

April 1, 1994

Dear Brian:

I am a C-Span junkie, my favorites being Booknotes and that wonderful comedy show called Journalists Roundtable. It is particularly amusing when one of the journalists will state that they can't understand why the "little people out there" don't trust them.

I feel fortunate that I have the leisure to read the Oregonian cover to cover and watch selective news programs. Most people lead such busy lives they have to catch their info on the fly and that is why our current "media" is so dangerous. This letter was prompted by the NEWSWEEK SOURCE RIPS REPORT clipping I have enclosed. It was on Page A8 of the Oregonian. The Newsweek edition referred to, had the story touted above the picture of a man who could never make it as president in this country today. That man was rumored to speak with prostitutes, feed the hungry, heal the sick, throw the money changers out of the temple.

The next clipping CNN HELD IN CONTEMPT. The news agency putting itself above our country's courts.

Finally the Newsweek story (I had to buy it and read it for myself). If you read it word for word, it is full of innuendo, rumours, what someone might think or do.

The last clipping wraps it up pretty well.

One of your callers asked what would happen if they succeeded in bringing down this presidency? My thoughts exactly. I have the feeling that our politicians, with the help of the media, are playing games with our lives. Their actions are some kind of a joke, and we who are concerned about our country and the next generation's lives, just have no sense of humour. Is this irresponsible attitude because they never lived through a depression or a World War? Will we have to do it all again before maturity sets in?

Yours truly



Tigard, OR 97223

Contempt charge hits CNN for airing Noriega tapes

■ The conversations are between Panama's ex-dictator and his lawyers, his family, and his mistress and her family

By LARRY ROHTER

New York Times News Service

MIAMI — The Cable News Network was charged with contempt of court Wednesday for disobeying a judge's order in 1990 not to broadcast tape recordings of Gen. Manuel Antonio Noriega while the former Panamanian dictator was in jail here.

The criminal complaint was an-

nounced nearly three and a half years after Judge William M. Hoeveler first learned that CNN had obtained tape recordings of telephone conversations between Noriega and his lawyers and members of their staffs, his family, his mistress and her family, and former military subordinates.

CNN eventually surrendered the tapes, but only after broadcasting excerpts for two days and fighting all the way to the Supreme Court.

At an arraignment Wednesday morning before Hoeveler, CNN, through its lawyers, pleaded innocent to the charge. Because the

charge was filed only against the company, it is punishable by a fine but cannot result in the imprisonment of the network's reporters or executives.

A trial was scheduled for July 11, with Hoeveler expected to hear the case, court officials said.

As part of an agreement between the prosecution and defense, the case will not be heard by a jury, and Hoeveler, who also presided over Noriega's trial, will issue a ruling after hearing evidence from both sides.

The two sides also agreed that the charges would be filed in the form of

a criminal information, presented directly to the court by a special prosecutor, instead of requiring a grand jury investigation and indictment.

In a statement issued Wednesday morning at CNN headquarters in Atlanta, a company spokesman, Steve Haworth, said CNN welcomed "the opportunity for Hoeveler to hear all the evidence in this matter."

William B. Killian, a Miami lawyer who represents CNN, rejected special prosecutor Robert F. Dunlap's contention that CNN had intentionally violated the court's instructions.

"CNN acted in an informed way,

on the advice of counsel," he said in an interview. "CNN never meant to violate what it understood to be the terms of Hoeveler's order."

Government lawyers were not available for comment, but Myles Malman, who prosecuted Noriega and is now in private practice in Philadelphia, said:

"CNN and their counsel should have some serious concerns about this matter. When they aired that story, they did so at their own peril."

When the recordings were broadcast in defiance of Hoeveler's order, network executives argued that the ruling was an unconstitutional prior

restraint of its First Amendment right to disseminate the news.

But higher courts quickly upheld Hoeveler, saying it was up to him to "conduct the difficult balancing of constitutional rights required in these circumstances."

Under federal law, the telephone calls of prisoners in federal jails are routinely and legally taped to prevent their plotting crimes behind bars, and detainees are warned of the practice. But calls between a suspect and his lawyers may not generally be taped, to protect the right to prepare a defense in confidentiality.

Hope: Bustle of family activity replaces guns and drugs

■ Continued from Page One

The Villa de Clara Vista is becoming an island of safe housing in what was once a sea of despair.

Escobar now says crime steers clear of the complex, which is home to 650 people.

"Everything here is super good," she added. "It's completely different."

Indeed, the complex now bustles with family activity.

More than 30 children relish a snack at an on-site after-school program sponsored by the Oregon State University Extension Service.

A young woman scoops up her giggling toddler as she leisurely walks in front of a gleaming row of

Backers of the renovation claim success because everyone involved believed in a basic concept: The complex can be saved from the clutches of grim resignation only if the tenants, owners, neighbors, police, social service providers and managers take responsibility for its fate.

"If you have faith, community support and investment, you can do most anything," said Baltazar "Buz" F. Ortiz, chairman of Hacienda Community Development Corp. "It is not some fantasy that folks can turn things around."

The project received a \$2.5 million loan from the Portland Development Commission to fix up the apartments. \$3.1 million in seller financ-

tenants, flushing out drug dealers, chasing away prostitutes and their customers and sending trespassers to jail.

Officer Jonathan Cox of the Portland Police Bureau said 90 percent of the area's crime problems were caused by outsiders.

