison Guaranty Savings & Loan Association, 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 targets of Fiske's investigation, based in Little Rock.

While White House aides testified Thursday before a grand jury in Washington at Fiske's request, Congress continued to debate whether to conduct its own inquiry into Whitewater.

Fiske has opposed any sweeping congressional hearings into Whitewater out of concern they would jeopardize his work.

Republicans disagreed with Fiske. But they told him they

would delay any congressional hearings to allow him enough time to interview key witnesses first.

"Certainly by June 1, we could undertake these reviews in an appropriate manner," D'Amato said.

Sen. William Cohen, R-Maine, said he thought congressional hearings could begin by mid-May or June 1.

"If there are no hearings, we will probably not get straight answers," Sen. Christopher Bond, R-Mo., added.

Bond's appearance on the Senate floor started a series of confrontations between Republicans and Democrats over Whitewater.

Sen. David Pryor, D-Ark., questioned Bond about the GOP's handling of Whitewater. Pryor opposes congressional hearings, which he feels would impede Fiske's investigation.

"I hope ... we will use our common sense," Pryor told Bond.

Later, D'Amato and Senate Majority Whip Wendell Ford, D-Ken., tangled over Whitewater. An irritated Ford, jabbing his finger at D'Amato, said the New York senator should "spend more time working on legislation" and less time on Whitewater.

A two-faced poll

Since Bill Clinton never pays any attention to polls — that's his story, by George, and he's sticking to it — he isn't losing any sleep over the latest one in which almost two-thirds of those surveyed believe he has done something either unethical or illegal in connection with the Whitewater Development Co. and Madison Guaranty Savings and Loan Association.

I'll bet you a dollar to a doughnut, however, that his increasingly anky White House staffers are losing plenty of sleep. People who are afraid to pass the time of day at the office for fear the word "Whitewater" will creep into the conversation can't help but be overly sensitive to public opinion.

In a new USA Today-CNN Gallup Poll, conducted by telephone on Monday and Tuesday of this week, 61 percent of those surveyed had doubts about Clinton's character as it relates to his handling of the Whitewater-Madison scandal. (Whitewater-Madison can no longer be described as a "controversy"; the issuance of grand jury subpoenas has changed its complexion considerably.)

That 61 percent comprises the 18 percent who said Clinton probably had done something illegal and the 43 percent who said he probably had done something unethical but not illegal.

Hillary fared a little better: 18 percent thought she had done something that probably was illegal and 38 percent thought she had done something that probably was unethical but not illegal.

If Clinton were the type of fellow who reads polls, he would be comforted by the fact that most of the participants like him and his wife anyway: 60 percent said that overall, they view Clinton favorably. Mrs. Clinton was viewed favorably by 60 percent.

I'm not sure what this says about the Clinton presidency, but I don't even like to think what it says about Americans. At least, those who participated in this survey.

What it says, of course, is that some folks are not offended by what they perceive to be less than honest behavior.

Almost makes you feel sorry for Richard Nixon, doesn't it?

By the way, last Friday in this space, I wrote about the Clinton administration's admission that the White House has received not one, not two, but three private briefings about ongoing federal investigations into Madison Guaranty Savings

Meredith Oakley



and Loan Association.

At that time I observed that "in view of this revelation ... there is no reason to believe that these were the only such briefings White House officials received."

Five days after that column appeared, we learned from the president himself that, indeed, there had been other contacts between the White House and Treasury Department staff about the investigations.

The revelations just keep coming. The New York Times reported Thursday that among those other contacts was one in February at which Roger C. Altman, deputy secretary of the Treasury Department, asked a senior White House official about whether he should recuse himself from the Whitewater case.

Altman has been acting head of the Resolution Trust Corp., the supposedly independent agency created to clean up the savings and loan debacle of the 1990s. The RTC has been investigating Madison Guaranty.

Keeping history honest

A regular reader phoned Thursday to ask why nobody in the media has contradicted Clinton's repeated assertions that he and his administration have dealt openly with the Whitewater-Madison scandal.

"Nobody" is a pretty broad term. I suspect that a few columnists have stated the truth: that neither Clinton nor his administration has dealt openly with issues involving Whitewater-Madison. If true, had been the case, Whitewater-Madison might still be just a controversy.

