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[Press Clips] Tuesday, January 18, 1994

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Due to the bad weather the Office of News Analysis has not received copies of US News and World Report, The New Republic, and Business Week. We regret the delay.

Time.......................................................1
Newsweek..............................................21
Tuesday, January 18, 1994
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THE WHITE HOUSE NEWS REPORT IS PREPARED BY THE WHITE HOUSE OFFICE TO BRING NEWS ITEMS OF INTEREST TO THE ATTENTION OF KEY PERSONNEL FOR USE IN THEIR OFFICIAL CAPACITIES. IT IS NOT INTENDED TO SUBSTITUTE FOR NEWSPAPERS AND PERIODICALS AS A MEANS OF KEEPING INFORMED ABOUT THE MEANING AND IMPACT OF NEWS DEVELOPMENTS. USE OF THESE ARTICLES DOES NOT REFLECT OFFICIAL ENDORSEMENT. FURTHER REPRODUCTION FOR PRIVATE USE OR GAIN IS SUBJECT TO ORIGINAL COPYRIGHT RESTRICTIONS.
Ice Follies
The Strange Plot to Cripple Nancy Kerrigan

Tonya Harding
Nancy Kerrigan
LETTERS

TO OUR READERS

CHRONICLES

MILESTONES

THE PRESIDENCY: Whitewater Runs Deeper

New questions arise about the Clintons' land deal

THE POLITICAL INTEREST: How to Heat Up a Scandal

The worst thing is the sense we’ve been here before

HEALTH CARE: Emergency? What Emergency?

An uncertainty is the latest threat to the Clinton plan

DIPLOMACY: New Worlds to Conquer

Clinton takes his glad-handing abroad. But to what effect?

Yeltsin Interview: Changing tactics but sticking to reform

SCIENCE: Marching Orders from Washington

The White House tries to focus research on helping industry

SPACE: Hubble’s Sharper Eye on the Universe

New pictures prove that astronauts make good optometrists

EDUCATION: Does Anybody Want This Guy?

Swarthmore tries sending a problem student to Columbia

INTERVIEW: An Inside Look at the Paramount Brawl

Embattled chairman Martin Davis speaks

COVER: Treachery on Ice

Any illusions about the decorous world of figure skating are trampled as police arrest three men, including Tonya Harding’s bodyguard, in the attack on star Nancy Kerrigan

Skating’s Road to the Top: It requires plenty of sweat and tears, but mostly of all, money

Skater Oksana Baiul, left, cries as she takes to the floor

SOCIETY: Boarders No More

Hospitals fight the plague of abandoned babies

THE ARTS & MEDIA

Television: A year after leaving the game, programming whiz Brandon Tartikoff steps up to the plate again

A bristling battle royal on Masterpiece Theatre

Cinema: To tell the truth, Debra Winger cannot be taken lightly

Madeleine Stowe is sharp as a laser in Blink

Art: Soviet paintings, as only Madeleine Thiel could love them

Books: A Babel of sounds and voices from William Gaddis

Memoirs from columnists Art Buchwald and Pete Hamill

The Soloist plays a melancholy theme

Music: What would the jazz stars of yore say about US 33?

A wizard’s brew from the magical duo Dead Can Dance

PEOPLE

ESSAY

COVER: Photo illustration. Photograph by Merlin A. Summers.
Clinton's European Adventure

On his first European trip in office, President Clinton delivered a well-received speech in Brussels in which he stressed U.S. commitment to Europe and pledged to keep 100,000 troops there. Brussels was the site of a two-day NATO summit, and the alliance agreed to Clinton's Partnership for Peace plan. The initiative provides for the possibility of former Warsaw Pact countries joining NATO gradually over an unspecified period. The President toured Prague with Czech President Vaclav Havel and then arrived in Moscow, where he urged Russians to continue reforming their economy. In the Kremlin, Clinton signed an agreement with Boris Yeltsin and Leonid Kravchuk, the President of Ukraine, dealing with Ukraine's nuclear weapons.

Counsel for Whitewater

After nine Democratic Senators urged him to take the step, President Clinton finally agreed to call for the appointment of a special counsel to investigate his involvement with the Whitewater Development Corp. in Arkansas. Senate minority leader Bob Dole and other Republicans who had long insisted on the appointment of a special counsel continued to call for a congressional investigation as well.

No Vote Suppression

Federal and state investigators announced that they had found no evidence of vote suppression in last year's gubernatorial election in New Jersey. Edward Rollins, the campaign manager for Governor-elect Christine Todd Whitman, had boasted

**INSIDE WASHINGTON**

From the Man Who Brought You Willie Horton...

**FLOYD BROWN IS BACK.** He's the conservative who created the original Willie Horton ad in 1988 and made a video rehashing the Gennifer Flowers mess in 1992, and he is now covertly feeding information and hard-to-find documents to reporters and congressional Republicans looking into the Whitewater affair. Brown's associate David Bossie has been to Little Rock several times digging for dirt. Evidently some Whitewater tale tellers prefer to deal with Brown & Co., figuring Brown can be trusted to protect their sources.
Winners

Christine Whitman
N.J. Governor-elect's campaign cleared of vote suppression

Sen. Charles Robb
Virginia Democrat's rival, Gov. McAuliffe, isn't likely to run for Senate

Hillary Clinton
Whitewater special counsel named despite her opposition

Tanya Harding
Figure skater's bodyguard is implicated in attack on Kerrigan

Howard Stern
No late-night TV gig as New Year's Eve show repels Fox's owner

THE CLINTON ROLLER COASTER

Percent who approve of the way President Clinton is handling his job

Bill and Ted's Cuddly Adventure

The White House allowed Ted Koppel, anchor of ABC's Nightline, to spend a few exclusive minutes with Bill Clinton on each night (but one) of the President's European tour. Questioning Clinton—and Secretary of State Warren Christopher—the usually bold and unflinching newsman suddenly seemed to turn into Merv Griffin:

To Clinton: "Over the past month, you've had a bad time... You now have got to be the leader of the free world again. Just from a human point of view, how do you find the grit to do that?"

"See if you can explain, in a nice pithy paragraph, how it is that 30 or 40 years from now people are going to look back on this trip."

"Do you go with these speeches the way they're written, or do you sort of wing it?"

(After Clinton separately walked out on three reporters who asked him about Whitewater) "Yesterday you lost it a little bit. I don't mean you lost it, you lost your touch a little bit. You didn't handle the Miklaszewski interview very well, you didn't handle Ann Compton's interview very well. Was it fatigue? Was it just the frustration of having it come up? I mean, why? You could have handled either one of those questions and knocked them out of the park any other night."

To Warren Christopher: "Do you have to take along formal wear? How many different changes of clothes does the Secretary of State have to bring, and why don't you have someone to pack for you like the President?"

"It's just—it is amazing, I mean, I am some years younger than you and do not work as long or as hard a day as you do, and I must say, for you to move into this thing now, and you can't really let your guard down now for the next eight days, can you?"

"Now, how important is dinner with your wife?"

from the polls. He later recanted the remarks. Whitman takes office this week.

Wilder withdraws

Virginia Governor Douglas Wilder used his State of the Commonwealth address to announce that he had dropped plans to run for the U.S. Senate. He would have battled arch-nemesis Senator Charles Robb for the Democratic nomination in a contest that many had expected to be a mudslinging embarrassment to the party.

Arrests in Kerrigan attack

The bodyguard of U.S. figure-skating champion Tonya Harding and two other men were arrested for the brutal assault on Harding's rival Nancy Kerrigan in Detroit. According to his lawyer, bodyguard Shawn Eckardt told investigators that he had taken part in the plot to injure Kerrigan but denied being "smart enough" to plan it.

More combat jobs for women

Lame-duck Defense Secretary Les Aspin overruled the Army and Marine Corps to approve a policy that will expand the presence of women in combat forces.

Women still cannot engage in fighting, but Aspin has ordered that they be allowed to take dangerous support jobs that have been closed to them. The two services have until May 1 to provide a list of what these jobs will be.

Davidians on trial

In San Antonio, Texas, the trial began of 10 men and one woman who are members of the Branch Davidian cult and who are charged with murder, a conspiracy to commit murder in connection with the death of four federal agents. The agents were shot during a raid on the cult's compound near Waco in February 1993.

Cheating at Annapolis

In the largest cheating scandal since it adopted its honor code in 1961, the U.S. Naval
Academy is attempting to determine how many members of the current graduating class had advance knowledge of the questions on an engineering exam given in December 1992. As many as 140 cadets out of a class of 1,100 may be implicated.

Trying Again in Vidor

In the predawn darkness, four black families quietly moved into an all-white housing project in Vidor, Texas. The project had been seized by federal authorities after previous attempts at integration failed when whites drove away several black families by harassing them.

Mrs. Bobbitt in the Dock

In Manassas, Virginia, the now infamous Lorena Bobbitt went on trial for severing her husband's penis with a kitchen knife. She testified that her husband John Wayne Bobbitt often beat her and forced her to have anal sex.

Mistrial for One Menendez

After 19 days, the jury deliberating the charges against Erik Menendez said it was hopelessly deadlocked. The judge declared a mistrial, so Menendez, accused along with his brother Lyle of murdering their parents, will have to be tried again. Lyle's jury is still in deliberations.

NATO Threatens Air Strikes...

At their Brussels summit, the 16 members of NATO again threatened to use air strikes against Serb forces in Bosnia to protect Sarajevo. The allied leaders repeated a promise they made last August to "prevent the strangulation of the city. They also said they would study measures to relieve the eastern Bosnian town of Srebrenica, where Canadian U.N. peacekeepers are trapped, and to reopen the airport in the northeastern Bosnian town of Tuzla. NATO officers said that it was unlikely air strikes would be launched before

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Informed Sources

Somalia Secession?

When U.S. forces complete their withdrawal from Somalia on March 31, the nation may split in two. MOHAMMED IBRAHIM EGAL, President of Somaliland, was in Nairobi in recent weeks trying to win support for the notion that the region he rules in the north—which no state recognizes as a country—should remain independent and not be reincorporated into Somalia.

Clinton's Plans for the Equal Employment Opportunity Commission

New York lawyer IDA CASTRO is the leading contender to head the Equal Employment Opportunity Commission. One reason she's topping the list: she has ties to Harold Ickes, new White House deputy chief of staff. Clinton had hoped to fill the EEOC slot and several other civil rights posts before Martin Luther King Day.

Halperin Down but Not Out

MORTON HALPERIN, former director of the Washington office of the American Civil Liberties Union, withdrew his name from consideration for a top Pentagon job last week. Attacks from conservatives on the Senate Armed Services Committee were the reason for his decision. But Halperin may still work in the Administration. White House sources say. If he is proposed for a job at the State Department, the more congenial Senate Foreign Relations Committee might well approve, so a position there is one possibility. Another is a post at the National Security Council, which would not require Senate confirmation.

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Raw Data

The city of Manassas is not happy with the kind of attention it has been receiving, and so has prepared this map to set the record straight. (Excerpts from the accompanying text are at right.)

MEDIA ADVISORY

MANASSAS, VA. (2-9-94)

The dismemberment of John Bobbitt took place at Maplewood Garden Apartments in PRINCE WILLIAM COUNTY.

The temporary disposal then occurred nearby also in PRINCE WILLIAM COUNTY.

The celebrated reattachment took place at the very fine Prince William Hospital which is located in MANASSAS.

(We are justly proud of our low tax rates, high quality/low cost water. a safe and progressive airport...
**DISPATCHES**

By Jeffrey C. Rubin, in Fontana, California

**Industrial Flea Market**

"These foundations are a wonder to behold," says George Trentz wistfully as he stands before a row of crumbling concrete walls, virtually all that remains of the former Kaiser Steel Corp.'s mill in this town, an hour's drive east of Los Angeles. The plant, once 20 stories high and 100 yds. long, has been reduced to a ruin, and as workers with acetylene torches continue their cutting, Trentz watches the factory where he worked for years literally disappear before his eyes. If it were simply another smokestack victim of America's decline in manufacturing, it would just be allowed to sit and rust. Something stranger is happening, though: the plant has been sold to the Chinese, and they are taking it apart rivet by rivet and shipping it back to their country, where they will rebuild it to help satisfy China's insatiable industrial appetite. Thought to have expanded at a torrid rate of 13% in 1993, China's economy has been the fastest growing in the world for two years in a row.

Looking at the piles of rubble and scrap, it is hard to imagine that when it opened in 1978, the Basic Oxygen Process Shop No. 2, known as "the BOP shop," was among the most formidable steelmaking facilities in the world. The two huge Voest-Alpine furnaces could produce up to 2.8 million tons of high-grade carbon steel annually. But soon after Kaiser built the plant (at a cost of $287 million), the company encountered new environmental regulations and rising union wages that made the mill noncompetitive with overseas producers. Within five years Kaiser shut the plant down. For a decade the BOP shop came to life only occasionally as a movie set—in 1990, for example, the hi-tech maul of Arnold Schwarzenegger's apocalyptic Terminator II was filmed here.

Then, in late 1992, the Shougang steel corporation of Beijing agreed to pay $15 million for the plant. Soon after, 290 engineers and laborers arrived from China to begin packing up their new possession. After being cut or unbolted, each piece—some are big enough to hold now, the massive furnace will be life again

of Arnold Schwarzenegger's apocalyptic Terminator II was filmed here.

Within weeks the mill will be disassembled and the scrap shipped back to China. The furnaces, now oddly in the open air, will be trucked to the southern Guangxi region; the cost of dismantling, moving and reconstructing it will be at least $400 million.

"China could build a new steel mill like this one," says Wang Shengli, who is overseeing the project. "We bought this one because we can have it operating sooner than if we built our own." The mill will be put up in the southern Guangxi region; the cost of dismantling, moving and reconstructing it will be at least $400 million.

The Fontana mill is the largest plant bought in the U.S. and taken home by the Chinese, but it is hardly the only one. In North Carolina the Chinese picked up a secondhand nuclear-plant control room, in Pennsylvania they purchased a used microchip-making facility, and in Michigan they bought an auto-engine assembly line. If China's economy keeps going along as it has been, the steel, microchips and engines made in these newly exported plants may ironically come back to America one day—as imports.
town of Taba, but three days later, delegates again halted the talks. "On the civilian issues, we are coming closer. On the security issues, there is a lot to be done," said Major General Amnon Shahak, head of the Israeli delegation.

**BUSINESS**

**Low, Low Prices**

Wholesale prices edged up a negligible 0.2% last year, and consumer prices posted the smallest gain in seven years—only 2.7%. Analysts predict continued low inflation in 1994. Meanwhile, spurned on by purchases of cars and home-related goods, retail sales last year soared 6.2%, the biggest annual advance since 1989.

**Rules for the Info Highway**

Vice President Al Gore unveiled the Administration's grand design for the coming information superhighway. Though a bit stingy with details, Gore said the Administration will push for legislation that encourages deregulation and greater competition among traditional rivals, allowing telephone and cable-TV companies to enter each other's business, for example. He also indicated that the Administration will press the telecommunications industry to provide both affordable "universal service" to all households and free access to the info highway to schools, libraries and hospitals. Initial industry reaction was favorable.

**Paramount Board Favors QVC**

The board of Paramount Communications recommended that shareholders reject Viacom's latest bid and again advised that they accept QVC Network's offer estimated to be more generous by about $600 million.

**A Break in the B.C.C.I. Probe**

An agreement with Abu Dhabi's ruler, a principal backer of the Bank of Credit and Commerce International, has given new life to the

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**THE GOOD NEWS**

- Nursing a baby can significantly lower chances of getting breast cancer later in life, a new study shows. Mothers who begin breast feeding in their teens and continue for at least six months reduce the risk of cancer before menopause almost by half.