"The troublemakers were from Vancouver, Scappoose, all over," Cox said. "I knew things were changing last fall when a tenant, who said he was a crack addict, told me he wanted to help clean up the complex. He offered to testify in court ... and eliminate the street dealers."

Organizers believe the public-private redevelopment effort is a model for assisting the many low-income

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*If you have faith,
community support and
investment, you can do
most anything.*

Baltazar "Buz" F. Ortiz,
Hacienda Community Development Corp.

”

refugees at the Rose City Village Apartments.

Getting to this point, however,

in the project more than two years ago after neighborhood residents repeatedly complained about the complex.

Andrews helped organize the redevelopment of the complex with a mission of providing safe, affordable housing for Hispanics and others in the Portland area.

The group ran into barrier after barrier. Local banks refused to extend credit. Developers changed. Headaches were in abundance.

However, Andrews never lost hope.

"I was so excited when the first new window went in last fall," she said. "I said to myself it is going to happen! It is going to happen! I always knew it would become a reality."

fresh paint and replacement of carpets and appliances.

There is much more to the plan: employment services, day care, crime prevention, neighborhood advocacy and health care, all on site with the goal of self-sufficiency for clients.

All of this paid for primarily by federal, state and local government grants and possibly private sources in the future.

Everything is aimed at helping the community build its sense of belonging, caring and pride.

Overcoming future skepticism and passivity will be the Villa de Clara Vista's biggest challenge.

"We've conquered ignorance and

Newsweek source rips report on Hillary's 'sweetheart deal'

Newsweek acknowledged Monday that an article accusing Hillary Rodham Clinton of profiting from a "sweetheart deal" was based on a "misunderstanding" with the primary source, who has denounced the report as "false and irresponsible."

Newsweek compounded its problem by failing to call the White House for comment before trumpeting its "exclusive" in a press release Saturday.

The article, which appeared in the issue on sale Monday, charged that Hillary Clinton "never put up any money of her own" for an investment in cattle futures that netted her a \$99,000 profit in 1978 and 1979.

Newsweek reporter Rich Thomas attributed the finding that Clinton put up no personal funds to Marvin A. Chirelstein, a Columbia University law professor. Chirelstein was one of four tax experts asked by the White House to review the Clintons' 1977-79 tax returns and supporting documents and respond to media inquiries when the returns were made public Friday.

Chirelstein said Monday that he is "simply outraged and humiliated" by the "biased" article and the conclusions attributed to him.

"I never said anything like that," Chirelstein said.

— *From wire reports*

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Clintons charged with media crimes

By DAVID SARASOHN

Associate Editor, The Oregonian

After several months of watching the Whitewater flow, the real charges against the Clintons have become clear.

They're being booked on two counts of Appearance of Impropriety and one count of Handling Things Badly.

The seriousness of these charges explains why the independent counsel, Robert Fiske, despite setting up an interstate law firm that may rival Jacoby & Myers, can't be trusted to handle the issue himself. Fiske's power only extends to legal crimes, and the Clintons are charged with something more serious: media crimes.

They could be booked for second-degree image abuse.

In Clinton's press conference last week, a total of two questions addressed issues that could amount to criminality — whether money from a savings and loan went into his political campaigns and whether Washington officials had interfered with federal investigations of Whitewater. Most of the questions dealt with more damning allegations of media crime:

What about polls showing that some Americans thought he'd done something wrong?

What about the first lady's moral authority?

Should he have handled the issue differently?

Whom in his administration would he blame for the way things were turning out?



SARASOHN

In other words, there are serious suspicions here of media crime. This allows reporters to declare that there is huge public concern about Whitewater, even though they also report that hardly anybody understands it.

This concept — that even though there are no actual charges of wrongdoing, things look suspicious and you aren't handling our questions well — makes for a scandal that's infinitely expandable with minimal fuel. This is why Rep. Jim Leach, R-Iowa, can say on the one hand that the Clintons may not have broken any laws and on the other hand compare them with Michael Milken, a criminal who went to jail and paid a fine of \$500 million.

There may not be a legal similarity, but there's a media similarity.

It is possible, of course, that the Clintons have committed actual legal violations, such as skimming federally insured money from a savings and loan into political campaigns or using the power of the White House to obstruct justice in the investigation of the Madison Guaranty Savings & Loan. Those possibilities are currently being investigated by a special counsel, the one that Senate Republican leader Bob Dole promised he wouldn't second-guess.

At least, not for a few seconds.

Neither of those charges, moreover, has actually been made by anybody; people have just suggested that the crimes might have happened. More than any scandal in American history, Whitewater has happened in the conditional voice; it's described in the language of "may" and "might" and "could have."

And in the questions of serious media crimes, such as slowness to release 15-year-old tax returns.

This openness of indictment allows any-

thing to be swept into the net, such as Hillary Clinton's commodity trading, which has nothing whatever to do with Whitewater or the Madison Guaranty Savings & Loan. This trading record is turning into another count of Appearance of Impropriety, although nobody's actually sure what impropriety it's an appearance of.

It does show the flexibility of prosecution: The Clintons were derided last month for making bad investments, and are now under gross suspicion for making a good one.

The same sweeping inclusion takes in aide Vince Foster's suicide. For months the boneless charge that it was actually murder was kept afloat by the charge that it Looked Suspicious, until ABC News showed film of a bloody body and the Foster family asked that the whispers be toned down.

All of this murmuring flows into the catch-all issue of American politics, Character. Ever since the episode of Gary Hart's bushes, any question or complaint about a politician can be justified as revealing something vital about his character.