Clinton will never change. He is prone to rewriting history. Fundits don't keep him honest, but the least we can do is to keep history honest.

Where Clinton is concerned, it seems an overwhelming task.

Associate Editor Meredith Oakley's column appears every Wednesday, Friday and Sunday.

In defense of Hillary

At a time when Bill and Hillary Clinton would rather be flying around the country trying to save their floundering health care reform plan, Bill is pounding podiums and defending Hillary's integrity and Hillary is hiding in the White House.

Something that started off as a minor scandal — an investment in a picayune real estate development that they made in 1978 — has become a major burden for the Clintons and their administration.

That something, now known by the code name of Whitewatergate, is getting more ink and more time on newscasts and talk shows than all other White House initiatives combined.

The attention and much of the criticism stemming from Whitewatergate have turned toward Hillary since Jim McDougal, their partner in Whitewater Development Corp., told ABC News two weeks ago that he would stake his life on Bill Clinton's integrity but declined to do the same for Hillary. It was almost as if McDougal had pointed to Hillary and said, "Get her."

Criticism of Hillary got so bad that the National Organization for Women picketed at the White House, complaining that she was being unfairly treated by the mean old press and by the nasty old Republicans because she is a woman.

That argument was so stupid that nobody took it seriously. Hillary insisted on a position in her husband's administration that would make her a target, and she has conducted herself in ways that would make people want to shoot at her, so neither she nor anybody else should be surprised that she is drawing fire.

She didn't help herself when she canceled her public appearances, leaving as her only comment on the controversy remarks she made to *Elle* magazine in which she blamed Whitewater tribulations on a "well-financed" conspiracy to discredit her and Bill so that they can't do good things like push the health care plan to passage. She talked about "paranoid" critics in terms that indicated there is plenty of paranoia on both sides.

The Washington pundits — even Joe Klein, who is extremely friendly with the Clintons — are blaming Hillary for the White House's bunker mentality that has exacerbated the Whitewater problem. It was she, they say, who balked at releasing Whitewater files left behind by Vince Foster, a White House counsel who killed

John R. Starr



himself. It was she who argued against appointment of a special counsel, and it was she who fought the forced resignation of Bernard Nussbaum, the head of the White House legal staff, whose poor judgment got Clinton into trouble at least three times during his first year in office.

Pundits who are not gender biased are saying that Hillary has become such a liability that Clinton would dump her, along with Nussbaum, if there was any way to dump a first lady.

In defending Hillary, Clinton said she had a stronger sense of right and wrong than any other person he had met.

A year ago, I would have ranked Hillary's integrity quotient almost as high as Bill does.

I still choose to believe that she would not deliberately do anything she believed to be wrong, even though she has made mistakes that are at the least unethical and maybe illegal.

So far, she has refused to own up to those mistakes and that is what has gotten her — and her husband — into what George Bush called deep doo doo.

On the mark

In an effort to prove that the Arkansas Razorbacks played a tough non-conference schedule, Nolan Richardson points out that four of the non-conference opponents won their conference championships.

That would be Missouri (24-2) in the Big Eight Conference, Murray State (22-5) in the Ohio Valley Conference, Tulsa (21-7) in the Missouri Valley Conference and Texas Southern (16-10) in the Southwestern Athletic Conference.

"If people want to say our schedule wasn't very good, then they're also saying those conferences aren't very good," Richardson said.

Right, Nolan. With the exception of the Big Eight, that's exactly what they're saying.

John R. Starr is the former managing editor of the Arkansas Democrat-Gazette. His column appears every day.

Media envelops Whitewater court

Every exit staked out; journalists knock each other down

BY RANDY LILLESTON
Democrat-Gazette Washington Bureau

WASHINGTON — The scene Thursday at the U.S. District Court in Washington was familiar to Sen. Dave Durenberger, R-Minn., charged with making false claims on his Senate expense accounts.

This was the second go-round for Durenberger on the charges, which were dropped once, and he recognized the trappings of a big news story involving a public official. There were dozens of television cameras ringing every entrance of the courthouse; a small army of reporters patrolling the courthouse's interior and exterior; and the many photographers elbowing and shoving and knocking one another over in the quest for a picture.