- Spinal-tissue injuries frequently lead to paralysis, but researchers in Japan say they have cut the spinal cords of newborn rats and reattached the severed ends without inflicting permanent damage. After a few months, these rats were running and climbing nearly as well as uninjured ones.

- Rats navigating a maze make only half as many errors when given a new "smart" drug called BDP, which affects receptors in the brain. If proved safe, the drug could be used to treat Alzheimer's patients.

**THE BAD NEWS**

- Thirty years after the Surgeon General's first warning about the hazards of smoking, cigarettes and other tobacco products still kill more than 420,000 Americans each year.

- Health officials report that the deadly hantavirus that last year killed 32 people in the Southwest has made its first appearance east of the Mississippi, in a Florida drug-treatment center.

- The number of foster children in the U.S. has doubled, to 442,000 in the past 10 years. As a group, they receive the worst health care of any American children.

- Elderly Americans who have many sex partners or are otherwise at risk to contract AIDS are one-sixth as likely to use condoms as a comparable group in their 20s.

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**Diagnosing Bill Gates**

In its Dec. 27/Jan. 3 issue, the New Yorker ran a long piece about autism called "An Anthropologist on Mars," and in the following issue the magazine ran a long piece called "E-Mail from Bill" about Bill Gates, chairman of Microsoft. In some ways, the articles were strangely and intriguingly similar.

**AN ANTHROPOLOGIST ON MARS**

Some autistics possess an "excellent ability of logical abstract thinking."

Autistics suffer "impairment of social interaction with others."

Many autistics show "repetitive or automatic movements, such as spasms, tics, rocking." Some autistic children "rock back and forth."

Autistic children sometimes suffer "sudden panics or rages, and scream or hit out uncontrollably."

Autistics "do not make eye contact."

The home of one autistic family had a "well-used trampoline, where the whole family at times, likes to jump and flap their arms."

**E-MAIL FROM BILL**

A Microsoft executive is quoted: "Bill is just smarter than everyone else."

A former girlfriend is quoted: "People who know Bill know that you have to bring him into a group... because he doesn't have the social skills to do it on his own."

"While he is working, he rocks...[H]is upper body rocks down to an almost forty-five-degree angle, rocks back up, rocks down again. They claim I started at an extremely young age," said Gates.

"If he strongly disagrees with what you're saying, [Gates] is in the habit of blunting out. That's the stupidest... thing I've ever heard!" People tell stories of Gates spraying saliva into the face of some hapless employee.

"He did not look at me very often but either looked down as he was talking or lifted his eyes above my head to look out the window."

"He has planned a full-size trampoline for a house he is building."
global fraud investigation of the rogue bank. Sheik Zayed bin Sultan al-Nahayan has agreed to allow B.C.C.I.'s No. 2 man, Swaleh Naqvi, to be extradited to the U.S. for trial on fraud charges, and to give prosecutors access to other former officers and to bank records. In turn, the U.S. has promised the sheik that he will not face criminal or civil charges in the U.S. and that a $1.5 billion lawsuit against him will be dropped.

Blue-Chip Layoffs Persist
The troubled Westinghouse Electric Corp. said it would shed 6,000 employees, or 11% of its work force, over the next two years. GTE Corp., the nation's largest local phone company, said it would cut 17,000 jobs, or 13% of its work force, over the next three years.

SCIENCE
Snapshots from Space
The before-and-after pictures said it all: images of distant stars and galaxies that had been fogged and blurry were suddenly breathtakingly clear. Not only was NASA's Hubble repair mission an unqualified success (boosting the agency's chances of getting funding for its next big project, the space station), but astronomers now have a scientific tool of unprecedented power. Discoveries—black holes, white dwarfs, new solar systems—could pour in for years to come.

Sonic, the Hedgehog Gene
Scientists have identified a new class of genes—to be called hedgehogs by convention—that control a master switch in DNA molecules that tells cells whether they are to become skin, bone or muscle. The new genes are being named for hedgehog species, such as I. tinan and moorat. One of them is even called Sonic, after the hedgehog hero of a popular video game.

DEBUTING. JERRY BROWN, 55, former Governor of California and occasional presidential candidate, as a radio talk-show host, in Oakland, California. Brown ran the nation's most populous state for eight years and challenged two future Presidents—Carter and Clinton—on their road to the White House, but he is about to take on his biggest opponent yet: Rush Limbaugh. Brown is launching his two-hour daily radio talk show on Jan. 31. About 50 stations throughout the country will carry the program initially.

DIED. HARRY NILSSON, 52, singer and songwriter; of a probable heart attack; in Agoura Hills, California. Winner of two Grammys, Nilsson was best known for his recording of Everybody's Talkin', the theme song from the movie Midnight Cowboy.

DIED. JOHAN JORGEN HOLST, 56, Norwegian Foreign Minister; of a stroke; in Oslo. Holst served as Norway's Foreign Minister for less than a year, but as the man who arranged the secret negotiations leading to last September's historic accord between Israel and the P.L.O., he played a crucial role in world politics. When Holst was appointed in April, some of his countrymen feared that he lacked the necessary savvy for the post. Those doubts were erased by the revelation of Holst's peacemaking efforts between the two Middle East antagonists. Among other unorthodox strategies, he was host of relaxed meetings in his own home, at which Israeli and Palestinian officials divided their time between impassioned negotiating and playing on the floor with his young son. Holst's grueling shuttle diplomacy may have caused his stroke.

DIED. JOHN BRADLEY, 70, American serviceman pictured in the classic World War II photo of the U.S. flag being raised on Iwo Jima; of a stroke; in Antigo, Wisconsin. Bradley, the lone Navy man amid five Marines, is seen in the foreground, second from the right. "I just jumped in and gave them a hand," he once recalled. "I just came along. I was in a certain place at a certain time." Bradley was the last of the men pictured to survive.

DIED. CHARLES STONEHAM ("Chub") FEENEY, 72, former president of baseball's National League; of a heart attack; in San Francisco. He never played an inning, but Chub Feeney was around baseball all his life. Three years before Chub's birth, in 1921, his grandfather acquired the New York Giants. By the '50s, he was in essence the Giants' general manager, and he oversaw their World Series win over the Indians in 1954, their National League pennant victories of '51 and '62, and the team's epochal move from the Bronx to San Francisco's Candlestick Park in 1958. In 1970 he was named National League president, a post he held till 1986. When he got the job, the new president observed that after a lifetime as a Giants partisan, "I've got to remind myself that I'm the only guy in the ball park who is there to root for the umpire."

DIED. SRI CHANDRASEKHARENDRA SARASWATI SWAMIGAL, 99, one of five major leaders of Hinduism; in Kanchipuram, India. The son of a poor Brahman schoolteacher, Saraswati displayed such promise that he was chosen by a religious predecessor to be a spiritual leader when he was 13. He devoted the rest of his life to learning religious texts and nearly a dozen languages, becoming the greatest living scholar of his faith. The swamigal, who journeyed throughout India by foot over two decades, was a committed believer in religious tolerance, a tenet he preached in spite of the recent rise of an often violent form of Hindu chauvinism. For that he earned the respect of India's Muslim minority.
As Reno chooses a special prosecutor, new questions arise in the Whitewater case

By GEORGE J. CHURCH

I F THERE IS ANYTHING BILL CLINTON does not need, it is another embarrassing question about Whitewater. In fact the President has agreed, most reluctantly, to the appointment of a special counsel to investigate that mess largely to move the questions off the front pages and TV network news for a while. But now TIME has turned up evidence that Bill and Hillary Rodham Clinton participated in deals in which the same land was sold and resold—in one case to themselves—at rapidly escalating prices for reasons that cannot quickly be pinned down.

Even in the middle of what should have been a banner European trip, a senior aide reported Clinton to be “vexed” and “frustrated.” In Brussels, Prague, Kiev and Moscow he was winning favorable press coverage for his handling of foreign policy. But at every stop he kept hearing that awful word Whitewater to his obvious dismay. Presidential aides had fought to portray criticisms of Whitewater and related deals as partisan Republican sniping. But now nine Democratic Senators had joined the clamor for a special counsel to take an independent look.

A conference call Tuesday night between Clinton’s entourage in Prague and people at the White House ended with no final decision. But before leaving the Czech capital Wednesday morning, Clinton told advisers, “I want to get on with the business of my presidency,” and gave the go-ahead for a special counsel. Officially, the decision came in a letter from White House counsel Bernard Nussbaum to Attorney General Janet Reno.

That gave White House aides a reason to turn aside any new Whitewater questions: from now on, it’s all up to the special counsel.

THE LAND: Why did the 230 woodsy acres escalate in value so quickly?
counsel. But there are questions about the special counsel. Who will be chosen? Reno's only answer was someone "ruggedly independent." Outsiders could agree only on a general description: the counsel should be someone well known and respected, at least within the legal profession: probably retired or semi-retired (because he or she could not be involved in any active litigation) and preferably a Republican. How broad or narrow will the probe be? Said Justice Department spokesman Carl Stern: "We're not going to tell the special counsel what to investigate. He or she is going to tell us."

The difference could be crucial. An inquiry focused narrowly on Whitewater and the failed Madison Guaranty Savings & Loan, whose owner James McDougal and then wife Susan were partners with the Clintons in that land venture, might be concluded speedily, but be open to charges of inadequacy. A broader investigation could turn into a fishing expedition lasting for years.

In any case, matters meriting a special counsel's attention keep piling up. The fundamental questions still are: Was any money from Madison Guaranty improperly funneled into Governor Clinton's campaigns, or into the Clintons' pockets? And did the Governor repay with political favors to the S&L? But any attempt to answer quickly leads into a tangled financial-political underbrush, which seems to get thornier every day. Some new problems:

**RUNAWAY INFLATION?** On July 14, 1978, Arkla Land Co. sold a 3,600-acre tract in northern Arkansas to a company called 101 River Development Inc. for a price equivalent to about $400 an acre. On Aug. 2, a 230-acre parcel was resold. The buyers: Bill and Hillary Clinton and James and Susan McDougal. A deed examined by TIME in the Marion County seat of Yellville is recorded in their individual names; tax stamps indicate the price was $203,000, or roughly $882 an acre-more than double the per-acre price only 19 days earlier. Little more than a year later, on Sept. 30, 1979, the Clintons and McDougals sold the land again, to their newly formed Whitewater Development Corp. The price, again as calculated from tax stamps: $250,000, or just under $1,087 an acre.

Why the rapid price inflation? Why did the Clintons and the McDougals pay twice the price paid by 101 River? Why was the price increased almost 25% a year later? The only explanation available is that fully sampling one comes from James Patterson Jr., who was involved in several ways: he was a secretary of 101 River Development, which sold the land to the Clintons and McDougals, and also president of Citizens Bank and Trust in the tiny Arkansas town of Flippin, which loaned money to 101 to buy the land and later advanced a $182,611 mortgage loan to Whitewater so it could repurchase the same land. Patterson, in an interview with TIME, insists that the sale to the McDougals and Clintons was an arm's-length transaction. The reason they paid more per acre than other buyers of acreage from the large parcel was that they bought better land with a large amount of river frontage. And the reason his bank extended such loans, Patterson said, was to boost local economic development.

**PROFIT OR LOSS?** The Clintons have contended that rather than improperly profiting from their half-share in Whitewater, they lost nearly all the $69,000 they invested. But that claim is becoming increasingly difficult to support. For one thing, Whitewater's purchase of the land for $47,000 more than the Clintons and McDougals had paid for it would have yielded each couple an initial profit of $23,500, if they had a fifty-fifty share in everything. The profit may have been entirely on paper; even so, they should have paid federal capital-gains taxes on it. The Clintons' tax returns from 1980 through 1987 show no such payment; their 1979 return is unavailable. Besides the $183,000 loan from Citizens Bank, Whitewater was started with a down payment of $20,000. But documents establish that the $20,000 was also borrowed, from Union Bank of Little Rock. That raises the question of whether...
CONFLICT OF INTEREST? A Governor going into partnership with a man whose main business is regulated by the state government seems questionbale to begin with—or at least an occasion for special vigilance. But at least one more specific potential conflict has been turned up by Time. In 1983, Madison Guaranty sought state approval over the objection of a rival S&L, to open a branch in Salina County. A six-member board established to decide such cases had a temporary vacancy. Governor Clinton sent a letter to one Dick Fisch (nobody today recalls anything about him) appointing Fisch a "special member,... to specifically hear" the Madison case. The board, including Fisch, voted to approve Madison's application. As it turned out, the branch never opened. No matter; in the view of some lawyers, it was unethical for Clinton to decide who should vote on an application from a business partner of the Governor.

TRYING TO MISLEAD REGULATORS? Rose Law Firm, in which Hillary Clinton was a partner, represented Madison Guaranty for a retainer of $2,000 a month, and in 1985 Mrs. Clinton presented to a regulator appointed by her husband a plan for a sale of preferred stock to shore up the S&L's finances. In support of that petition, Richard Massey, another member of the Rose firm, wrote two letters. One, in June, acknowledged inferentially that Madison did not meet federally mandated cash requirements but cheerily asserted that "the applicant anticipates that no deficiency will exist in the near future." The next month Massey advised that Madison "anticipates... improvement of its financial condition and services provided to customers." Massey told the Associated Press that he was merely passing on what he had by Madison management.

Those rosy opinions were sandwiched between totally contrasting judgments by the Federal Home Loan Bank Board, which supervised S&Ls whose deposits were insured by the Federal Government, as Madison's were. In a 1984 audit, the bank board warned that Madison's "investment and lending practices in real estate developments" were jeopardizing its "viability." In 1986, eight months after the second Massey letter, another bank-board

the loan from Citizens was prudent, given that there was no cash down payment. Also, it is not known for sure how much, if any, unborrowed cash the Clintons put into Whitewater.

Further, records and interviews with Chris Wade, the real estate agent who sold the lots for the Clintons and McDougals and ended up buying much of the land from them, indicate that Whitewater over the years took in around $200,000. Wade claims that Whitewater spent $40,000 on improvements like roads, and carrying costs on the land may have eaten up much of the rest. But it is hard to see how the Clintons' half-share could have resulted in a loss of anything like $69,000. McDougal has told the Associated Press that he thought their cash investment, and loss, was only about $9,000 up to 1986.

CONFLICT OF INTEREST? A Governor going into partnership with a man whose main business is regulated by the state government seems questionbale to begin with—or at least an occasion for special vigilance. But at least one more specific potential conflict has been turned up by Time. In 1983, Madison Guaranty sought state approval over the objection of a rival S&L, to open a branch in Salina County. A six-member board established to decide such cases had a temporary vacancy. Governor Clinton sent a letter to one Dick Fisch (nobody today recalls anything about him) appointing Fisch a "special member,... to specifically hear" the Madison case. The board, including Fisch, voted to approve Madison's application. As it turned out, the branch never opened. No matter; in the view of some lawyers, it was unethical for Clinton to decide who should vote on an application from a business partner of the Governor.

TRYING TO MISLEAD REGULATORS? Rose Law Firm, in which Hillary Clinton was a partner, represented Madison Guaranty for a retainer of $2,000 a month, and in 1985 Mrs. Clinton presented to a regulator appointed by her husband a plan for a sale of preferred stock to shore up the S&L's finances. In support of that petition, Richard Massey, another member of the Rose firm, wrote two letters. One, in June, acknowledged inferentially that Madison did not meet federally mandated cash requirements but cheerily asserted that "the applicant anticipates that no deficiency will exist in the near future." The next month Massey advised that Madison "anticipates... improvement of its financial condition and services provided to customers." Massey told the Associated Press that he was merely passing on what he had by Madison management.

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Itemized grievances on the campaign trail
HEALTH CARE

Crisis? What Crisis?