It is this issue, Bill Clinton's character as shown by his dealings in Arkansas, that Republican congressmen are now slandering to depict. It is, in fact, none of their business. Presidential misconduct is a concern of Congress; presidential character is the business of the voters.

And the question of Bill Clinton's character, visitors may remember, did come up once or twice in the 1992 election. People who felt strongly about its shortcomings voted against him, and are now seizing on all available evidence and rumor to argue that they were right.

This, in fact, may amount to the most basic complaint about Clinton:

One count of getting elected anyway.

To prove it, another character drinks glasses of plutonium-laced water until his stomach swells, then emerges from a restroom with a smile. "Flush!" reads the caption. "Refreshed, and feeling fine."

This appalling piece of animated distortion is the work of Japan's government-owned nuclear fuels corporation.

It is an extreme symptom of the dual thinking the post-Cold War plutonium glut has provoked in Japan, Britain, France, Germany, Russia and, through neglect, in the United States.

Governments watch the United States and Russia grapple with the huge task of dismantling their nuclear weapons and know that the

U.S. National Academy of Sciences recently found that the resulting plutonium is "a clear and present danger to national and international security" for which there are no good disposal options. And yet, they cannot disentangle themselves from plans laid 30 years ago to use plutonium in huge quantity for making electricity.

Partly this is a hangover from the long-held belief that reactor-grade (as opposed to weapons-grade) plutonium could not be used for weapons. Though it is now known that civilian plutonium makes a good enough bomb, there are still diehards asserting the old fiction.

Thus, the paradox. If all goes well in the retirement of strategic weapons, as much as 150 tons of plutonium will be disposed of in the next 20 years. At the same time, present plans for making plutonium through civilian reprocessing would produce 300 new tons of essentially the same stuff. This will be in addition to the 85 tons already stockpiled in Britain, France and Russia. (Bear in mind that less than 20 pounds makes a nuclear weapon.)

The worst part of this story is that this enormous new security burden is going to be produced for clients —

Jessica Mathews, a senior fellow at the Council on Foreign Relations, wrote this article for *The Washington Post*.

Colosio assassination clouds future

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*(T)he world can ill afford a single
unnneeded pound of plutonium.*

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when a decision was made to turn on a new reprocessing plant that has been in the works for 17 years. The plant will be largely supported by reprocessing fuel from Japan.

Japan, meanwhile, has been quietly reconsidering its longstanding plans. These would lead to a plutonium stockpile so large that it has raised doubts about Tokyo's nuclear weapons intentions. Official leaks in the past few weeks suggest that the Hosokawa government is scaling these plans way back but will go ahead with the operation of a new breeder reactor and the construction of a reprocessing

plant.

Britain and France — with more plutonium than they know what to do with already — know that much of Japan's plutonium may never be shipped home, and that they'll probably be stuck with the high-level reprocessing wastes as well. But because their deals could withstand little public scrutiny, they resist any suggestion of alternatives.

The United States is focused on weapons plutonium — on dismantling weapons, shutting down Russia's three remaining military reprocessing plants and seeking an international agreement to ban plutonium production for weapons use.

But since civilian plutonium one day can be weapons plutonium the next, and because of the sheer amounts that will otherwise accumulate, the security benefits of these difficult steps will be overwhelmed if civilian reprocessing goes ahead on the planned scale. With hundreds of tons of plutonium in circulation — no matter how carefully guarded — it would be far easier to steal or buy a few bombs' worth than to go to the lengths to which Iraq and North Korea have been put.

As the weapons' dismantlers are learning, the world can ill afford a single unnneeded pound of plutonium.

LA Times-Washington Post Service

@Visa lamp 89

N-wast

By PAIGE KNIGHT

Several organizations joined with the Portland to form a coalition.

The coalition is asking to be handled at the Port of Portland for the health and safety of the community.

There has been much concern over the issues surrounding the waste through Oregon.

Emergency preparedness teams and evacuation plans for a radioactive accident have been made public. The only land area in the event of a nuclear accident. Whether we would be another question, for it is an emergency agencies is not instill in us a level of "concern" nuclear.

Even after the acknowledgment of government's radiation-tarded children, prisoners of "downwinders" throwing in mind that these are War veterans and nuclear groups of victims), the problem is as safe the irradiated deadly plutonium in a