But to Durenberger's probable delight, these reporters and photographers weren't there to see him. They were waiting for bigger game — senior officials of the Clinton presidential administration who were arriving to testify to a grand jury about the Whitewater Development investigation.

Durenberger's entrance into the courthouse went virtually unnoticed, and reporters largely left him alone as he entered a federal courtroom, pleaded not guilty and left again.

The press pack was occupied elsewhere — for example, with Whitewater Special Counsel Robert Fiske Jr. Fiske tried to leave the courthouse by the main entrance about 11:15 a.m. Thursday and was mobbed by a roving pack of media types. Several were bowled over as he tried to make his way to the curb to hail a cab.

"I'm not going to comment on anything except that the sun's come out," Fiske said.

It was that kind of day in District Court, as the first White House aides subpoenaed in the Whitewater affair appeared. Three aides appeared before a grand jury looking at two White House meetings with Treasury Department officials. Discussed at the meetings was a Treasury investigation into Madison Guaranty Savings and Loan, a now-failed Arkansas thrift with ties to Whitewater.

Durenberger wasn't the only political figure who made an unfortunately timed appearance Thursday at the federal court. Also on hand was Lyn Nofziger, the former presidential aide once charged with violating federal ethics laws for alleged influence-peddling after leaving the Reagan administration.

Nofziger was convicted by a trial court, but the conviction was overturned on appeal.

"I have a little civil suit going on here that just happened to be going on today," Nofziger told reporters gathered outside the courthouse. "I looked at the docket today and said, 'Cops.'"

When asked if he received any pleasure from seeing Democrats go through a familiar wringer, Nofziger replied, "Oh, certainly I do."

Margaret Williams, the first lady's chief of staff, also came out of the courthouse after her testimony and spoke to reporters, though she did not disclose any details of her testimony. Nearby were two White House communications aides, who remained the rest of the day and gave reporters advance notice that Deputy Counsel Joel Klein would arrive late in the afternoon, bearing documents covered by a Fiske subpoena.

Anti-crime focus takes Arkansans to D.C.

ish the congressional franking account that allows members of Congress free postage. The money would then be transferred to the FBI for postage in active child-abduction cases.

Under the legislation, the FBI would determine when a mailing would assist a search. It would provide up to \$15,000 per case, which Dickey said would pay for about 50,000 pieces of first-class mail.

The legislation is named for Polly Klaas, a California girl whose abduction and murder drew national attention. Dickey said the legislation has been endorsed by her parents, Mark Klaas and Eve Nichols.

"We need to provide families all the necessary tools to help find their children," Dickey said.



Rep. Jay Dickey, R-Ark., has joined with Rep. Lynn Woolsey, D-Calif., to introduce legislation that would provide free postage to help families search for abducted children. The legislation would abolish the congressional franking account that allows members of Congress free postage. The money would then be transferred to the FBI for postage in active child-abduction cases.

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A Whitewater Journal (II)

WHITewater SEA — Returning from a weekend at Camp David, the traditional burial ground for presidencies since Richard Nixon wallowed in Watergate and Jimmy Carter met with Malaise, the current president-on-the-spot welcomed a visitor to the White House — President Eduard Shevardnadze of Georgia.

Surely it was only the perfervid imagination of an inky wretch, but Bill Clinton didn't seem to have Georgia on his mind. It was as if he were thinking of something other than the tangled affairs of post-Soviet realpolitik. At one point he referred to the visiting press as Ukrainian rather than Georgian.

As for the American press, it was clearly concentrating on tangled affairs closer to home. When the president spoke about Whitewater, he was not quite his usual, glib self. Can that have been a trace of self-pity in his voice and demeanor? He did rise to the defense of Miss Hillary, saying she had as good a "moral compass" as anybody in the country.

So now we have Bill Clinton vouching for Hillary Clinton's moral compass. One suspects that he did her no favor. How would you like to have Bill Clinton as your character witness, ready to testify to your veracity, candor, integrity, sense of right and wrong, and, yes, moral compass? Maybe your military record?

Better he should let Miss Hillary defend herself. She's not just a tough advocate but, whatever one thinks of Hillary Clinton's politics and how she plays it, I don't know of any time she has misled me or anybody else on a matter of fact. She would surely make a more impressive witness for Bill Clinton than he for her.