As medical inflation eases, so does the sense of urgency that Clinton needs to push his revolutionary plan

By ADAM ZAGORIN WASHINGTON

This infant's HMO in California helps keep a lid on medical-cost inflation

HE LATEST ASSAULT ON BILL CLINTON'S top domestic goal began with 10 words on a Sunday-morning talk show last week. "We do not have a health-care crisis in America," declared Daniel Patrick Moynihan, the Senate Finance Committee chairman. His words sent shivers through the White House, where creating a national sense of urgency is regarded as critical to propelling the President's reforms.

Clinton's top domestic goal began with a hushed but urgent campaign to prevent the influential Business Roundtable from endorsing a more modest alternative to the President's 1,300-page plan. White House economics chief Robert Rubin and Deputy Treasury Secretary Roger Altman telephoned insurance-company CEOs at Prudential, Chubb, American International Group and CNA to urge them not to endorse the rival plan, backed by Representative Jim Cooper of Tennessee and Senator John Breaux of Louisiana. But the Administration's pre-emptive strike met with resistance. Late Friday an informal straw poll of the Roundtable's policy committee turned up broad support for Cooper-Breaux.

On his return from Europe this week, Clinton aims to launch an all-out campaign for passage with his Jan. 25 State of the Union speech. But attitudes about health-care reform have shifted in the months since Clinton unveiled his plan in September. The economy has rebounded smartly, and a growing number of legislators have been denying the existence of a national medical emergency. Certainly one aspect of the crisis, the skyrocketing cost of care, has abated. Medical inflation fell from an annual rate of 6.3% in the first half of last year to 4.4% in the second half, according to the consumer price index. New projections indicate that the Federal Government will spend $120 billion less on Medicare and Medicaid through 1998 than was estimated only a year ago.

Behind the slowdown lie aggressive steps by several states including Maryland, Oregon and Florida to contain medical costs. Many private companies are taking their own measures. Typical is Intel, the microchip manufacturer, which suffered 20% annual increases in health-insurance premiums until the introduction of a managed-care program in 1990 that covers 20,000 U.S. employees. New costs are edging up only 3% a year.

Another ingredient of medical-cost containment involves the decision by many hospitals, pharmaceutical companies and other providers to stabilize or lower their prices, perhaps in hopes of heading off congressional action on health-care reform. This, at least, is the argument advanced by Administration experts who caution that decelerating costs could prove illusory and that only a full-scale Clinton-style reform with mandatory price restraints can tackle the job in the long run. "Medical inflation slowed in the late 1970s just in time to defeat a previous effort at cost containment," recalls Laura Tyson, chairman of the Council of Economic Advisers. "Later on, prices resumed their former upward spiral."

Moreover, advocates of reform argue, inflation is only one of many health-care problems that need fixing, most notable among them the lack of coverage for 37 million Americans, which the Clinton plan is designed to remedy. Warns Paul Begala, a senior Clinton political adviser: "The American people believe something serious must be done in a country where any one of us could lose our medical insurance tomorrow."

The sentiment among critics of Clinton's plan leans toward proposals that are more incremental, with less ambitious financing and lower costs. The one claiming the most support so far is the Cooper-Breaux plan, also known as "Clinton Lite." The proposal matches many features of the President's proposal but does not put limits on insurance premiums and will not yield universal coverage.

Several Republican legislators have developed their own, mostly incremental plans, hoping to avoid the awkward choice between opposing reform altogether and voting for some variation of the Clinton plan for which the President will get most of the political credit. But, as the saying goes: you can't beat something with nothing, and the Republicans have yet to agree on an alternative that isn't Democratic in design. —With reporting by Michael Duffy and Dick Thompson/Washington
Bear Hugs All Around

In the wake of Clinton's saxophone summitry, his advisers claim that everyone came away happy. But the President's work may have only just begun.

By BRUCE W. NELAN

THE PRESIDENT OF THE U.S. TRAVELED through the snows of Moscow to the dacha where an empire had been unmade. The sumptuous three-story house is called Novo Ugaryevo, and it was there in April 1991 that Mikhail Gorbachev negotiated the far-ranging reforms that four months later triggered the coup against him: the coup that brought on the Russian revolution that wiped away the Soviet Union and brought to power Bill Clinton's host, Boris Yeltsin. Last week, as trees and fencing glowed with lights marking the Russian new year, saxophone music floated out of Novo Ugaryevo.

The American President had already practiced saxophone diplomacy twice before on his trip: once when he accepted a gift sax during the NATO summit in Brussels and then at a jazz club in Prague. The Russians handed him a third opportunity. Midway through an "informal" 22-dish dinner that included moose lips ("This was not a chocolate dessert," joked an American official), Yeltsin gave the President a five-inch blue-and-white porcelain figure of Clinton, one hand waving and the other clutching a saxophone. Suddenly—but to no one's surprise—a real one appeared, and Clinton rose to the occasion, performing My Funny Valentine and, in spite of the season, Summertime.

With the White House awash in Whitewater, Clinton reveled in his chance to conquer new worlds, to prove that a self-described "domestic" President could hold his own in the complex realm of international politics. He brought his genial man-of-the-people act to the streets of Brussels, Prague, Moscow and Minsk, even as he tackled economic and security issues from Russia to Bosnia with wonkish concentration. Boasting of breakthroughs on Ukrainian nuclear arms and the de-targeting of Russian missiles, Clinton proclaimed his trip a success. Said a senior official traveling with the President: "We absolutely did everything and got everything we hoped for." But while music hath charms, Clinton's work on the international front may be just beginning.

The foremost issue was Russia. At meetings with NATO partners in Brussels and with Central European leaders in Prague, the same worries emerged over and over. Would Russia backslide from reform and closer ties with the West? Would it reclaim its old sphere of influence in Central Europe? Indeed, Yeltsin looked with dismay at attempts of former East-
bloc nations to join NATO. Why should they want to join? "Russia does not threaten any country in Central or Eastern Europe," he told Time.

As Clinton and his senior aides rode from their hotel to the Kremlin for their first round of talks, they wondered whether they would find Yeltsin firmly on course for more economic reforms or possibly planning to trim under pressure from the extreme nationalists and communists in the newly elected parliament. In political shorthand, the apprehension had a name: Vladimir Zhirinovsky, the most visible and loudest of Moscow's band of neo-fascists. But Clinton was more broadly concerned last week with resentment among the Russian people and with whether Yeltsin would have to respond by firing some of the best-known reformers from his Cabinet and by slowing down the transition to a free-market economy.

Almost as soon as they sat down in the Kremlin, Yeltsin reassured them, saying, "There has been no backpedaling. We will continue to go steadily ahead and in some areas may intensify reform." The Americans received that pledge, said one, "with an audible sigh of relief." The Russian President went on to describe the state of Russia's economy and so did several ministers. Their presentations lasted 50 minutes, and though some eyes glazed over, Clinton's didn't. He listened attentively to each minister and jotted down pages of notes.

In scenes reminiscent of his election campaign, Clinton took to the streets of Moscow selling Yeltsin's reforms, going so far as to answer questions from Russians in a televised town-hall meeting. At times the performances on the street and on the air made his advisers edgy. "In things like this, there are a lot of difficult issues where language matters a lot, where it's a lot easier to have a script," said a U.S. official.

The view that Russia has become a puppet of the U.S. has helped fuel nationalist sentiments among the likes of Zhirinovsky. Still, the head of the Liberal Democrats professed no interest in Clinton's visit. "It's not important to us," he told Time. He was apparently busy. At last week's opening sessions of the Duma, the lower house of parliament, Zhirinovsky got into a slapping match with a fellow legislator at the parliament cafeteria. They were arguing over who should be served first.

The capstone to the trip, and to months of painstaking U.S. diplomacy, was Ukrainian President Leonid Kravchuk's agreement to dismantle all 175 of the intercontinental missiles and more than 1,800 nuclear warheads left behind in Ukraine when the Soviet Union collapsed. At a brief stopover in Kiev, Clinton joined Kravchuk for a press conference in front of a blue curtain hastily hauled up from a snack bar. Kravchuk had made the same promise before, only to be stymied by the Ukrainian parliament. But he flew to Moscow to join Clinton and Yeltsin in putting his signature to the written agreement. At the same time, Yeltsin and Clinton dramatized the message that the U.S. and Russia are no longer enemies. They announced that as of May 30 their strategic missile systems will no longer be aimed at each other or at any other country.

A senior American official says the only thing more difficult than dealing with Russians or Ukrainians is "dealing with both of them at the same time." The hardest part, he says, was getting the Ukrainians to be realistic about what to expect from us. They were thinking of billions in compensation when we were thinking hundreds of millions. Washington officials cannot be sure Kravchuk will deliver this time either, but they hope he will be able to sell his parliament on accepting pledges of more than $300 million in aid. Russian and U.S. security guarantees, and up to $1 billion worth of fuel for peaceful nuclear programs. The most potent weapons must be deactivated within 10 months:

Boris Yeltsin: "May God Help Us"

While preparing for the summit and the opening session of the new parliament, Boris Yeltsin responded to written questions from TIME's Moscow bureau chief, John Kohan. It is Yeltsin's first exclusive interview with an American publication since the collapse of the Soviet Union.

What are the prospects for reform in Russia, given the opposition in the parliament? The elections showed once more that the majority of voters are against the return to a communist utopia and support free enterprise and a diversified market economy. There are differences over the question of how to carry out reforms and at what speed, of how to overcome those temporary difficulties that inevitably affect the lowest-paid segments of the population. I have fully resolved that we must keep on with the strategy of democratic reforms. At the same time, we will have to make certain corrections in our tactics. We must heed the signal that voters have sent us.

A constructive opposition, rejecting extremism and political violence, can also make its contribution to the search for the best solutions. Those whose thinking has been frozen in the dogmas of a totalitarian past, whether Soviet or imported from abroad, will have to bow to the will of the people.

What can the West do to help reform? Of course, the Russian people themselves will determine the fate of our reforms.
Are concerned that the powers granted the President by the new constitution might to someone who does not share your commitment to reform? Strong power is traditional for the Russian state. It also meets the demands of a transition period, when there are many destabilizing factors in society. The new constitution and the prerogatives given the President rule out any danger that there might be a scramble for power and anarchy under conditions where a real, civilized, multiparty system is just being created in our country.

Do you plan to run for President again? It is still early to say whether I will run for a second term. I would say only this: in the time left before the next presidential election, I will do my best to prepare politically capable of leading Russia along the road of democratic changes that we launched in the interests of our country and its people.

You have kept your country through some of the most dramatic events of our time. How do you explain your popularity among ordinary Russians? How do you want to be remembered in future history books?

I know Russians well and the Russian character. I am part of the people and speak to them in a language they understand. I love Russia and its people, and I feel it. I have been destined to carry out the difficult mission of leading Russia out of a totalitarian past and bringing it into the family of nations of the free world, where every person is the creator of his own happiness and can openly express his thoughts and opinions without fearing the secret police and its agents, recruited under pressure or of their own free will, and where the state serves a person rather than the other way around.

Our road is strewn with obstacles. We have no experience of free enterprise. There are remnants of a slave ideology, with people still ready to serve "the party and the government." Finally, there are the ambitions of many would-be Napoleons, who are often totally indifferent to everything and everybody but themselves. But I won't hide the fact that I would like Russians to remember me as the man who did his best to free his people once and for all from the legacy of the civil war. From now on, let our Russia be a homeland for all its sons and daughters, whatever political camp they may belong to. And may God help us.

Clinton arrived in Prague to talk it over with them in Prague.

In an interview with TIME, Yeltsin was diplomatic but negative about expanding NATO. "We not only do not regard NATO as hostile to Russia," he said.

"I do not even rule out the possibility that we might join it at some stage." But he then went on to warn that the "hasty 'entry' of some countries into NATO would 'create a feeling of isolation in others' and 'play into the hands of nationalists.'" At a joint press conference with Clinton on Friday, Yeltsin went further, arguing that if NATO is to take in new members it should accept Russia and the former Warsaw Pact states simultaneously. "Admitting us one by one is no good," he said. "I am against that.

Secretary of State Warren Christopher told TIME that Russia would join the Partnership for Peace—someday might even join NATO. Integrating "all of Europe in one fell swoop" was an attractive concept, he said, but when Yeltsin spoke in those terms he was "defining a kind of Utopia.”

Clinton's last appointment in Europe shaped up to be his most difficult and potentially least fruitful. He was to fly to Geneva on Sunday for talks with Syrian President Hafez Assad aimed at setting the Middle East peace process moving again. Clinton will, says Christopher, "let Assad know of our desire for a comprehensive peace." For his part, Assad will be looking for assurances that Clinton is ready to put some of his own time and effort into the process. It is not known whether the Syrian President appreciates the saxophone.

For all his exertions in foreign lands, Clinton was preoccupied with thoughts of home—especially of family. At 3 a.m. Thursday, hours before his first meeting with Yeltsin, Clinton stood in the hallway of his Moscow hotel, talking with his senior aides about his mother. Virginia Kelley, who died three days before he left for Europe. He had been mourning her throughout the trip. Clinton carried several chapters of the unpublished manuscript of her memoirs with him to Moscow. The President, says a White House staff member, "has effectively become the editor of her autobiography.” In the hotel hall he was telling senior officials stories from its pages. Later that day, Clinton made an unscheduled stop at a newly rebuilt church near Red Square. A priest showed him to a corner. "I was looking for a place where I could say a prayer for my father," he told one of his aides. The President lit a candle and, for a few moments, stood contemplating the flames that illuminated an Orthodox crucifix.

—Reported by David Aikman and James Carney with Clinton, with other bureaus
DON'T TREAD ON MY LAB

Researchers brace themselves for a new era of tighter control and stingier funding from Washington

By PHILIP ELMER-DEWITT

S

CENCE IS LIKE A FLASHLIGHT: WHAT it illuminates depends on where it is pointed. Traditionally, U.S. scientists have been free to decide for themselves where to focus their research. From time to time, politicians and interest groups would lobby for specific agendas—space exploration, say, or AIDS or breast cancer. But by and large, science in America has been run by the scientists.

That is about to change. In what could be the most significant redirection of U.S. science policy since World War II, the Clinton Administration this month is launching an ambitious Cabinet-level effort to set national priorities and push the country's vast federal research program toward those goals. In effect, the government has grabbed the flashlight.

The immediate aims, as President Clinton never tires of saying, are to boost the economy, strengthen U.S. industry, protect the environment, improve education and create jobs. The scientific resources that could be applied to that campaign are immense: more than 700 federal laboratories, hundreds of university research facilities, 2½ million scientists and engineers, and a national research budget of $76 billion. But the risks, say critics, are equally immense. By putting blinders on the pursuit of knowledge, they fear, the Administration could frustrate a research community that is the envy of the world.

The policy that the Administration inherited dates back to the late 1940s, when the scientific resources that had been marshaled for World War II—including the top-secret Manhattan Project, which built the atom bomb—were reorganized to serve the period of economic growth (and the uneasy peace) that followed. Under a philosophy outlined by Vannevar Bush, science adviser to Presidents Roosevelt and Truman, the huge flow of public dollars allocated to cure diseases and fight the cold war was distributed according to a chaotic system dubbed "scientific pluralism." Basically this meant that the money was fanned through review boards manned by scientists, who gave it to researchers proposing projects considered worthy. The system led to quite a bit of waste and overlap, but it also produced a series of unparalleled triumphs, from conquering polio to creating the transistor.

Then, in the late 1980s, the cold war eased and the money ran low—in part because the economy sagged as budget and trade deficits soared. American scientific breakthroughs were still leading to dazzling new products—but too many of them were being manufactured in Japan. Pressure began to mount in Congress to cut defense funding and reshape America's amorphous research effort into a coherent program that would aid industry. But Presidents Reagan and Bush resisted the pressure because the strategy smacked of government meddling in the marketplace.