Paige Knight of South
Watch, a Portland area

BlueBookPost 09/04/89

WASH



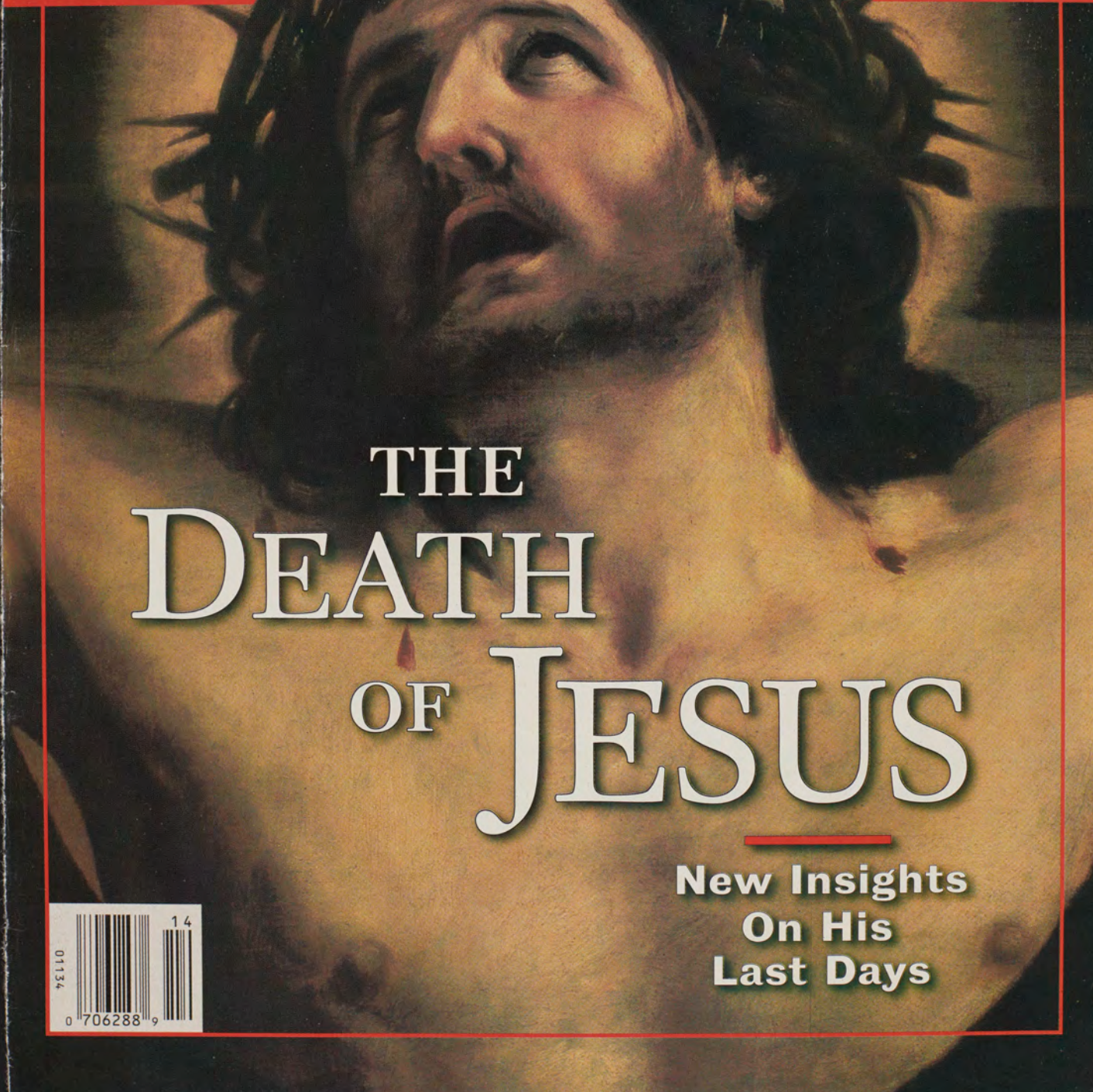
YOU CAN ALMOST HEAR
THE GIANT SUCKING SOUND
OF AMERICAN BUSINESSES
CHANGING THEIR MINDS
AND STAYING IN THE U.S.

Whitewater:

Stephanopoulos Under Fire
Hillary's Sweet Investment

Newsmagazine

April 4, 1994 : \$2.95



THE DEATH OF JESUS

**New Insights
On His
Last Days**



What is
AUTHENTIC?

IN THE LINE OF FIRE

THE SCANDAL WIDENS

ISN'T THAT THE PLAN?

Only days after Clinton avowed a new openness on Whitewater, the scandal moved closer to home, with the special counsel looking into reports that Stephanopoulos tried to influence the investigation

WITH THE EXCEPTION of his wife, Bill Clinton has no closer senior adviser than George Stephanopoulos. In the crucible of a turbulent 1992 campaign, Clinton came to depend heavily on Stephanopoulos's combination of razor intellect and political instinct. And in a world where proximity is power, the 33-year-old son of a Greek Orthodox priest holds forth in the work space closest to the president, adjoining the Oval Office through a private dining room.

Now it appears that Clinton's most trusted aide has joined the lengthening list of those caught up in the Whitewater scandal. Sources told NEWSWEEK and other news organizations that Stephanopoulos had two phone conversations last Feb. 25 that may constitute an attempt to obstruct a regulatory investigation of Madison Guaranty, the failed Arkansas S&L at the murky center of the affair. A detailed diary, kept by a Treasury Department aide and turned over to special counsel Robert Fiske, describes at least one of the conversations. Sources say that during the calls—one to Deputy Treasury Secretary Roger Altman, the other to Treasury chief of staff Joshua Steiner—Stephanopoulos asked about the possibility of removing



Stephanopoulos: Blowing off steam, and nondenial denials

Jay Stephens, a prominent former Republican prosecutor hired by the Resolution Trust Corporation to investigate civil claims against Madison.

The latest revelations came only 36 hours after the president's most elaborate attempt yet to free his administration from

Whitewater. In a prime-time news conference last Thursday, Clinton confidently affirmed a new willingness to answer all legitimate questions about the affair "so that I can go back to work doing what I was hired to do." But the allegations against Stephanopoulos brought the inquiries into the administration's conduct in Whitewater closer to the Oval Office than ever before—and plunged the White House back into a frenzy of damage control. Clinton's domestic agenda, already impeded by all the talk of cover-up and deceit, may now be in danger of stalling completely. To make matters worse, the widening scandal raised new tensions and mutual distrust among an embattled White House staff. "That's what is most upsetting, that people are attacking each other," says one worried adviser.