The president's wife has sacrificed much for a high-profile career, including a name she once seemed determined to hold onto.

Now Hillary Rodham Clinton, formerly Hillary Clinton, née Hillary Rodham, the woman does have character. And now that character will be tested again. She has to wonder sometimes if it all has been worth it as she goes from an object of national adulation to national suspicion. It all comes with the new territory for a First Lady/Top Aide. As an ancient sage once observed, a name made great is a name destroyed.

A story from the old country: A woman who is accused of stealing a pot responds that (a) she never saw it, (b) it wasn't worth anything, and (c) she only borrowed it.

Now why should that story come to

Paul Greenberg



mind? Blame it on Al Gore, who appeared on "This Week With David Brinkley." (Not even the television commentators seem to have changed since the Watergate Era.) Speaking of the three confidential confabs that set off last weekend's blizzard of subpoenas, the vice president explained that the meetings "should not have happened, even though, as I have said, we don't believe anything unethical occurred . . ."

Then why shouldn't the meetings have happened? Because, of course, not only had the woman never seen the worthless pot she borrowed, but she returned it last week.

These political scenarios always sound as if they had been written by Groucho Marx, with an assist from Woody Allen. There is apparently no basis to the rumors that Mel Brooks already has the screen rights to Whitewatergate I, or that Madeline Kahn will play Hillary Clinton. Spare us.

"We seem to trip all over ourselves," a higher-up at the White House said, or at least was quoted as saying in the *Baltimore Sun*. The anonymous leaks have begun. Get ready for a flood of them as the crew of the leaky S.S. Clinton turn on one another. "The drip, drip, drip of stories," he complained, "it makes you think there's something there, I agree. I'm concerned about repeated headlines."

The higher-up should be concerned. So should the country. This political version of the old Chinese water torture ("drip, drip, drip") will continue so long as the boil goes unaltered. The quickest way to end the ordeal would be an open, bipartisan congressional investigation — even if the White House is still holding out, and the special prosecutor doesn't want to risk ruining his case. (One way to lessen that risk is not to give witnesses immunity for their testimony.)

Robert Fiske, prosecutor and gentleman, has a point, but not enough of one to warrant putting off a congressional investigation for very long. This abscess needs to be opened up and cleaned out, so that both the Clintons and the country can get on with other business. Without full

and fast disclosure, this thing is going to impede every other item on the administration's agenda. Just as Watergate sank the Nixon administration and Iran-Contra consumed the Reagan administration's last years.

The more resistance to an investigation from the White House, the more pain. Besides, various congressional committees, prodded by their Republican members, will begin to investigate different aspects of Whitewatergate if one big, special committee doesn't. Even if nobody in Congress said a word, the press will be publishing leaks daily and drowning the country in Whitewater. Better to wash all this dirty laundry at once than spot by spot . . .

And what two sterling voices of conscience might spearhead the congressional investigations? Why, those two epitomes of political ethics — Alfonse D'Amato and Dan Rostenkowski.

For connoisseurs of irony, Washington offers a virtual banquet.

Then again, Whitewatergate may not prove Nixonian in style. Asked an inescapable Watergate question — When did he first learn of this problem — the president's remarkable memory suddenly turned vague. "I don't remember when I knew about it," he said, "or who told me about it."

There, that doesn't sound like Richard Nixon at all. More like Ronald Reagan. Only not as convincing. It was easier to believe that Mr. Reagan slept through his presidency.

Once he got needed new counsel, the president seemed his old young self as he introduced Lloyd Cutler to the American public. Everybody in Washington already knew who Lloyd Cutler was. He's been advising presidents since Jefferson, or at least it seems that way.

Counselor Cutler must have a wonderful bedside manner. If the president had confused Georgians with Ukrainians the day before, by Tuesday he was as casual as ever — as if newly confident that once again he would emerge unscathed from scandal. There's a lot of the good ol' boy in this president. Whatever this administration may have sown, Bill Clinton's manner seemed to say, he won't reap it.

We will see.

Paul Greenberg is editorial page editor of the *Arkansas Democrat-Gazette*.