Clinton, in contrast, has embraced the idea of a national industrial policy, making it a cornerstone of his plan to reinvigorate the economy. Last November he created the National Science Technology Council, a Cabinet-level body on a par with the National Security Council and the National Economic Council and composed of the secretaries and directors of all the research-oriented departments and agencies in the government. Preliminary meetings of the council's nine subcommittees have been under way for the past three weeks, and the President is scheduled to chair the first formal meeting next month.

The science council should have a busy year. One of the first items on its agenda will be to decide the fate of the nation's federal research labs, including the three nuclear weapons-building facilities (Los Alamos, Sandia and Lawrence Livermore), which each spend about $1 billion a year. Military research makes a tempting target for budget cutters: the government spends more than 60c of every research dollar on defense applications, and the President has said he wants that cut to 50c.

But research in the service of defense is not the only science under scrutiny. Over the next year the NSTC plans to review all federally funded projects—civilian and military—with an eye to weeding out redundancies and identifying technology that could be put to use by U.S. companies. Presidential science adviser John Gibbons...
who heads the NSTC, makes no secret of the fact that some government-sponsored science will have to be axed. "We're going to do new things," he says. "But we can only do those by not doing some things we are doing now."

What will those new things be? Gibbons points to the Clean Car Initiative launched last fall, a project designed to transfer technology developed in federal labs to the auto industry as a way of helping it meet tough new pollution standards. The science council plans to launch a dozen similar projects over the next 12 months, focusing on such areas of applied research as construction technology, manufacturing techniques, new materials and manpower retraining.

Some projects are already getting money under a new $464 million program designed to encourage "dual-use" research projects, which have both military and industrial applications. Among the 160 proposals selected for funding:

- A virtual-reality-type head-mounted display developed for military aircraft that can also be used on assembly lines to project instructions and data without tying up assembly workers' hands.
- A computerized triage system that can track the diagnosis, status and location of patients in both civilian and battlefield trauma-care units.
- A cooperative undertaking by four Massachusetts universities to retrain displaced defense engineers and help them find employment in biotechnology and biomedicine.

At surprisingly, the Clinton plan has won the tentative approval of industry. "The whole research and development enterprise is being rethought," says Daniel Burton Jr., president of the Council on Competitiveness, which represents the chief executive officers of 140 U.S. firms. "What they're trying to do is make sure that there is a solid, results-oriented goal driving research, and not just research for research's sake."

Not everybody shares Burton's enthusiasm. Some critics are worried that private companies will use the science council as a virtual R. and D. lab. allowing them to reap the benefits of millions of dollars of federal science money without having to contribute a dime. Others fear that the science bureaucracy will get bigger, not smaller, making it a tempting tool for pork-minded politicians. Paul Romer, an economist from the University of California, Berkeley, questions how effective the NSTC will be at dismantling wasteful or irrelevant programs. "It will make virtually no difference," he predicts. "That spending there because somebody who is politically powerful wants it there."

Scientists, of course, tend to bristle when they hear people speak dismissively of "research for research's sake." Leon Lederman, former president of the American Association for the Advancement of Science, points out that many of the century's most important scientific advance—from Einstein's theories of relativity to Watson and Crick's DNA double helix—came out of just this kind of "pure" research. Lederman supports the President's efforts to bring more coherence and high-level attention to science policy, but he warns the Administration not to put its eggs into a few baskets. "There is not enough wisdom in the world to say what projects are going to have big payoffs," Lederman observes.

Still smarting from Congress's decision last fall to pull the plug on the $11 billion Superconducting Supercollider, many scientists fear that the new focus on results-oriented research will make funding for pure science scarce. There is already "heightened anxiety" within the scientific community about a tightening of research budgets, says Philip Griffiths, director of the Institute for Advanced Study in Princeton. "Scientists are having trouble finding support for their own work, and it's even gloomier for the students."

American science at its best derived its greatness from the bottom up: the pluralistic approach freed the best minds of several generations to pursue the questions they found most interesting. The challenge facing the Clinton Administration is to focus the scientific flashlight without leaving whole pathways to knowledge in the dark.

—Reported by Dick Thompson/Washington

Can swords be turned into plowshares? Virtual-reality gear like this Lockheed simulator designed to train test pilots can be used to orient factory workers to new automated assembly lines. The headset is also good for video games!
Hubble Out Of Trouble

Super photos prove the repairs were successful

By MICHAEL D. LEMONICK

SHORTLY AFTER MIDNIGHT on Dec. 18, just five days after the shuttle Endeavour returned from the daring mission to repair the Hubble telescope, scientists secretly put the refurbished instrument to its first test. They ordered the Hubble to point toward a bright star and beam its image to Earth. Anxiously, they crowded around a computer screen at the Space Telescope Science Institute in Baltimore, Maryland, as they waited for the picture to appear. The Endeavour astronauts had installed the telescope's corrective lenses and other equipment perfectly. But it wasn't certain that the devices would actually work. As the star's image came up on the screen, the scientists stared for a second—then burst into cheers. The Hubble, hobbled for nearly four years by an improperly ground mirror, was going to be as good as new.

In fact, said NASA administrator Daniel Goldin, presenting the first images from the born-again telescope at a press conference last week, "it's better than new. The telescope now gathers light four times as efficiently as it did before the repairs." Its eyesight is so sharp, say scientists, that if it were sitting in Washington, it could spot a firefly in Tokyo.

That's not hard to believe, considering the before and after pictures NASA unveiled. Blurred blobs have turned into sharp, clean images of galaxies, supernovas and stars. But, says senior project scientist David Leckrone, "these are the very first test images. We're not pushing the telescope to its limits yet." As they do, scientists will almost certainly be able to start solving some of astronomy's greatest mysteries: How old is the universe? Do giant black holes lurk at the cores of galaxies? How did the galaxies get formed? Are there planets circling other stars? And besides searching for those answers, the Hubble will treat astronomers to a clear close view of a space spectacular in July: the collision between comet Shoemaker-Levy 1993e and Jupiter.
TO READ THE VOLUMES OF OUTRAGED MALE COMMENTARY, you'd think Lorena Bobbitt had got her training in a feminist guerrilla camp and her carving skills from the SCUM (Society for Cutting Up Men) Manifesto. "Go out into the world," her trainers must have told her. "Find some sexist lowlife, preferably an ex-Marine named John Wayne, and you know, cut it off."

But Lorena Bobbitt is in many ways your typical small-town multicultural manicurist, a woman whose ideas of political science are summed up in a statement she made about Venezuela, where she grew up: "I have a patriotism... We do have McDonald's. We do have Pizza Hut." Nor are the women who harassed Dr. James Sehn's wife in a McLean, Virginia, beauty parlor because he had helped reattach the offending organ known to be commandos from the National Organization for Women. In fact, the really interesting thing about the Bobbitt affair is the huge divergence it reveals between high-powered feminist intellectualdom, on the one hand, and your average office wit or female cafeteria orator, on the other.

While the gals in data entry are discussing fascinating new possibilities for cutlery commercials, the feminist pundits are tripping over one another to show that none of them is, goddess forbid, a "man hater." And while the pundits are making obvious but prissy-sounding statements like "The fact that one has been a victim doesn't give one carte blanche to victimize others," the woman in the street is making V signs by raising two fingers and bringing them together with a snipping motion.

If the feminist intellectuals seem slightly out of touch, it's because they've preoccupied these days with their own factional matters, such as the great standoff over the subject of victimhood. On the pro-victimhood side are the legions of domestic-abuse specialists who see Lorena Bobbitt as one more martyr in women's long, weepy history of rape and abuse. On the anti-victimhood side are the legions of domestic-abuse specialists who see Lorena Bobbitt as one more martyr in women's long, weepy history of rape and abuse. On the contrary, the problem with "feminism" is not that it has come to sound just too damn dainty, but that it sounds too much like your standard conservative anticrime backlash, but with a key difference: crime in this case is defined as what men have been getting away with for centuries.

Organized feminism, of course, had a lot to do with the emergence of the new beyond-bitch attitude. Feminism raised expectations, giving millions of women the idea that makeup is not the solution to chronic whining and that even males may be endowed with coffee-making skills. But for most women, especially the kind who don't do book tours and talk shows, the feminist revolution just hasn't come along fast enough or make unflattering comparisons between cucumbers and men.

The new grass-roots female militancy is not something that a woman's studies professor would judge p.c. In fact, it looks a lot like your standard conservative anticrime backlash, but with a key difference: crime in this case is defined as what men have been getting away with for centuries.

"Go out into the world." her trainers must have told her. "Find some sexist lowlife, preferably an ex-Marine named John Wayne, and you know, cut it off."

Probably it all started when Louise—or was it Thelma—dispatched that scumball would-be rapist in the parking lot of a bar. In fact, we can't get enough of warrior-woman flics: Sigourney Weaver in Alien, Linda Hamilton in Terminator II, Sharon stone in Basic Instinct. These are ladies who wouldn't slice anything off, one suspected, unless they meant to put it straight into a Cuisinart.

In the real world, the new mood was manifested by all the women flocking to gun stores and subscribing to Women & Guns, the magazine that tells you how to accessorize a neat little sidearm. And, without any prompting from NOW, thousands of women are sporting bumper stickers identifying themselves as beyond bitch and buying T shirts that say tough enough or make unflattering comparisons between cucumbers and men.

Personality, I'm for both feminism and nonviolence. I admire the male body and prefer to find the penis attached to it rather than having to root around in vacant lots with Ziploc bags in hand. But I'm not willing to wait another decade or two for gender peace to prevail. And if a fellow insists on using his penis as a weapon, I say that, one way or another, he ought to be swiftly disarmed.
The Tonya Harding Mess: Skating on Thin Ice
Less than two days after the attack on skater Nancy Kerrigan, tips sent police to the entourage of her chief rival, Tonya Harding. NEWSWEEK looks at how authorities broke the case, and details Harding's troubled personal life. Paul Wylie, Kerrigan's training partner, reflects on her mood after the assault. Society: Page 68

Whitewater Woes
As Clinton traveled abroad, he succumbed to pressures from home for a special counsel. NEWSWEEK reports on the Little Rock connection and on how the story has been misconstrued. National Affairs: Page 22

America's Bobbitt Obsession
Lorena Bobbitt took the stand last week, accused of an act of such blatant and bloody symbolism it has a nation transfixed. Why can't we get enough of the Bobbits? Plus: Rush Limbaugh and Cynthia Heimel on an American obsession. Lifestyle: Page 52

The president toasting Yeltsin last week

A tearful Lorena Bobbitt tells her story

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Going Downhill

While besieged residents of Sarajevo are living the horrors of gunpowder, Bosnian Serbs outside the city are thinking packed powder. Just 10 miles from Sarajevo as the cannon shell flies, the Serbs have opened the Mount Jahorina ski resort, complete with a 350-bed chalet and trails originally built for the women’s downhill events in the 1984 Olympics.

“The Serbian Republic’s army has taken care of [security],” says hotel manager Dragomir Blagojevic. Now the only thing we are missing is the guests, and we expect them to come.”

So wax your skis, grab your bulletproof parka—and don’t forget your plasma, because the Mount Jahorina ski resort doesn’t accept Blue Cross.

Clinton: Memories of Mom

While Bill Clinton visited six European capitals last week, his mother was never far from his thoughts. Clinton stuck to his travel schedule. But aides say Virginia Kelley’s death three days before the president left Washington made him especially reflective during the trip.

The president thumbed through a copy of Marcus Aurelius’ “Meditations” (given to him by ABC’s Ted Koppel). reminisced about his mother’s life, read aloud a letter she had written to a family she stayed with during a 1970s visit to Prague. And he lit a candle in her memory at the rebuilt Kazan Cathedral in Moscow.

Clinton also carried with him seven draft chapters of his mother’s autobiography. At Thanksgiving, when Mrs. Kelley knew she had just months to live, she told friends, “I want Bill to finish it.” The president, who has become its editor, worked on the book during spare moments last week. After declining to play the sax at a pub crawl in Brussels, Clinton, true to his mother’s spirit, rallied in Prague. During a pub crawl with Czech Republic President Vaclav Havel, he tootled two numbers on a borrowed sax while Havel banged a spoon on the table. Aides said it was a wonderfully cathartic evening for Clinton.

INFO HIGHWAY

Gridlock

More than 2,000 computer hackers, moqs and academicians packed into UCLA’s Royce Hall last week to hear Vice President Al Gore and other superstars of the Information Superhighway. But for all the techno-talk, no one could get a phone call in or out of the place. So many superhighway summiters had cell phones that the local cellular network was overloaded. That in turn caused half-hour waits for the five pay phones outside the hall. Meanwhile in the parking lot, Disney’s Michael Eisner, who pooh-poohs Hollywood’s fixation with the communications revolution, fell victim to techno-revenge. He accidentally activated his car alarm—and couldn’t shut it off.
Peace of Action

GREENPEACE IS BEST KNOWN for its antinuclear activities. But in 1991 the organization nearly purchased an atomic warhead from disaffected Soviet soldiers stationed in Germany, a new book by William E. Burrows and Robert Win-drem discloses. In "Critical Mass: The Dangerous Race for Superweapons in a Fragmenting World," they describe a plan by Greenpeace to smuggle a Scud warhead out of eastern Germany and unveil it in Berlin. The objective: to demonstrate how easy they were to obtain. The operation was abandoned when the Soviets withdrew the weapons from Germany.

BARBRA WATCH

Road Trip

FOLLOWING THE SUCCESS OF her New Year concerts in Las Vegas, Barbra Streisand hopes to take her show on the road—but only on a limited basis. Basketball season will delay a New York concert at Madison Square Garden until late June. Before then, Streisand will likely perform in Los Angeles, Washington, London and Detroit. Why Motor City? A source close to Streisand says it was the first city outside New York she ever sang in (at age 18) and she still remembers the warm welcome she received there. Ticket prices will be much more reasonable than in Vegas (where her eleventh-hour mixing of elaborate film equipment treed up hundreds of last-minute seats), much to the joy of fans who expected to pay scalpers.

With Virginia Kelley in Vegas

SHOW BIZ

A Doubtful Tourist Attraction

PUBLICITY IS A DOUBLE-edged sword. Take the two-story house in San Francisco's Pacific Heights section that is the setting for the hit movie "Mrs. Doubtfire." Tourists hoping to see where Robin Williams' character sets his falsies afire have been a mixed blessing for real-estate agent Bob Gee, who is marketing the place. No one helps. Gee says, but it's hard to sell clients when, as happened last week, a bus full of schoolkids pulls up for a tour. Owner Dick Julien was already upset with filmmakers. He says they did $35,000 worth of damage—including uprooted trees, a broken window and a mired paint job—and haven't paid. Now there are the fans. One recently stole a brass mailbox, and so far none has offered to pay his $1.4 million asking price.

New stadium, heroic lots

SNOWBOARDING

THE NEXT TARGET?

NOW THAT A COLORADO court has struck down the state's anti-gay-rights amendment, could Cincinnati be the next boycott target? When city voters last fall rejected a law giving equal protection to gays, irked activists threatened to protest. This month they're beginning to deliver. The American Historical Association has decided to move its 1995 conference from Cincinnati. That means a loss to the city of 4,000 visitors and $3 million. The AHA's cancellation came shortly after the American Library Association announced it would not hold its annual meeting in the city next year. Pro-gay forces plan to turn up the heat in the coming months.

Snowboarding

Snowboarding

Haven't given up your boring skis for a Snowboard yet? Get with the program!

Jibbing: Riding over an unconventional surface, be it a log, tree stump or another Snowboarder.

Shredder: An outmoded expression for a Snowboarder. Often used as an insult, as in, "Look at that little shredder go."

Gaper: Someone who is uncoordinated: "That gaper hit me in the head with his skis."

To get schooled: To wipe out.

Fake: To ride backward: "I launched fake off that 30-foot rock."