Until March 1993, Jay Stephens had been the U.S. attorney for the District of Columbia. He'd also been pursuing a criminal investigation of Rep. Dan Rostenkowski for alleged misuse of House funds. When

the incoming Clinton administration sought the resignations of all incumbent U.S. attorneys, Stephens implied that he was being forced out to protect the powerful Ways and Means chairman. According to sources, Stephanopoulos was furious on Feb. 25, when he learned that Stephens's

INVESTIGATION NOT SECRET?

ISN'T IT CUSTOM-ARY?



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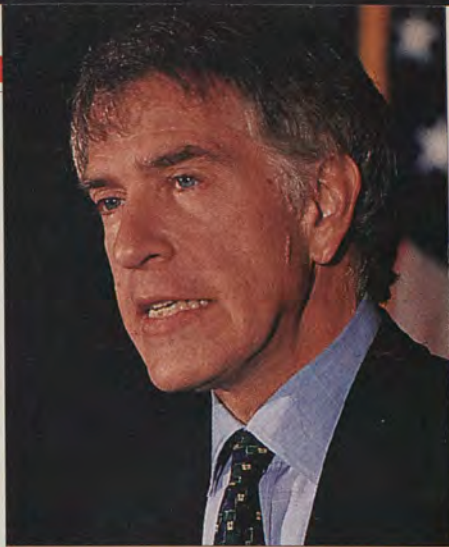
Washington firm had been hired for the Madison inquiry. He regarded Stephens's political grievance against Clinton as a clear conflict of interest.

The most potentially damaging of the two calls was to Steiner, an old friend from the campaign. Stephanopoulos acknowledges raising the issue with Steiner, but says he has no memory of inquiring about Stephens's ouster. "I was puzzled and blew off steam over the unfairness of the decision," Stephanopoulos told *NEWSWEEK*, but he added, "Once I got the facts from Josh, that ended the matter as far as I was concerned." Much of the conversation, says Stephanopoulos, concerned Altman's decision to recuse himself from RTC deliberations involving Madison. Altman had been rebuked by Republicans on the Senate Banking Committee that week after acknowledging that he'd met with senior White House staff earlier that month to discuss potential civil actions against Madison. But Steiner, scheduled to testify before the Whitewater grand jury this week, may offer a different recollection of the conversation in a diary he turned over to Fiske.

That same day, according to sources, Stephanopoulos also raised the Stephens issue with Altman, who was also serving as acting head of RTC. This time, Stephanopoulos was joined by deputy chief of staff Har-



Stephens: The object of displeasure



Altman: He rebuffed the inquiries

old Ickes. A knowledgeable source says either Stephanopoulos or Ickes—it is not clear who—asked about sacking Stephens. "Is there anything that can be done?" one of them reportedly asked Altman. Again, Stephanopoulos says he has no memory of such a question. Nor does Ickes.

The White House says Clinton learned of the phone calls only last Friday. News of the conversations, first reported last Saturday by *The Washington Post*, sent a new jolt of

anxiety through the White House. New presidential counsel Lloyd Cutler said it was "perfectly natural" for officials to express surprise at Stephens's appointment, and cautioned against blowing the matter out of proportion. But he also took pains to distance the administration from the calls by Ickes and Stephanopoulos, saying that he didn't think they were "authorized" under White House policy. Other officials said privately that the two did nothing more than

Hillary's Cash Cows and Other Sweet Deals

THE TAX RETURNS released last week by the White House contain no smoking gun. But according to Marvin A. Chirelstein of Columbia University Law School, they do contain clear evidence that Hillary Clinton made a financial killing in a sweetheart deal in cattle futures. The deal in itself was legal—but Chirelstein says Mrs. Clinton never put up any money of her own. Because it was arranged by a lawyer for Tyson Foods, a major player in Arkansas, it smacks of political favoritism. "It's one of those things—somebody gets put into a good thing," Chirelstein said. "It's harmless, but it doesn't look wonderful, does it?"

Chirelstein is one of four outside experts chosen by the White House to brief reporters on the Clintons' 1977, 1978 and 1979 tax returns. The Clintons made \$98,977—\$26,541 in 1978 and \$72,436 in 1979—by trad-



JAMES COLBURN—PHOTOREPORTERS
Lucky investor: First Lady

ing in commodity futures. The trades were made at the step-by-step direction of James Blair, a Clinton friend and an outside counsel for Tyson Foods. Chirelstein says that the Clintons piggybacked on Blair's brokerage account.

Blair and the Clintons' lawyer, David Kendall, have told *The New York Times* that Mrs. Clinton had her own brokerage account and that she assumed real financial risk in the deal. Chirelstein says he saw no evidence of hard risk. "There weren't any checks," he says. "This fellow Blair seems to have said, 'You can have a fractional interest in my trading in these cattle futures. If I make money, you get a share. If I lose, you have to take your share of the loss.'"

Chirelstein said he knows of no contract that required Mrs. Clinton to repay such a loss, which means her "investment" could be considered by some to be a gift. Republicans are bound to wonder whether Blair, whose business interests were dependent on state government, would ever have demanded that a loss be covered.

Chirelstein also said that James McDougal, chairman of

Madison Guaranty Savings and Loan and the Clintons' partner in Whitewater Development Corp., assumed the Clintons' share of Whitewater interest payments three years after they went in business together. As a result, the Clintons essentially paid no part of Whitewater costs from 1981 to 1990. Although documents released by the White House indicate the Clintons paid \$7,826 in Whitewater interest and taxes between 1981 and 1990, Chirelstein says these payments covered the costs of a model home built on the Whitewater tract—a house the Clintons sold at a small profit.

The bottom line, in Chirelstein's tally, is that Clinton is still overstating his Whitewater investment. Clinton has revised the figure downward, from \$68,880 to \$46,636. Chirelstein says the real total is no more than \$38,809—and if he's right, the Clintons had two sweetheart deals back to back.

RICH THOMAS in Washington



Troubling cycle:
*A pose of candor
that didn't quite
ring true*



Fiske: A deal with Clinton's accuser



Leach: Dramatic charges in the House

the White House aides, building ever since he confessed the "heads up" session to the Senate and then publicly recused himself without informing Clinton aides.

The Republican Inquest: The administration's new difficulties will further energize congressional Republicans who already smell blood. Until last week, the most visible face of GOP antagonism on Whitewater was Sen. Alfonse D'Amato, who has had his own ethical problems. That was before Rep. Jim Leach, an Iowa moderate who radiates Main Street Republican probity, took the House floor to make two dramatic charges: that the Clintons are not telling the truth about losing money in the Whitewater venture, and that the administration tampered with the investigation of Madison, owned by James McDougal, the Clinton's partner in the Whitewater land development. Federal investigators believe Madison accounts were drained by McDougal to subsidize other business interests, including Whitewater. Leach put up a fragile case for his first allegation. Using RTC documents, he notes \$70,000 passed from Madison affiliates to Whitewater during one six-month period in 1985. But his thesis that the Clintons pocketed Madison cash is unproven.

He offered more disturbing evidence for his charge of political interference. His strongest exhibit was a sheaf of notes from Jean Lewis, the criminal investigator who led the Madison inquiry in RTC's Kansas City, Mo., office. She charged that superiors in Washington pressed her to ignore evidence that the Clintons' Whitewater venture played a significant role in draining Madison's accounts. Most

telling was Lewis's account of a Feb. 2 meeting in which RTC attorney April Breslaw told her the agency was under pressure to conclude that Whitewater did not contribute to Madison's losses. "She felt like they wanted to be able to provide an 'honest answer,'" Lewis quoted Breslaw, "but that there were certain answers that they would be happier about, because it would get them off the hook."

According to her notes, Lewis told Breslaw she believed that the Clintons benefited from a check-kiting scheme that drew money from Madison into the foundering Whitewater development. She cited no evidence of the Clintons' complicity. But she wondered why they apparently asked no questions of McDougal, who assumed their interest payments on Whitewater land in the mid-1980s despite his own financial difficulties. "Wouldn't you question the source of the funds being used to your benefit?" Lewis asked. Breslaw has denied Lewis's account.

WHITEWATER METER



ALTMAN'S ROLE: The deputy treasury secretary oversaw the regulators investigating Madison Guaranty. At first he said he had one contact with White House officials. Then he admitted to another, then another, and another. There's no evidence Altman squelched the key investigation, but each changed story hurts his credibility. The good news is that he rebuffed Stephanopoulos's overheated inquiries about Jay Stephens.



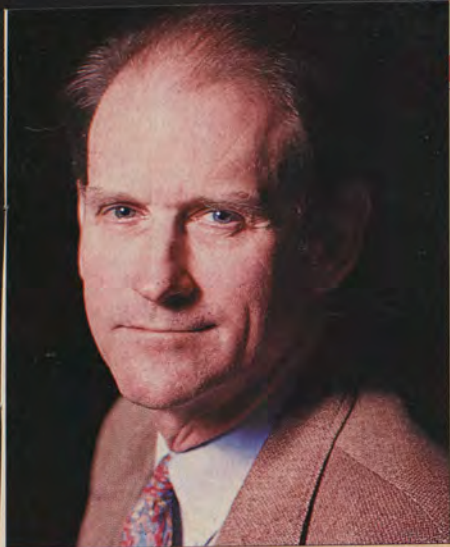
REVISED LOSSES: The Clintons first said they lost \$69,000 on Whitewater. Last week Clinton said it was \$47,000. The difference matters little, if it was a loss. Representative Leach says the Clintons actually made money but has so far produced little proof. If he's right, the next question is far more serious: were the "profits" really a way for cronies to funnel funny money to Clinton? That would send the meter shooting to 6 or 7.

Clinton's accuser: Special counsel Fiske, busy in Washington pursuing White House revelations, may have gained important ground in Arkansas when he cut a deal with former Little Rock municipal court Judge David Hale. Facing trial on fraud and conspiracy charges, Hale pleaded guilty, hoping for lenient sentencing in exchange for testimony on Whitewater. The agreement allows Fiske to question the one figure in the affair who directly accuses Clinton of wrongdoing. Hale, who ran a federally backed finance company, has charged that in 1986 Clinton pressured him to make a \$300,000 loan to a firm owned by McDougal's wife: \$110,000 was funneled to Whitewater. But Fiske has big credibility problems. A new General Accounting Office report on Capital Management Services, Hale's firm, shows he secretly owned 13 of the 57 companies to which he made loans.

The unending trickle of bad news has given way in the White House to a bleak acceptance that Whitewater is now a permanent part of the administration's political landscape. "The question is, can we continue to make progress with Whitewater as background music?" asks one senior official. For the moment, the answer is yes. Some issues still have constituencies that outstrip political problems caused by the scandal. Last week the outlines of a compromise on health reform began to emerge, and a major education initiative setting national academic guidelines passed the Senate.