Beaters: Skiers or Snowboarders who think their ability is better than it actually is.
MY TURN

What Would Dr. King Say?

JESSE L. JACKSON

A

lthough we will hear much about Dr. Martin Luther King Jr.'s "dream" this week, he was no flighty dreamer. He had vision, true, but he was a man of action. He worked incessantly to rouse the victims of injustice to protest.

I was one of a few who had the privilege of spending King's last birthday, Jan. 15, 1968, with him. How he spent it is reason to believe Dr. King himself would want his birthday commemorated.

First, he had breakfast that morning with Mrs. King and the children, a reflection of his commitment to his family. Then, around 10 o'clock, he came to church, dressed in work clothes, to meet with his staff and allies from around the country. He met with them to organize a poor people's campaign, a campaign to lift the boats stuck at the bottom of the river, to move forward those left behind in search of the American Dream, to challenge the nation's conscience and to change the nation's priorities.

Around 1 o'clock, Zernona Clayton, a friend, brought a cake. That was the only way we knew it was his birthday. We stopped, ate cake and drank punch, laughed together, and then went right back into the session on how to end the Vietnam War and revive the war on poverty.

In his famous "I Have A Dream" speech at the 1963 march on Washington, D.C., the dream was his refrain. One he had used many times before. His focus was on the promissory note for opportunities, jobs and education that had been issued to African-Americans upon their release from slavery. It had bounced, he argued, labeled "insufficient funds." and he led the protest march to demand that it be honored.

We've come a long way since. The walls of Jim Crow apartheid have come down. African-Americans have their civil rights. We have the right to vote. Today, doors are open that once were closed.

Yet I cannot help but wonder what Dr. Martin Luther King Jr. would have to say to America if he were alive today.

Recently, President Clinton spoke to a church in Memphis about how Dr. King would be dismayed and disappointed at the level of violence in our society. Yes, that is true. The cost in lives lost and hopes crushed is incalculable.

But Dr. King would not and never did stop at a condemnation of our violence. Dr. King went on to demand a change in our priorities—we need only look at his actual words for confirmation. "A nation," he warned, "that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death."

The realities of Dr. King's statement are now painfully revealed. Unemployment is falling overall to 6 percent, but black unemployment is rising to 13 percent—50 percent for our youth. The gap between rich and poor is wider now. Our schools are becoming more segregated, not less. A savage inequality in funding for education helps track some children for Yale and some for jail. The ghettos and barrios of our cities are poorer, more isolated and more desperate. Our youth are killing each other in the streets with no regard for human life. What would Dr. King do or say?

If the president is going to preach, Dr. King would call on him to preach on the great defining issue of race, to call upon our nation to resume its historic struggle toward creating equal protection under the law. Dr. King would call upon him to use his power not simply to exhort and preach, but to set priorities in our nation's interest. He would urge the president to seek out relief and remedies born of hope, not reactions born of fear and expediency.

"Spiritual redemption": He would appeal to the president to honor his covenant to the people to invest $20 billion a year in rebuilding our cities and putting people back to work.

He would appeal to the president to launch an urban-development plan to encourage teachers, police and firefighters to move into areas of greatest need. If we offer them subsidized mortgages, it will provide an economic incentive to rebuild neighborhoods. This plan should be modeled after the plan developed for Poland, which offered 40-year loans at 1% of 1 percent interest, first payment due in 10 years. If we can help Poland, Russia, Europe and Japan, surely we can rebuild our own cities.

As a vocal opponent of excessive military spending, Dr. King would be shocked to find that four years after the fall of the Berlin wall, the United States will spend $274 billion on its military. The Russians will spend less than $50 billion. Germany is united but we pay to keep more than 300,000 troops and dependents in Germany looking for something to do. Let us decide that a safe measure of our security is to spend only as much as the rest of the world combined. That would free up more than $50 billion a year to reinvest in this country. We have the money; we need a change.

Dr. King would be leading the offense for change in this country. He would be asking the president for an urban-policy plan, rural development, education for the children and jobs for their parents. He would be leading the charge for moral and spiritual redemption.

If Martin Luther King Jr. were here today, he would tell us that we have the power to change our present state. He would spend his own birthday, as he did in 1968, in struggle. And he would be proud of us if we did the same. If we stand together with moral authority and honor, we can again change the state of America today.

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THE REV. JESSE JACKSON is president of the National Rainbow Coalition.
"I can't recall anything like it in American history where everybody says, Well, there's no evidence the guy's done anything wrong, but we think he should invite another investigation of himself."

BILL CLINTON, prior to asking Attorney General Janet Reno to name a special counsel to look into his role in the Whitewater land deal.

"I was thinking of you last night, Helmut, because I watched the sumo wrestling on television. You and I are the biggest people here and we're still 100 pounds too light."

CLINTON, to German Chancellor Helmut Kohl at the NATO summit meeting in Brussels. Kohl laughed after hearing the translation.

"Immediately following the interview, he demanded that we serve dinner to him and his aides. They drank their vodka out of coffee cups and [he complained] about a German newspaper cartoon that showed him sleeping with a witch. He said he would sleep only with good-looking women. What did they expect him to do. he said, sleep with animals or abstain?"

NBC anchorman TOM BROKAW, on his interview with right-wing Russian nationalist Vladimir Zhirinovsky.

"A life is more valuable than a penis."

Attorney LISA KEMLER, defending Lorena Bobbitt in a court address last week.

"I stared into my soul and realized I was a hick."

Washington journalist and "Crossfire" talking head MICHAEL KINSLEY, explaining why he declined an offer to edit New York Magazine. The position went to Time editor at large Kurt Andersen, formerly of Spy magazine.

"One is that they spread rabies and threaten people's lives. Another is that they urinate and defecate everywhere, polluting the environment. A third is that they bark and yelp, scaring people and biting people."

From an editorial in China's PEOPLE'S DAILY, arguing against keeping pet dogs.

"I have more faith in my wife than to bump off her competition."

Champion skater Tonya Harding's ex-husband JEFF GILLOOLY, on suspicions he was behind the attack on her rival Nancy Kerrigan.

"I'm not out there sweating for three hours every day just to find out what it feels like to sweat."

Aspiring baseball rookie MICHAEL JORDAN, on his preparation for the Chicago White Sox spring-training camp.

Quotations are compiled from press, TV and wire-service reports as well as from Newsweek correspondents.
In the Whitewater scandal, Clinton’s real problem may be letting his frustration overcome his judgment

BY JONATHAN ALTER

Imagine that the press reported a rumor that the president had a tattoo on his rear end. Now imagine that Bob Dole challenged the president to prove that this wasn’t true. Should the president pull down his pants to prove it?

As Clinton traveled the world last week, that’s the fanciful analogy of a top-level White House aide explaining why the Clintons have been so reluctant to open all of their personal files to nosy reporters and attack-dog Republicans. Under pressure even from his own party, Clinton, fuming in Prague, finally agreed to have the attorney general name a special counsel to cut through the thicket of Arkansas connections now known as Whitewater. But the tattoo analogy testifies to the rage of the president and his staff about the way the story is being portrayed. Their disillusion that the Whitewater furor is strictly a matter of press obsession and partisan harassment also helps explain why the whole mess has been, as Jimmy Carter said, so “grossly” mishandled.

Even now, few people can absorb the mind-numbing details of 15-year-old real-estate and banking transactions in Arkansas. As long as they lost money, there is political safety for the Clintons in that confusion. A NEWSWEEK Poll shows that only 14 percent of the public believes the president to be guilty of “serious offenses.” But nearly 70 percent believes Clinton should have been more open in handling the matter. Ultimately, such trust wounds may hurt more than future stories on any document or deal. The Clinton handlers argue that if they had publicly released the Whitewater files found in Vince Foster’s office, the press would have nit-picked at discrepancies and demanded a special counsel anyway. And staffers complain that every time they make a concession, Dole wants another one. Now he’s baying for a Senate select committee, as if this were Watergate or Iran-contra, which it isn’t.

But the stonewall strategy violated Rule One of damage control—if it’s going to come out eventually, get it out early. It moved the prospect of a special counsel from possible to inevitable. And it resurrected Clinton’s reputation for shiftiness about his past.

Why resist full disclosure? The widespread assumption is that they must have something hugely embarrassing to hide, possibly connected to Foster’s now portentous suicide. Perhaps so. We’ll find out more when the special counsel completes his or her work. But there is another possible explanation. The Clintons let their resentment—their cynicism about Washington cynics—overwhelm their political judgment. They gave rein to frustration...
What Is 'Whitewater'?

A bewildering bundle of questions about Madison Guaranty and Whitewater will greet the special counsel. Three of the potentially most embarrassing:

As Madison teetered, Clinton named as his S&L regulator a lawyer who had represented the thrift. She OK’d a “novel” stock plan to raise cash for the S&L. Did he try to extend Madison’s life at taxpayer cost?

Claiming attorney-client privilege, Clinton aides removed Whitewater files from Vince Foster’s office before those investigating his suicide could review them. The files were turned over last week, but the foot-dragging raised suspicions of an attempt to hide facts.

The Resolution Trust Corp. alleges that Madison kited checks in a scheme involving Whitewater. Who— if anyone—benefited from this apparent mismanagement? When did the Clintons learn of any improperities? What action did they take?

The game in Washington now is to figure out where eyebrow-raising over conflict-of-interest ends and direct “exposure” to charges of wrongdoing begins. The president is in real trouble if evidence surfaces that he intervened directly with state regulators to help Madison Guaranty, the ailing savings and loan owned by James McDougal, his disgraced Whitewater partner. (So far, none has.) He’s in trouble if David Hale, an indicted former judge, can prove his allegation that Clinton intervened to secure improper Small Business Administration loans to McDougal’s wife Susan. (Hale hasn’t yet.) And he’s in trouble if he knew that some of the $30,000-plus that McDougal raised to retire the debt from Clinton’s 1984 campaign was funneled through Madison. The last is especially unlikely. No politician—not even Rep. Jim Leach—Clinton’s most credible critic—can vouch for the source of his campaign checks.

Because of her role as a rainmaker for the Rose Law Firm and attorney for Madison, Hillary Rodham Clinton is actually more exposed than her husband. Forget the particulars of the Madison fiasco. The wife of the governor should not have represented any bank before a state regulator appointed by her husband. Even if she was just supervising the case and seeking a routine advisory opinion. She may be less vulnerable on her (unsuccessful) request for power of attorney over Whitewater in 1988. Bruce Lindsey, a senior White House aide and former Arkansas lawyer, makes the case that with McDougal at that point ailing mentally and financially, “the power-of-attorney request was an effort to wrap up Whitewater, not become actively involved in its management.”

So far, much of the rest is just innuendo. The press, squeamish about reporting the sex tales of state troopers, has compensated by emphasizing Whitewater. News organizations are routinely conveying impressions, including the notion that Whitewater files were secretly removed from Foster’s office at night (they were removed…in daylight, in the presence of the FBI).…that Foster spoke to the author of a Whitewater report on the morning of his death. (He didn’t.) Similarly, it often has been repeated that the Clintons mysteriously failed to write off their $69,000 in Whitewater losses. But according to Lindsey, more than half of that amount consisted of mortgage-interest payments that the Clintons did write off throughout the 1980s. In 1992, when they finally sold their worthless Whitewater stock for $1,000, the Clintons declined to write off the rest in part because accountants’ fees to collect the disorganized documents would offset any savings.

More dangerous Whitewater rapids may lie downstream. But it’s also possible that the special counsel’s verdict will be sloppy record-keeping and inattention to potential conflicts of interest. If that’s all it is, the Clintons should have fessed up, taken their licks and moved on. Instead, it will be drip, drip for months. This is an old lesson about Washington. When will the president and his wife finally learn it?  

ARRIVING IN BRUSSELS: Self-inflicted wounds

WALLY MCNAMEE FOR NEWSWEEK
BIG TIMES IN LITTLE ROCK

How the incestuous world of business, law and politics spawned the Whitewater troubles

As scandal junkies know, the Clintons had been partners with McDougal since 1978 in the Whitewater Development Corp. He was a key backer of Clinton campaigns, and in 1985 held a fund-raiser, an event investigators now are examining to see if money was illegally funneled from Madison S&L, owned by McDougal. That year, Hillary, a partner at the prestigious Rose Law firm, represented McDougal's bank before state regulators—another transaction now under investigation.

Little Rock was susceptible to the seamy side of the decade. It is the capital of a poor state, but with a large number of wealthy people. They all know each other, and most went to school together at the University of Arkansas. Many fortunes were built on politically influenced deals at the intersection of private markets and government: regulated utilities, municipal bonds, state banks. In Little Rock, as elsewhere, those businesses got out of hand. Out of the way, with a small population—and essentially controlled by one party, the Democrats, since the Civil War—Arkansas produced an elite that generally dealt only with itself and that viewed conflicts of interest as business as usual. It's a state in which the chairman of the Senate agriculture committee is on the payroll of the powerful Arkansas Poultry Federation, and nobody seems to mind.

Over the years the Clintons flourished in this environment: Bill as governor, Hillary as a leading corporate lawyer. In Arkansas, government is a crucial source of jobs: directly, on the state payroll, or in the form of state-backed investments in private proj-
It is patronage that Clinton, in his 12 years as governor, expanded and consolidated. Along the way, he invented new ways for business to make money, and perhaps unavoidably for well-connected law firms—including Hillary's—to prosper.

The signature business of Little Rock bond sales was founded by the late Witt Stephens. He was a patron of the Clintons and most every other politician in Arkansas. The eldest son in a poor farm family, he sold Bibles and belt buckles as a boy. In 1953 he set out on the back roads carrying a leather satchel of nearly worthless Arkansas highway bonds. The paper, he told small-town bankers, would be valuable someday. Roosevelt would bring the country out of the Depression. Meanwhile, the face value of the bonds—10 times what Stephens was asking—look like an impressive asset. So, it seemed all—and became the original Arkansas bond daddy.

Stephens and his brother Jack later moved from selling bonds to underwriting the issuance of new ones, first by local governments in Arkansas, then in other states. To win the underwriting contracts, the Stephens needed political contacts, and they acquired them by funding campaigns. Moving into corporate underwriting, the Stephens joined Wall Street by helping to take public Arkansas companies such as Wal-Mart, Tyson Foods, and TCB Yogurt.

In 1955 the Stephens acquired a major interest in what is now the state's largest bank, Worthen Bank & Trust.

Sixty years after Witt Stephens hit the road, the company, still privately held, occupies a namesake 25-story building in downtown Little Rock. The walls of the executive suites are paneled in Honduran mahogany and festooned with American art worth millions of dollars. The Stephens family has provided the Clintons with crucial help, both private and public. They became the Clintons' financial advisers and portfolio managers in 1976. A Stephens executive, William Smith, handled their account at the firm until 1984. During four of those years, Clinton was governor, and the state awarded Stephens millions of dollars in bond-underwriting contracts. In 1990 the Stephens family gave financial assurances that helped Clinton secure a $50,000 bank loan in the last days of his closely contested gubernatorial campaign. And in March 1992, in thecritical days before the super Tuesday primaries, Worthen Bank extended a $3.5 million line of credit to Clinton's campaign. The Federal Reserve is examining whether that act violated a federal law prohibiting securities firms from controlling banking operations.

The rise of the Stephenses meant new rivers for Little Rock's sleepy law firms. Foremost among them was Rose, where Hillary worked from 1976 through 1992, and where she did business deals and legal work that now put her at the center of the White Water probe. With her help, her three closest friends in the firm obtained key jobs in the administration: Webster Hubbell, now associate attorney general; William Kennedy III, who is now associate White House counsel, and the late Vincent Foster, the former White House deputy counsel, whose suicide last July is also under investigation.

Little Rock's Power Blocks

his capitol haunt at one end of downtown and her law digs at the other. Bill and Hillary Clinton were the most powerful bond in Little Rock's tightly connected financial and political worlds.