Yet Whitewater is forcing the administration to work doubly hard for victories it should already have in hand. Clinton was counting on passage of the \$22 billion crime bill before the press conference, to demonstrate that Whitewater has not swamped his legislative agenda. But White House lobbyists and Democratic congressional whips, consumed with staving off Whitewater hearings, allowed Republicans to gain the procedural advantage and deny Clinton a bill until after Easter. One top Republican strategist says continuing uncertainty about Whitewater will make it more difficult for Clinton to form majorities on a range of issues. "Because the question is, what's next and how low can he go?" he said. "People on the Hill will hedge their bets and they do that better than anyone." The bad news for the president—and the country—is that until the new questions get answers, all bets could be off.

BILL TURQUE with BOB COHN, RICH THOMAS, ELEANOR CLIFT and MARK HOSENBALL in Washington and GINNY CARROLL in Little Rock.



Ickes: Protest or inappropriate call?

protest a flatly inappropriate hiring decision by RTC. "It's not like we don't like Republicans. Fiske is a Republican," says one senior adviser. "But this guy held a press conference to accuse Bill Clinton of a secret plot to get rid of him."

Last week's events continued the White House's troubling pattern in Whitewater: denial followed by fragments of disclosure. Claims of openness are repeatedly tainted by evidence that it has actually been work-

ing harder to control and contain damaging information. Along with the phone calls, a cluster of other issues has turned scandal management into a full-time job at the White House. New ones may crop up; others may fade. But for the moment, these problems are driving Whitewater:

Financial Questions: The release of the Clintons' long-withheld tax returns from the late '70s seemed to establish that they lost money on the Ozark vacation-home development they co-owned with S&L operator James McDougal. But it also provided details about Hillary Rodham Clinton's lucrative flier in the cattle-futures market (box). **Although the deal is completely legal**, it carries the whiff of hypocrisy for a couple that campaigned in 1992 against '80s greed—S&L abuses, insider trading, public officials who used their positions to enrich themselves. Her good fortune came through a friendship with a lawyer for one of the state's largest and most influential employers.

The financial disclosures also evoked the least attractive aspect of Clinton's political personality: his facility for convenient evasion. Such a moment came at the Thursday-evening press conference, when he explained that he'd revised the estimate of his Whitewater losses downward (from about \$70,000 to \$50,000) because galleys of his mother's autobiography reminded him that

\$20,000 had actually gone to buy her a house. Accurate or not, it conjured memories of an earlier Clinton, one who suddenly remembered his induction notice.

Altman's Changing Tune: The deputy treasury secretary keeps generating new suspicions about improper White House involvement in the Madison probe. Last week, he offered a fourth correction to congressional testimony on his contacts with the White House regarding the Madison investigation. He originally told the Senate Banking Committee that he remembered only one White House meeting—a "heads up" session to discuss nothing more than procedural questions about civil suits against the bank. Altman later amended his comments to include what he said were two brief hallway conversations with the then White House counsel Bernard Nussbaum and Ickes. Now Altman says the discussions were more extensive, and involved his desire to recuse himself from RTC investigations, which he did at the end of February.

Altman is also rapidly becoming a man without allies. Since Fiske's operation is regarded as "airtight," Clintonites suspect that the original leaks disclosing the two phone calls under investigation came from the Treasury Department. Their surmise only adds to tensions between Altman and

Bill and Hillary Clinton's tax returns for 1977, 1978 and 1979 contain some clues about why they have been reluctant to make them available to the public. The returns show that the Clintons' adjusted income rose

sharply—from \$41,731 to \$158,495—during those years, and that much of it came from trading in cattle futures. Interest payments on Whitewater, a deduction, helped reduce their tax bill. Selected details:



Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1977**



Earned income	\$42,106
Bill Clinton, Attorney General of Arkansas	\$25,378
Hillary Clinton, Rose Law Firm partner	\$14,800
Bill, speech fees	\$700
Hillary, speech fees	\$550

Interest income..... **\$518**
Savings and retirement accounts

Capital gains..... **none**

Total deductions	\$6,488
Use of Hillary's car	\$595
Books and magazines	\$135
Interest on Yale student loans	\$521
Interest paid on credit cards	\$244
Glasses	\$77
Interest paid on furniture	\$54

Total adjusted income..... **\$41,731**

Taxes paid..... **\$8,194 (19.6%)**

Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1978**

Earned income	\$58,683
Bill Clinton, Attorney General	\$26,500
Hillary Clinton, Rose Law Firm	\$24,250
Hillary, consulting	\$6,312
Bill, speech fees	\$740
Hillary, speech fees	\$350

Interest income..... **\$1,176**

Capital gains	\$28,049
Sale of five acres of land	\$3,036
Profit in cattle futures commodity trading aided by James Blair, a top lawyer for Tyson Foods.	\$26,541

Total deductions..... **\$20,995**

Among many other deductions was interest on the Clinton's share of the loan to buy the land to launch Whitewater Development Corp.

Total adjusted income..... **\$85,214**

Taxes paid..... **\$22,627 (26.6%)**



Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1979**

Earned income	\$84,059
Hillary Clinton, Rose Law Firm	\$38,615
Bill Clinton, Governor of Arkansas	\$30,100
Hillary, consulting	\$8,823
Hillary, speech fees	\$1,000
Hillary Clinton, Univ. of Ark.	\$889

Interest income..... **\$4,652**

Dividend income... **\$1,928**

Capital gains..... **\$72,996**
One of two cattle-futures accounts lost money while the other performed spectacularly.