Worthen Bank
Extended million credit to Clinton's 1992 campaign.

Wright, Lindsey & Jennings
White House aide Bruce Lindsey's law firm. Hired Bill Clinton when he briefly lost governorship.

Rose Law Firm
Former employer of Hillary. Vince Foster, Webster Hubbell and William Kennedy III.

Arkansas Utility
Utility that this was run by White House legal staff Mac McLarty 1983-92.
The Rose firm is the oldest pillar in the Little Rock establishment. Rose partners had their eyes on Bill before they'd heard of Hillary. Two senior partners, Gaston Williamson and William Nash, had been Rhodes scholars. They interviewed Bill in 1968 and gave him enthusiastic reviews that helped him win his own Rhodes. Six years later, when Clinton was teaching law at the University of Arkansas in Fayetteville, and mounting his first campaign—for the First District congressional seat—he was a guest at a Rose reception. Though he was only a 25-year-old novice, his campaign was almost as well funded as that of his veteran Republican opponent. The Little Rock crowd furnished its share.

When Clinton was elected attorney general in 1976, his wife joined Rose, the first woman ever hired. At the time, Rose was being transformed under the leadership of an aggressive new partner, Joseph Giroir. Once content to handle estates and the general in 1976, his wife joined Rose, the first woman ever hired. At the time, Rose was being transformed under the leadership of an aggressive new partner, Joseph Giroir. Once content to handle estates and the

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Hillary quickly became a key member of a team that was pursuing new public-private deals. She worked on bond issues and securities deals for Stephens. At one time or another she did legal work for most of the major corporations in the state, including Worthen, Arkla gas (run, from 1985 to 1992, by Thomas (Mack) McLarty, now White House chief of staff) and Wal-Mart. She eventually served on the boards of two big Arkansas companies: Wal-Mart and TCBY yogurt. One particularly local client was Don Tyson, the northern Arkansas chicken magnate whose multibillion-dollar company was a major employer—and major polluter—in the state. While Bill flew in Tyson's jets—explaining that he was saving taxpayers' money by not purchasing a state plane—Hillary flew commercial on Tyson business.

**Like any good law firm, Rose was able to play both sides of a business phenomenon. When SEC and bank acquisitions were hot, the firm helped make them—and Hillary, who was made a partner in 1980, had her share of that work. Then, when Arkansas SECs started to fail, Rose developed a new specialty, representing the federal government in efforts to clean up the SEC mess. Foster was an expert in the cleanup, and Hillary, too, worked on several of those projects. At least some of the banks and SECs were state chartered, and thus regulated primarily by officials appointed by Governor Clinton. At one point, Rose was hired to sue the accounting firm that had given a rosy review of the balance sheet of Midcountry's Madison Guaranty SEC. Foster, who solicited the business from Federal Deposit Insurance Corp., neglected to mention that another partner in the firm, Hillary, had been paid a $2,000-a-month retainer by the same SEC. Rose got the job, but settled the case for only one twentieth of what the FDIC thought it could win. The FDIC recently launched an investigation.**

While Hillary was building her law practice, Bill was devising new investment programs to boost the state's economy. They did much good for the state, but also provided him with a new source of patronage. In the cousinly world of Arkansas, where one good ole boy helps another, some of the money found its way into the friendliest of hands. One major development grant reportedly went to a warehouse owned by the father of one of Hillary's closest Rose partners, Kennedy. Another went to International Paper, which later sold a parcel of land—at what critics say was an unusually cheap price—to Whitewater Development. Clinton's main vehicle for development—and patronage—were bond issues, first issued through the highway authority and then through a new entity called the Arkansas Development Finance Authority. ADFA bundled local bond issues to make them more attractive to buyers. During the complex legal work and sending them to market was a bonanza for law firms and underwriters—including Rose. Because of Jack Stephens's increasingly aggressive support for Republicans—and because he wanted to reward his new friends—Clinton made sure that none of the state-bond business went to Stephens Inc. when he reassumed the governorship in 1983. Most of the legal work was shared by Rose and Wright, Lindsey & Jennings, where Clinton worked when he lost the governorship.

Despite Clinton's public-investment efforts, most of the economic growth has occurred in the private sector in the northwest part of the state. Tyson, Wal-Mart and the J.B. Hunt trucking company (which ships for both) are rapidly expanding there and creating thousands of jobs. The old university town of Fayetteville—where almost all of the elite of the state attended either college or law school or both—has become a new business hub. The new mecca is the Bud Walton Arena, a shiny new $32 million basketball palace devoted to the greater glory of the University of Arkansas Razorbacks. The fanciest skybox belongs to Don Tyson. Carved into the solid-mahogany walls are two chickens dribbling a basketball.

When the Clintons were on vacation in Arkansas last month, they hit Fayetteville in time for a Razorbacks game. The president worked the crowd, on the floor and in the skyboxes. The Clintons looked at ease, glad to be back home. But if Whitewater has shown anything so far, it's the danger inherent in all of this coziness. For years, it's now clear, the Clintons were too comfortable to consider now their behavior might look later in another, less intimate place—Washington, D.C.
THE FALL OF A BOND DADDY

What Dan Lasater says about Bill Clinton’s Arkansas

Lasater’s wealth helped him win the right friends: accepting a racing trophy in 1975 (above, left) and pictured more recently (right).

Few of Little Rock’s politically connected entrepreneurs worked or played harder in the fast-flying 1980s than Dan Lasater. Although savings and loan executive James McDougal, Bill and Hillary Clinton’s partner in the Whitewater land venture, is now the First Couple’s best-known Little Rock supporter, Lasater actually wielded far more clout. The onetime McDonald’s counterman parlayed a small fast-food joint into the Ponderosa Steakhouse chain and a stable of thoroughbred racehorses. Restless and flush with cash, he became one of the city’s “bond daddies” in the early ‘80s, taking advantage of the freewheeling Reagan-era regulatory climate to sell high-interest, high-risk deals to small-town banks and S&Ls. Lasater put some of his money into political campaigns, and it helped him win the right friends, including Clinton, then governor, whose administration gave his small, struggling brokerage a lucrative piece of the state’s coveted bond-writing business.

Moreover, a confidential FBI document says Lasater told federal agents that in the early 1980s Clinton asked him to give his ne’er-do-well half-brother Roger a job. Lasater put him to work in his Florida stables.

Late last week the White House once again denied any impropriety in Clinton’s relationship with Lasater. Presidential aide Bruce Lindsey acknowledged that Lasater was a supporter, but disputed suggestions that Clinton had lobbied state officials to win bond business for him. Betsey Wright, Clinton’s former gubernatorial chief of staff, said it was “outrageous” to suggest that Lasater got state contracts because he’d hired Clinton’s half brother.

“Bill trying to help [Roger] get employment wouldn’t raise an alarm to me,” says Wright. Lasater refused to comment.

But his story is clearly one of an ambitious businessman eager to buy access to public officials. He staged fund-raising events for Clinton at his firm’s offices and marshaled thousands of dollars in campaign contributions. Records for Clinton’s 1984 campaign show at least $5,000 from Lasater, his family and associates. Two former Lasater & Co. bond salesmen say he encouraged his staff to donate to Clinton’s campaign, promising to boost their commissions so they could more quickly earn back their contributions. Clinton aides reported two years ago that he had flown on Lasater’s private plane three or four times between 1983 and 1984. In an interview with FBI agents, Lasater recalled that Clinton had visited his house for a party, and that they had met at two other social functions. In 1985 Clinton lent his name to an ad promoting Arkansas Week at a New Mexico ski resort owned by Lasater. It promised prospective vacationers that Clinton would be there to hobnob with them. But he didn’t show.

Still, Lasater’s brokerage business floundered. Lasater & Co. soon came under scrutiny from state regulators and securities-industry watchdogs. Lasater himself told the FBI that by 1982, his firm was in trouble. Lasater refused to comment.
That same year the company was censured by the state securities commissioner for cheating customers. Later it was censured by the National Association of Securities Dealers. Company documents also show that Lasater wasn’t too picky about whom he hired: some of the firm’s salesmen had drug and bad-check convictions. One bond salesman was censured for cheating on a bond-licensing exam.

Nevertheless, in late 1983, shortly after Clinton returned to office (he had lost his 1980 re-election campaign to Republican Frank White), the board of the Arkansas Housing Development Agency added Lasater’s firm to a list of brokerage houses eligible to underwrite state-bond issues. Nevertheless, in early 1983, shortly after Clinton returned to office (he lost his 1980 re-election campaign to Republican Frank White), the board of the Arkansas Housing Development Agency added Lasater’s firm to a list of brokerage houses eligible to underwrite state-bond issues.

Wooten Epes, appointed by Clinton as agency director shortly after Lasater was put on the underwriters list, says he was unaware of problems involving Lasater’s firm. He believes board members knew that Lasater had been a Clinton supporter during the 1982 campaign. (Epes points out that the list also included firms that did not back Clinton.) Over the next two years, Lasater & Co. got pieces of more than a dozen bond sales set up by the state agency. Officials said they did not know how much money the Lasater firm earned from the deals, but such work is traditionally lucrative—high fees and minimal work. Epes said that had he known about the firm’s record, he might have hesitated to continue using it as an underwriter.

One reputable Little Rock broker says he tried to alert the Clinton administration about Lasater’s dubious credentials. After learning that Lasater had been selected as a state-bond underwriter, he spoke with someone he knew had the governor’s ear. The broker says he believes his warning reached Clinton. But both Wright and state officials say they heard nothing.

Little more than a year after Lasater & Co. undertook its first state-bond deal, state police began to pick up word that Lasater and his bond daddies had become heavily involved with cocaine. According to police files, parties hosted by Lasater sometimes featured lines of cocaine laid out on glass tabletops or silver trays. His circle included Roger Clinton. Lasater told the FBI he first met Roger Clinton in 1981, when Clinton was playing in a band.

Lasater took him on as a stable hand at his Florida horse farm after “Gov. Bill Clinton requested Lasater to hire him,” in the words of Lasater’s statement to federal agents.

In 1984, after an undercover state-police sting, which Governor Clinton approved, Roger was arrested on cocaine charges. He later pleaded guilty. On the witness stand in a related trial in February 1985, Roger not only confirmed that he had worked at Lasater’s stable, but also said Lasater had once loaned him $8,000 to pay off a drug dealer. (Roger gave the dealer $4,000 and kept the other half for himself.) Another witness testified that Roger Clinton had been asked by state police to make a whole new set of problems for an already beleaguered White House.
The President’s Tough Choice

Abortion: As Clinton is beginning to see, this is an issue that could scuttle the health-care plan.

It was the night before Christmas and all over town, early copies of The Washington Post were landing with a story that the Clinton administration was about to order state Medicaid programs to pay for abortions in cases of rape and incest. Congress had voted on the issue months before, but President Bill Clinton was reportedly furious to read about the directive from the Health and Human Services Department in the paper, since it contradicted part of the basic benefit package guaranteed to all Americans. That’s the real problem. Because the plan would subsume Medicaid and use tax dollars as subsidies, including abortion would mean throwing out the Hyde amendment, which has banned federal funding of abortion in almost all cases since 1976. There is still strong support for Hyde on Capitol Hill. Last year the House approved it 255 to 178, and the Senate 59 to 40.

Powerful Roman Catholic organizations abortion from the plan would be a major reduction in benefits for women, since many private insurance plans offer it now. “We should not allow extremists to damage women’s health-care needs, to take us back in time and take away choices,” says Kate Michelman of the National Abortion and Reproductive Rights Action League. She predicts that some pro-choice legislators who voted for Hyde for years will use health reform as political cover to switch sides—and that the new crop of women lawmakers will force the issue. “You have the new dynamic of women saying to the president: ‘No. You don’t have our vote if this plan discriminates against women’s health needs, and particularly those of poor women.’

No option: Hearings on health reform begin next week, but the abortion question will ultimately be decided on the House and Senate floor. (The rape and incest dispute may be debated again, too. Some states are threatening to defy the HHS order; the Planned Parenthood Federation of America says it will sue any state that balks.) One compromise for the health-reform plan might be to let regional alliances define “pregnancy-related services” as they see fit, with some insurance plans offering abortion as an added option. Another idea is to let women purchase insurance riders for abortion at their own expense. But pro-choice groups say that asking women, in effect, to plan ahead for unintended pregnancies is ridiculous. Pro-life groups say that as long as abortion remains in the basic benefit package, insurance plans will have no choice but to offer it. And even though a “conscience clause” allows doctors and hospitals to refuse to perform abortions, insurance plans would still have to refer women to providers who will, and cover the cost. “Every Catholic diocese and hospital—even the National Right-to-Life Committee—would have to offer it,” asserts Johnson.

How hard will Clinton fight for abortion if it threatens to scuttle the entire reform plan? White House aides say he is determined to retain it. But it the debate turns nasty, Clinton could say that he has done his part by proposing abortion, and that he can’t fight the will of Congress on any one issue. “There are 20 different land mines, and each one is going to go off,” says one senior official. Given its history, abortion may well be the most explosive of all.

MELINDA BECK with MARIL HAGER and ELEANOR CLIFT in Washington and SUSAN MILLER in No 202.
Reaching Out to

Clinton's trip: Foreign leaders liked the pep talks—but wanted help, more than hope

By Michael Elliott and Bob Cohn

IT WAS A WINTER AFTERNOON IN Prague, and Bill Clinton had just had a historic lunch in that old town with the leaders of four Central European states. As the five men stood in a holding room, ready to face the world's cameras, Clinton turned to the Europeans and said, nonchalantly, "Ready, guys?"

If European leaders did not know before that Clinton practices the politics of informality, they surely do now. Before the trip he bristled when he saw a schedule of dawn-to-dusk meetings with stiff suits. For Clinton, the way to foreign-policy wisdom is through other countries' domestic policies: job training in Germany, health care in France. He wanted to schmooze and jawbone, and wherever you looked, the presidential arm was draped over someone's shoulder—a teenager asking him about the famous meeting with JFK, a politician lobbying for NATO membership. There were jokes with Helmut Kohl about the German chancellor's resemblance to a sumo wrestler, jazz and beer with Vaclav Havel in Prague, cracks about Ukraine's Leonid Kravchuk's skills as a press officer, and to cap all, a televised town meeting in Moscow that was pure Clinton. (Did he dare trot out that old Clinton cliche that people can expect to change jobs seven or eight times in their life? You bet he did.)

For his aides, the trip was proof, as one senior adviser said, that Clinton is a "big-leagues guy." As if he were a superglue incarnate. Clinton's team enthused about his "bonding" with foreign leaders, boasting of an intellectual meeting of minds with Havel and the European Union's Jacques Delors and a fellowship of the feuding with Kohl and Russia's Boris Yeltsin. And yet as Clinton prepared to return to Washington, he left behind a continent that, from the Atlantic to the Urals, is nervous about its future. How great a contribution to that future American can make, and how expressed, was the question on European minds as the parade left town.

The theme of Clinton's trip was sounded at his first event, a speech to a group of Americans in Brussels. The theme was barely noted in America, partly because the speech was not directed to Americans and partly because (to Clinton's disappointment) its earnest young audience, sprinkled with aspiring Euroscepts, sat on their hands. But Europeans immediately got the message. When Clinton said that his administration "supports European union and ... an integration of security forces, of market economies and of national democracies." Europeans noted that his language on the virtues of a united continent went beyond that countenanced by any previous American administration.

The theme of integration was picked up at the NATO summit during the next two days. With no opposition, the NATO partners confirmed the U.S. plan of a Partnership for Peace, offering the countries of the old Warsaw Pact and the Soviet Union a sort of associate membership in NATO but without the cast-iron security guarantees in the NATO treaty. The hidden message of the summit was the support it gave to the creation of an integrated defense policy.
Europe

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for Western Europe. Clinton spoke enthusiastically of the Maastricht Treaty, which commits the 12 countries of the European Union to move toward common foreign and defense policy. The summit gave its blessing to “combined joint task forces” which would blend NATO operations with those of nonmembers—a deliberate American attempt to bind France, which has long been outside NATO’s military structure, into the alliance.

Clinton’s job in Prague was to sell the Partnership for Peace to the leaders of Poland, Hungary, the Czech Republic and Slovakia. Last October, explaining his country’s desire to join NATO, Havel said that “we belong and have always belonged to the West European cultural area.” Clinton sought to assure his new bar-hopping buddy that America agreed. “The security of your state,” he said, “is important to the security of the United States.” Clinton hit the same point in Kiev, during a quick stop to thank Kravchuk for agreeing to a three-way deal with America and Russia on dismantling the Ukraine’s nuclear weapons. He flew on to Moscow, hours later than planned, much to the annoyance of the Russians and was soon repeating himself. “I came with a dream,” said Clinton, “that at the end of the cold war we might have a Europe that is integrated politically, economically and in terms of security.” Clinton vowed to Yeltsin that he would be Russia’s “unofficial spokesperson” to Europe.

Same old song: Yet although constant repetition may make sense on the saxophone (Clinton played “Summertime” and “My Funny Valentine” both in a Prague pub and at Yeltsin’s dacha: does he know anything else?) more is required from a world leader. American exhortation will not by itself produce the integrated Europe that Clinton wants. Indeed, Europeans themselves have little idea what Clinton’s version of “integration” means, or how much of it is possible.

True, Clinton’s integrationist rhetoric in Prague sent the Central Europeans away happier than when they arrived there. Hungarian Foreign Minister Géza Lenkésiovics said that “we got more than we expected,” and the Slovaks, always worried that their shaky economy will leave them behind their neighbors, welcomed U.S. reassurance. But Polish Foreign Minister Andrzej Olechowski emphasized that the Partnership for Peace did not meet Poland’s appeals for precise criteria of NATO membership, and Polish President Lech Walesa remains dissatisfied with the American position.

Above all, Clinton’s cry for European unity ignores (as the Marxists would say) the objective reality in both Ukraine and Russia. Ukraine is a hyperinflating economic basket case, with those who live in chunks of its territory tempted to reunify with Russia (following story). For all the hoopla over the nuclear deal, its ratification depends on the notoriously unpredictable Ukrainian Parliament. By the end of the week, Clinton’s advisers were worrying that they had oversold the notion that the deal was a breakthrough.

If Clinton thought that Russia itself would soon be “integrated” into Europe, he saw a very different Moscow from most of those who traveled with him. While Clinton’s aides publicly praised Yeltsin’s commitment to political reform, other visitors saw a newly elected Duma paralyzed by squabbling, its reformist winner unable to place his man in the speaker’s chair, transfixed by the antics of ultranationalist Vladimir Zhirinovsky.

And while American officials said that Yeltsin had recommitted himself to economic reform, others saw an economy in which almost the only visible sign of capitalism is in casinos and kiosks. The Americans liked to say that economic reform was like riding a bike: if you stop pedaling, you fall off. Gennady Zyuganov, leader of the communist party, told national-security adviser Tony Lake that he preferred a tricycle. Russians want change to be slower
and life more stable. The Russian marketplace is a primitive one. The gap between a lively, modernizing Prague and hooker Moscow is now as great as the gap that existed five years ago between Prague and Vienna.

Indeed, the Russians may not be all that interested in Clinton’s theme of European integration. Newsweek has learned that at a meeting between Yeltsin and Clinton, the Russian president asked for a “strategic partnership” between the two countries. Precisely such a plan — implying separate spheres of influence — was offered by Leonid Brezhnev to Richard Nixon in 1973. Clinton rejected the idea as did Nixon but the fact that it was raised at all suggests that Russia has hardly forgotten the attractions of life as a superpower.

Europeans, of course, have their own reasons for remembering Russia’s superpower past, and they wonder what America would do if Russia turned nasty. Some of Clinton’s rhetoric was reassuring. President’s rhetoric was reassuring. President. The Ukraine Deal Doesn’t Stick

Danger, If the Ukraine Deal Doesn’t Stick

Ukraine is a foreign-policy windfall — maybe. It all depends on whether an agreement to hand its nuclear weapons over to Russia sticks. Ukrainian President Leonid Kravchuk has promised as much before, only to back away under pressure from the anti-Russian Ukrainian Parliament. Who could blame Clinton last week when, just 24 hours before landing in Kiev, he called Kravchuk from Air Force One to make sure the hard-won treaty was still “on track”? In the capital’s freezing, shabby airport, the two presidents hailed the accord in which Ukraine will disarm over seven years. But even after Clinton, Kravchuk and Boris Yeltsin signed the pact in Moscow, some doubted it would hold. Russian Foreign Minister Andrei Kozyrev has already tossed agreements that never came to pass: “I’ve probably become drunk on so many glasses of champagne.” For the record, Kozyrev added quickly that he hopes — and believes — this one “will be honored.”

It better be. Ukraine is a series of catastrophes waiting to happen. Habitual mistrust between Kiev and Moscow is half the volatile mix. Hyperinflation has turned Ukraine, once the Soviet Union’s breadbasket, into an economic basket case. Even more hard-line nationalists could destabilize the country further. That’s why Clinton is eager to rid the country of its 1,760 long-range missiles and 1,500 warheads — all pointed at the United States — and to offer $135 million or more in financial aid. From its uranium reprocessed in Russia, Ukraine would eventually get $1 billion worth of fuel rods for its nuclear-energy program.

Every dollar helps. Thanks to the doubling of prices every four weeks, the average monthly salary in Ukraine buys approximately one winter boot. State stores are virtually empty in the countryside, barter has become the currency of ex-socialist states. The more industrialized west, where many people long to be economically reintegrated with Russia. This week’s presidential election in the Crimea, the Black Sea Ukrainian enclave claimed by Russian nationalists, may fuel those tensions. Most of the candidates are pro-Russian. If the peninsula eventually declares itself cut off from Ukraine, the Black Sea Ukrainian enclave claimed by Russian nationalists, may fuel those tensions. Most of the candidates are pro-Russian. If the peninsula eventually declares itself cut off from Ukraine, the Black Sea Ukrainian enclave claimed by Russian nationalists, may fuel those tensions. Most of the candidates are pro-Russian. If the peninsula eventually declares itself cut off from Ukraine, the Black Sea Ukrainian enclave claimed by Russian nationalists, may fuel those tensions. Most of the candidates are pro-Russian.
Seeing Sunshine in Moscow

Here are some things that happened in Russia last week. There almost was war with Latvia. This after two Russian generals were cavorting in the woods by a local official and held at gunpoint. The Russians scalped their heads but cooled off when the Latvians released the generals and fired the official. Meanwhile back in Moscow, the public was plunging again—a postponement of renewed efforts by the government to waste money on the state’s antithetical industrial sector. The new Parliament met chaotically and nearly voted a noise nationalist extravaganza champion as its speaker: happily, a communist carried the day instead. Vladimir Zhirinovsky, Russia’s Nazi-baiter and everyone’s favorite worst-case scenario, shouted from the podium: “Every candidate for speaker must be sent to a psychiatric hospital.” Oh, and Bill Clinton arrived in town for a summit meeting.

This last seemed no big deal to most Russians. Clinton’s arrival wasn’t even front-page news for Moskovskiy Komsomolets, the most popular paper in Moscow. The paper’s second-day story was more prominent but fixed on the president’s “handshaking suit” and “expensive socks.” It also noted that the ice on the sidewalk in front of the Ostan, no television station was cleared in anticipation of Clinton’s arrival—a matter of no small interest to Muscovites, who are furious that most streets are left treacherous by the current government.

“Peep” aren’t very interested in the summit. They don’t believe these politicians will do much to change their lives. An editor at Moskovskiy Komsomolets noted that the ice on the sidewalk in front of the Ostan, no television station was cleared in anticipation of Clinton’s arrival—a matter of no small interest to Muscovites, who are furious that most streets are left treacherous by the current government.

It should come as no surprise that the suspicions are very dark these days, and the pride is wounded terribly. Russians are world-class pessimists even when life is tolerable—it rarely gets much better than tolerable—which makes Bill Clinton’s native optimism all the more jarring. One wonders what those women on the sausage line made of the blinding sunnyside-in Clinton’s speech at Ostan, especially the part where he said that every few generations, “All great nations must stop and think about where they are in time... They must imagine their future in a new way.” Say what? A popular Russian saying—“smart people don’t actually believe this, but they say it—is that nothing much has changed in a thousand years, that Russia is eternal. Smart people in the West sometimes say it, too. Clearly, this is a president who drives the bishops of the American foreign-policy priesthood nuts. All this touchy-feely rhetoric and sayplaying, all these fuzzy-wuzzy policy initiatives without ground rules or timetables... all this hopefulness. “In the 21st century,” the president said in Prague, can anyone seriously believe that we will define greatness with words, or quantify—oh my brother—the future must be different from the past.

In The New York Times last week, speaking for the foreign-policy establishment, William Safire argued that his world view prohibited him from thinking the future would be very different—he was certain the president and Russia specialist Strobe Talbott were making a terrible mistake by not pursuing the lastest possible inclusion of the more plausible Eastern European countries into NATO. Clinton has proposed a vague association called “Partnership for Peace” that would become less vague—indeed, it could quickly incorporate the Eastern Europeans—so Russia turned ugly. Clinton says that “drawing a new line across Europe” may foreclose a happy ending in Russia and could create a self-fulfilling prophecy of future confrontation.

Seductive comfort: But it isn’t easy to argue with Nature. Russia is a mess. Its attempts to build a market economy are stymied, misused, its public is bored and vacuous. Even the most...stolid institutions have difficulty believing that Ukraine or Belarus is a separate country. They have a point: they miss their empire, and the respect it conferred. The future may not belong to Zhirinovsky, but it most certainly will be dominated by leader apparatchiks like Prime Minister Viktor Chernomyrdin. It would be folly to argue sunshine in such circumstances. But for one thing, the world has changed. It’s certainly true that the seductive comforts of a global economy and the ability of information to pass through even iron barriers will make it impossible for monolithic, paranoid dictatorships to survive in the future. They may be forced to trade rather than conquer; it’s an appealing idea. Of course, it could be incorporated into the army of its own accord. In fact, with the West’s well-educated and severely underpaid workforce, Russia may be in a unique position to be a product of it. It’s not easy to argue with Nature. Russia is a mess. Its attempts to build a market economy are stymied, misused.

This is not an entirely convincing argument. It is optimistic. We are used to equating pessimism with realism, especially when the game is geopolitical. But we’ve just come through a time when the widest optimists were insufficiently upbeat. The Soviet Union collapsed. Eastern Europe was liberated, democracy spread through South America, capitalism spread through Asia. A swing in the other direction is now in the offing, but it would be a mistake to assume it will be symmetrical. A cautious skepticism is appropriate; preventive-insurance policies are wise. But reflexive pessimism is not just wrong—it is as potentially dangerous as unfettered optimism is inevitably assumed to be.
Counting the Living

Sarajevo: Reflections on a city whose troubles define its times

BY ROD NORDLAND

The Sarajevo of the mind is a place where a cellist plays in the rubble of the National Library and the poster of that scene hangs on walls around the world. It is a place we have all come to know, where Susan Sontag went to direct "Waiting for Godot," and where "Hair" was redone as a Bosnian pro-war musical. It has turned our doves into hawks, our hawks into doves. We have decreed it a "safe haven," put blue helmets on French soldiers and sent them there to protect it. We have said it may not be destroyed, and to keep it alive we have fed it on airlifted rice and beans, flavored with a smidgen of oil, a dash of salt, occasionally a tin of fish. The rations are never enough. The Serbs who surround the city have said no one may come or go, but we have wheedled them into letting us bring out the badly wounded children, a few of the aged and the infirm. We acknowledge the Sarajevans' courage as Serb snipers pick them off...
ethnic aggressor whose acts have made it defines its times, like Berlin in the 1950s or when they bury their dead, or shell them in bombardment heavier than any in the war.

Once again last week NATO repeated its threats of airstrikes against the Serbs if they don’t let up. The Serbs continued a bombardment heavier than any in the war.

Entrepreneur's year-end

This year it is here," Nakas says. VIP visits and solidarity meetings begin to wear thin; the motivation behind them, transparency. Nakas says theater producer Aida Cengic, 'They do it only to clear their consciences.'

Children’s art: Sarajevo isn’t a rough place like some of its metaphoric predecessors; it has a European familiarity they lacked. Urbane and well-educated, Sarajevans keep producing culture in nights illuminated by the candles we distribute, heated by the crude wood stoves we pass out. Our capitals parade the fruits of an enduring intellectual life: a film series in New York, a new play in London, a children’s art event at the Georges Pompidou Center in Paris. We heap kudos on its still-publishing newspaper, Oslobodjenje, and hail its 13-year-old diarist Zlata Filipovic as a modern-day Anne Frank.

For a while, such admiration inspired hope: now a wary cynicism replaces it. Somewhere there is always a show for the world to watch," says Dr. Bakir Nakas, director of the city’s State Hospital. Last Thursday two rockets blasted his hospital’s 10-story façade: the evidence could scarcely be discerned among 500 other shell holes. Some years it is Palestine, some years it is Iraq.

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**South Asia: Politics divides some ruling houses**

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Across the Generation Gaps

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Is the Devil in the Details?

Info Police: Gore's plan is still sketchy

When Lily Tomlin appeared on the stage next to Vice President Al Gore during his Los Angeles speech on the future of telecommunications, Ernestine, her shifty alter ego, asked the question everyone was thinking: "Isn't it kind of like billions and billions of those little Bac-O bits at the cyberspace salad bar Gore and Tomlin could just reach into the cyberspace salad bar Gore and Tomlin..." It seems that way. With new technologies like satellite and microwave battling cable and telephone for control of their networks, only monopolies like the telephone companies and near-monopolies like cable and satellite can happily control the flow of information. But Ernestine assured him she wanted to be a futurist like you, because frankly, I think I'd have a better future. Not unless Gore can fill these gaps in his sketchy plan:

Merger mania: Big companies are itching to own both programming and the lines that will carry it to your screen and phone. But they might use their control over pricing to block competitive programming. If cable giant TCI were allowed to own a company like Viacom, which brings MTV, it might make it too expensive for you to watch a competing music-video channel. Although the local telephone companies are already regulated as common carriers and must charge a standard price to those who want to send information over their network of wire and fiber-optic cable, there's a growing outcry to let cable companies—and other newcomers—to go the same route.

Not in my ront yard: New technologies from cable to satellite need to connect to parts of the Bell system to compete. It doesn't make sense to build new facilities when the Bells have plenty of excess capacity. But your not-so-friendly local phone company is barring the door. While some states like New York require the Bells to give full access, there will be resistance in other regions where the Bells are more successful at controlling state regulators.

A thornier question: will the Bells be forced to allow competitors into their subnetwork to compete against their own services? That would increase the risk that technical failures in one part of the system would spread.

Cheap phones: As American as the open road, universal service means basic dial tone for everyone, cheap. But deregulation means that there has to be a new way to pay the states to Washington. Says an aide to Gore himself: "If you think you can just give the states the money, you're nuts..." That's why they are expected to try to keep universal service and their competitors to try to wrestle it away. Gore and the Federal Communications Commission will have to run interference, because consumer groups will argue that the money should go directly to users. But what should be subsidized? Service to the poor? Rural areas?

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PATIENT INFORMATION ABOUT PROSCAR® (Finasteride)

**General name:** Finasteride (fin-as-ter-ide)

PROSCAR® is for the treatment of symptomatic benign prostatic hyperplasia and for use by men only. Your doctor may prescribe PROSCAR® if you have a medical condition called benign prostatic hyperplasia or BPH. This occurs only in men.