Total deductions..... **\$24,606**

Bookshelves, sofa, desk taken as a business expense	\$664
Payment, Whitewater interest	\$11,752
Payment, James McDougal, Whitewater partner	\$238

Total adjusted income..... **\$158,495**

Taxes paid..... **\$59,388 (37.5%)**

Bill Led Three Lives

The abiding mystery of the president's multiple-personality disorder

BY JOE KLEIN

THE PRESIDENT LEFT FOR A VACATION THIS WEEK, thank God. The endless soap opera was getting to be a bit much. Washington was twitchy with rumor, overwhelmed by innuendo, overdosed on the continuing saga. A Clintonless week was indicated and, if recent history is any guide, a wise tactical move. Vacating is something this president has done quite successfully. The last time he went away—to Martha's Vineyard in August, after the grueling budget melodrama—his poll ratings began to rise. A grateful nation seemed to say: thanks for getting out of our face. He returned to launch his finest season in the White House, an autumn in which he resembled the first, best Bill Clinton: the moderate Southerner who led the National Governors' Association and the Democratic Leadership Council, a bipartisan coalition-builder, hip to the latest in post-ideological policy thinking. He launched the "reinventing government" campaign, fought the good fight on NAFTA, gave a stirring health-care speech and began a more honest national discussion of race, speaking frankly about the impact of out-of-wedlock births on the black community.

That was the Bill Clinton who had campaigned for the presidency, and won. Unfortunately, the president appears to be the victim of a multiple-personality disorder—he has at least three public personas—and the others aren't nearly as winning as the first. A second, more traditionally liberal Clinton emerged during the transition and dominated his first six months in office. This Clinton hired a cabinet (and filled an administration) by gender and ethnic quota. This Clinton got caught up in the "gays in the military" mess and slavishly attended the congressional leaders he'd studiously avoided during the campaign. In fairness, he was forced into more strident partisanship by the Republicans, who adamantly refused to cooperate in the budget process. But still: Clinton seemed to get lost. He hung out with the Hollywood crowd. He allowed the remarkable, ridiculous—and now, almost entirely irrelevant—Health Care Task Force to be created. He slouched back toward the friends, and anachronistic politics, of his Oxford and Yale Law School days.

Over time, a third Clinton has come into focus. This one is the likely suspect in the Whitewater inquiry, a pragmatic power politician who did whatever necessary to get and keep office in Arkansas. This Clinton played America's favorite local political game with gusto, granting low-interest loans to not-very-needy business interests, who in turn contributed generously to his political campaigns. This Clinton snuggled up close to the Arkansas oligarchs, the bond daddies and chicken pluckers—and never quite escaped the orbit of the shadowy Stephens brothers, Witt and Jackson, who owned and operated one of the great American fortunes. Some of these connections were explored cursorily

during the 1992 campaign. They would be of only marginal interest now, but for three factors: the lingering doubts about the president's character, the First Family's initial reluctance to release Whitewater information—and the disastrous decision, long touted by The Wall Street Journal, to bring the Little Rock courthouse crowd up to Washington to help run the country.

The three Clintons are not mutually exclusive; there is cross-pollination. One reason the president remains so devoted to his annual Renaissance Weekend may be that it is one place his three lives commingle—former New South governors and DLC types like Richard Riley sup with FOBs like Ira Magaziner and Arkansas oligarchs like Don Tyson. But life doesn't imitate Renaissance. The president's ability to swim so effortlessly in different waters would be an admirable trait—if it weren't carried so often to excess.

Inner circle: One conclusion seems obvious: the moderate, bipartisan Clinton is the only persona that *hasn't* brought him political grief. It has, in fact, been his refuge when times got tough. It is therefore rather strange that Clinton has stocked the administration primarily from his *other* lives. There is no "New Democrat" guru in the inner circle. Worse, there's a sense that "moderate" issues like crime and welfare are useful mostly to build support for "liberal" issues like health

care—and a belief the centrist coalition that passed NAFTA was an exception rather than a model. A clearer commitment to creative centrism wouldn't have saved the president from his current dilemma, but one wonders if a more ecumenical cast in the White House might have mitigated the bunker mentality that fed this disaster. (The need for a more professional staff goes without saying.)

Another "obvious" conclusion is more risky: one has to wonder about Hillary Rodham Clinton. She has had a central role in two of her husband's three public lives. Guess which two. "We never saw much of Hillary," says a DLC stalwart. While he chaired the Governors' Conference, she chaired the Children's Defense Fund. Of more immediate interest, she is the only former Rose Law Firm partner who hasn't left town or been demoted—and, by her own admission, she was reluctant to indulge the media's Whitewater fixation. It's probably too easy to caricature her as relentlessly tugging the president to the left—she's a pragmatist, not a communist—but she may well be the most influential of the many insiders who disdain the DLC, and see Clinton's "New Democrat" persona as a tactic rather than a strategy. The combination of liberalism, legalism and her profound mistrust of those outside the inner circle probably hasn't served the president well. But it's hard to say. The precise nature of the Clintons' relationship remains the abiding enigma of this administration, the missing piece to every puzzle, the reason why we can't put this mystery down.



SYGMA

An abiding enigma: Back in Arkansas

The moderate Clinton is the only persona that hasn't brought him grief