Please read this information, as well as the leaflet which accompanies your medication, before you start taking PROSCAR®. Also read the leaflet each time you renew your prescription, in case anything has changed. Remember, this leaflet does not take the place of careful discussions with your doctor. You should discuss PROSCAR® when you start taking your medication and at regular checkups.

**What is BPH?**

BPH is an enlargement of the prostate gland. After age 50, most men develop enlarged prostates. The prostate is located below the bladder. As the prostate enlarges, it may restrict the flow of urine. This can lead to symptoms such as:

- a weak or interrupted urinary stream
- a feeling that you cannot empty your bladder completely
- a feeling of delay or hesitation when you start to urinate
- a need to urinate often, especially at night
- a feeling that you must urinate right away

**Treatment options for BPH**

There are three main treatment options for BPH:

- **Program of monitoring or “Watchful Waiting”**. If a man has an enlarged prostate with no symptoms or if his symptoms do not bother him, he and his doctor may decide on a program of monitoring which would include regular checkups, instead of medication or surgery.

- **Medication**. Your doctor may prescribe PROSCAR® for BPH. See “What PROSCAR® does.”

- **Surgery**. Some patients may need surgery. Your doctor can describe several different surgical procedures for BPH. Which procedure is best depends on your symptoms and medical condition.

**What PROSCAR® does**

PROSCAR® lowers levels of a key hormone called DHT (dihydrotestosterone), which is a source of prostate growth. Lowering DHT leads to shrinkage of the enlarged prostate gland in most men. This can lead to gradual improvement in urine flow and symptoms over the next several months. However, since each case of BPH is different, you should know that:

- Even though the prostate shrinks, you may not see an improvement in urine flow or symptoms.
- You may need to take PROSCAR® for six (6) months or more to see whether it helps you.
- Even though you take PROSCAR® and it may help you, it is not known whether PROSCAR® reduces the need for surgery.

**What you need to know while taking PROSCAR®**

- You must see your doctor regularly.
- While taking PROSCAR®, you must have regular checkups. Follow your doctor's advice about when to have these checkups.

**About side effects**

- **Like all prescription drugs, PROSCAR® may cause side effects**. Effects due to PROSCAR® may include impotence or inability to have an erection and loss of sex drive. Each of these side effects occurred in less than 4% of patients in clinical studies. In some cases side effects went away while the patient continued to take PROSCAR®. Some men taking PROSCAR® (Finasteride) may have a decrease in the amount of semen released during sex. This decrease does not appear to interfere with normal sexual function.
- **You should discuss side effects with your doctor before taking PROSCAR® and anytime you think you are having a side effect.**

**Checking for prostate cancer**

Your doctor has prescribed PROSCAR® for symptomatic BPH and not for cancer—but a man can have BPH and prostate cancer at the same time. Doctors usually recommend that men be checked for prostate cancer once a year when they turn 50 (or if a family member has had prostate cancer). These checks should continue while you take PROSCAR®. PROSCAR® is not a treatment for prostate cancer.

**About prostate specific antigen (PSA)**

Your doctor may have done a blood test called PSA. PROSCAR® can alter PSA values. For more information, talk to your doctor.

**A warning about PROSCAR® and pregnancy**

- **PROSCAR® is for use by MEN only**.

PROSCAR® is generally well tolerated in men. However, women who are pregnant, or who could become pregnant, should avoid the active ingredient in PROSCAR®. If the active ingredient is absorbed by a woman who is pregnant with a male baby, it may cause the male baby to be born with abnormalities of the sex organs. Therefore, any woman who is pregnant or who could become pregnant must not come into direct contact with the active ingredient in PROSCAR®.

Two of the ways in which a woman might absorb the active ingredient in PROSCAR® are:

- **Sexual contact**. Your semen may contain a small amount of the active ingredient of the drug. If your partner is pregnant, or if you and your partner decide to have a baby, you must stop taking PROSCAR® and talk to your doctor. If your partner could become pregnant, proper use of a condom can reduce the risk of exposing her to your semen (discuss this further with your doctor).

- **Handling broken tablets**. Women who are pregnant or who could become pregnant must not handle broken tablets of PROSCAR®. PROSCAR® tablets are coated to prevent contact with the active ingredient during normal handling. If this coating is broken, the tablets should not be handled by women who are pregnant or who could become pregnant.

If a woman who is pregnant comes into contact with the active ingredient in PROSCAR®, a doctor should be consulted. Remember, these warnings apply only if the woman exposed to PROSCAR® is pregnant or could become pregnant.

**How to take PROSCAR®**

Follow your doctor's advice about how to take PROSCAR®. You must take it every day. You may take it with or between meals. To avoid forgetting to take PROSCAR®, it may be helpful to take it the same time every day. Do not share PROSCAR® with anyone else; it was prescribed only for you.

Keep PROSCAR® and all medicines out of the reach of children.

FOR MORE INFORMATION ABOUT PROSCAR®, CALL YOUR DOCTOR, IN ADDITION, TALK TO YOUR PHARMACIST OR OTHER HEALTH CARE PROVIDER.

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West Point, PA 19486
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**BUSINESS**

**Lobbying for Their Livelihoods**

Trade: Japan Inc.'s new 'grass roots' campaign

By Bill Powell

Dear Congressman Jones: Today, more than ever, Americans are worried about their economic future. It is for that reason that I am writing to you to alert you to a development that threatens many workers here in your Congressional district.

I T IS ON ONE LEVEL, NOTHING MORE than state-of-the-art lobbying, the type of thing the K Street crowd does in Washington, D.C., every day: create a "grass roots" campaign and run it from the top, with every jot and title taken care of: form letters to congressmen; a toll-free 800 number in case people are inclined to call their representatives directly rather than write; even belated advice on what to do if a personal visit to a congressman's office is arranged ("be on time, dress appropriately, and make sure that you are friendly and cordial . . .").

But this "grass roots" campaign comes with a twist: its "roots" are in Japan, in the offices of the Japan Auto Parts Industry Association (JAPIA), and its goal is to get members of the U.S. Congress with Japanese-owned plants in their districts to oppose the Clinton administration's aggressive trade agenda with Tokyo. Late last year, in the midst of the increasingly acrimonious talks on Japan's low level of auto and auto-parts imports, the Japanese trade association—with an assist from the high-powered Washington political-consulting firm Robinson Lake Sawyer Miller—began urging American employees at their "transplant" operations in the United States to protest the Clinton administration's trade strategy. The elaborate campaign—material went out to each of Japan's 180 auto-parts companies now operating in the United States—marks a new tack in Japanese efforts to influence American public opinion. In the past, major Japanese companies have typically hired former high-ranking U.S. government officials to flag their interests in Washington. That drew considerable flak from U.S. critics in the early 1990s, and Japanese firms have since quietly struggled to find new ways to make their views heard in Washington. Thus the new JAPIA effort.

Their concern is straightforward enough:
that the administration’s push for increased sales from U.S. suppliers will further hurt an industry that is already in the midst of its worst postwar slump. “If an agreement including such numerical targets is made,” wrote JAPIA managing director Akio Suzuki to U.S. managers recently, “the effects would be unimaginable.”

There is, to be sure, nothing illegal or even particularly pernicious about the JAPIA campaign. But it is a vivid illustration of how Japanese industry tries to bend America’s traditional political and economic traditions in Japan that are anything but transparent.

The Japanese lobbying campaign, as outlined in scores of documents obtained recently by NEWSWEEK, aims to get American workers to complain about the alleged unfairness of a Clinton administration trade agenda that could, conceivably, discriminate against them solely because they work for companies based in Japan. “The only thing foreign to us is why someone would want to take away our jobs,” reads one of the form letters JAPIA and Robinson Lake had drawn up for its members to send. For the most part the effort is fairly sophisticated, but on occasion it strikes painfully naive notes—you can, for example, practically hear the sound of Robinson Lake’s cash register ringing when JAPIA’s Suzuki writes to his U.S. membership that “we are starting a grass roots campaign, which are said to be very useful in this kind of situation.”

Perhaps. The less-than-subtle aspects of the “grass roots” campaign seem to have turned off as many American employees as they have inspired. While Laurence T. Greene, the executive vice president of procurement and government affairs at Diamond-Star Motors in Normal, Ill., a subsidiary of Mitsubishi Motors—wrote his congressman urging him to pursue “some very basic principles of American fair play,” the American director of another large Japanese auto-parts company concedes that he threw the whole package out “as soon as we got it.” Why? “Look, we’re in the Midwest, the heart of the U.S. auto and auto-parts industry. Do you know how it would look for me to ask my workers to lobby their congressman on this, particularly because they know this is being run from Tokyo? They’re not stupid, and neither am I.”

They’re spooked: Nor, despite the high-priced campaign, is it necessarily clear that Japanese auto-parts companies in America would be hurt by the administration’s efforts. The Japanese firms say they are spooked by language in the framework agreement—proposed last fall—that calls for “special consideration” to be given to U.S.-owned firms, rather than transplants. That, says Robinson Lake senior vice president Michael Lake, simply “puts one American worker against another.”

But U.S. trade negotiators insist they are not asking for Japanese automakers to discriminate against their traditional suppliers even if they have factories now in America—and senior Japanese trade negotiators say they now believe their American counterparts. With autos and auto parts accounting for 75 percent of the bilateral trade imbalance, the United States says it just wants Japanese companies to buy more in America—period—something the stronger yen is already prompting them to do anyway. If true, one confused American worker at a longtime Toyota supplier said last week, “maybe we should be lobbying for the framework, not against it.”

**Economy: Good News Goes Unnoticed**

**What do the white-water investigation, the Lorena Bobbitt trial and the travails of Nancy Kerrigan have in common? For Bill Clinton, the thread is this: the three events so dominated public attention last week that they all but buried the rosiest economic reports in years.**

The latest crop of government statistics confirms that 1993 was the economy’s best year since 1988. Industrial production was up a strong 4.2 percent. Retail sales soared 6.2 percent. Business inventories as a percentage of sales dropped to the lowest level in 11 years—and that absence of empty shelf space in stores and warehouses will keep factories humming. Best of all, the prices industry pays for its components and raw materials rose a scant 2 percent during 1993, a sign that inflation is well under control.

That positive price report may be just what it takes to keep the Federal Reserve from putting an end to the party. Since early January, several Fed officials have gone out of their way to say publicly that inflation doesn’t seem to be a problem—an indication that the Fed has no immediate plans to push interest rates up. “Policymakers face the best of all worlds: healthy growth without price pressures,” says NationsBank economist Mickey Levy. Clinton’s worry now is whether the good news will keep on rolling in: the 1996 election is 34 long months away.
Coming Next, Clinton's Year One

HOLLYWOOD'S 1929 PRODUCTION OF "THE TAMING OF the Shrew," starring Douglas Fairbanks and Mary Pickford, had this credit line: "By William Shakespeare, with additional dialogue by Sam Taylor." We have now had a year of government as scripted by the Founding Fathers, with additional thoughts by the Clintons and associates. Among the conclusions now possible is this: The post-Cold War contraction of the presidency, which Clinton did not start and cannot stop, is part of the reassertion of constitutional normality, meaning congressional supremacy. And the inertia of events, combined with the country's continuing, even deepening, conservatism, is pulling Congress to Clinton's right.

The first-year initiatives most clearly bearing Clinton's stamp, the BTU tax and new policy regarding homosexuals in the military, were either squelched or substantially altered, primarily by two Senate Democrats, Oklahoma's Boren and Georgia's Nunn. Many of Clinton's first-year preoccupations illustrated the inertia of issues and the momentum of events. With the Family Leave bill he signed what Bush had twice vetoed. NAFTA was a Reagan idea and a Bush product passed by Republican votes. The Brady bill was a hardy perennial, a gesture whose time had come.

Clinton's economic policy so far is fairly conservative. That is not primarily a reflection of his preferences, which were revealed as traditionally, even banally, liberal in his proposed "stimulus" package. His economic policy is largely dictated by pre-existing conditions — what Reagan did in reducing government revenues, and what the political class, in routine governance as well as in myriad scandals, has done to reduce the public's trust of government. The result is that Clinton is forced to depend on growth driven almost entirely by private sector dynamism produced by low interest rates.

Clinton's Year Two will be, in a sense, Year One because as health care claims the spotlight, the nation will at last see Clintonism clearly. Clinton's plan is baroque and is the brainchild of one of Clinton's many Sancho Panzas — Ira Magaziner. He recently said that "working in the federal government is everything I thought it would be and worse," adding: "You work at 25 percent efficiency a lot of the time." Yet he proposes the most gargantuan permanent expansion of government (Nixon's wage and price controls were temporary) since the New Deal — actually, more gargantuan than any New Deal enterprise other than the short-lived National Recovery Act, which was declared unconstitutional.

"Magaziner's guiding idea," writes Jacob Weisberg in a long New Republic profile, "is that rational planning can solve any problem, social, economic or spiritual. His universe is one in which the uncertainty principle and the law of unintended consequences do not exist: his career is testimony to the belief that for every problem there exists a total solution." He has extravagant confidence in the ability of economists to anticipate and politicians to overcome the resistance of reality to management — "managed trade" and "managed competition" are core components of the catechism of Clintonism. Magaziner has a gimlet eye for the vices of people in the private sector, such as those doctors who self-interestedly prescribe too many procedures. But Weisberg says:

"He doesn't worry about abuse by those who will wield enormous power under his system through the new structure of a health care alliance. The people this plan trusts the most, those who are absolutely filled with good will, who do nothing but the best for society, are governors and state legislators," says Lawrence O'Donnell, chief of staff of Senator Daniel Patrick Moynihan's Finance Committee, "the people who gave you congressional districts.

Weisberg refers to those who "will" wield power. Make that "would." The subjunctive mood is apposite until Congress acts. And when it does it probably will produce minimalist reform — more Bauhaus than Baroque. The Clinton plan is a power grab without precedent in American history and goes aggressively against the grain of this era of dyspeptic feelings about government. The plan, says The Washington Post, which is sympathetic, amounts to "federalizing the health care system by another name." Joseph Califano was President Carter's Secretary of Health, Education and Welfare, so he understands bureaucracy. He was at Lyndon Johnson's side during the apogee of the Great Society, so he understands overreaching. He says Clinton's plan rests on the "belief that an army of policy wonks can predict what would happen under a program that would change one-seventh of the economy, which 30 years of experience tells us we can't do."

Clinton's plan uses the 38 million uninsured Americans — that is a "snapshot" number: most who are among the 38 million at any time either will be insured a year later, or are healthy young people who choose to be uninsured — to justify clamping federal controls on 260 million Americans. James Pinkerton, a policy planner in the Bush White House, says, "That's like a mechanic telling you that he can't fix the fan belt, so you have to buy the new experimental prototype car he happens to be selling." And last week a Boston Globe headline heralded devastating news for proponents of the power grab: SCHOLAR WHO INSPIRED HEALTH PLAN NOW CALLS IT UNWORKABLE.

Alan Enthovan, a Stanford professor of management, is one of the principal developers of the idea of managed care for the health industry. He says Clinton's plan "puts the federal budget at enormous risk and will result in huge tax increases, "taxes of perhaps 12 percent on salaries to cover the plan. He terms "extremely unrealistic" the plan's goals for holding down cost increases, even to 1.5 percent by 1996. "goals that have not been seen in the free world in the history of health care." His prescription: "Price controls don't work and therefore the first thing Congress should do is delete pages one through 1,342 of Clinton's 1,342-page bill."

It might do essentially that. No reason not to. American government was never meant to be a drama scripted by presidents, and in this age of continuing conservatism, Congress's "additional dialogue" may matter more than any script suggested by this president.