

CAMELOT FOUNDERS IN A MURKY LAND DEAL

BACK IN OXFORD, where he was a Rhodes Scholar, Bill Clinton had a vision. He would one day emulate his hero, John F. Kennedy, and pitch the tents of Camelot back on the lawns of the White House.

First, however, he would have to prove himself. He did well in small-town politics, and became Governor of Arkansas. Then he made it to Washington, DC, a president determined to improve the quality of life of the American citizen. His plan to reform the health system, if it succeeds, would prove that politicians could still be motivated by principle.

But the chivalrous flags are not fluttering, right now; for the US Administration is paralysed by revelations surrounding the spot of land speculation in which Bill and Hillary Clinton engaged, over in the Ozark mountains, the details of which are bogging down congressional politics.

Way back when, it seems, the Clintons tried to make a killing out of a real estate deal called Whitewater. Like so many speculators, however, they failed; they made a loss. All was not lost, however: the loss meant they could reduce the tax liabilities on their earnings.

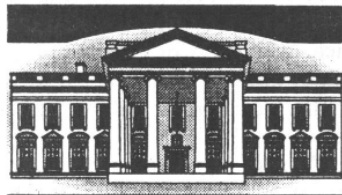
Oops! It now turns out that the Clintons claimed that the loss was greater than had actually occurred, which means that they underpaid on their taxes.

At first, the Clintons claimed to have suffered a loss of \$69,000 on the deal. Now, it seems, that loss was actually \$46,000. Mitigating the loss, it seems, was a \$22,000 loan extended to Bill Clinton's mother, which had been overlooked in the family's tax returns.

But the president's White House counsel, Lloyd Cutler, is playing down the gravity of the Clinton's error. "Underpaying your income taxes in good faith is certainly not an illegal act. Most real estate transactions, real estate development transactions, in particular, are extremely complex, both from a business and a tax point of view. Innocent mistakes are cer-

tainly possible."

The land deal is spiced by the mysterious death of the Vince Foster, the former White House deputy counsel who, it is now confirmed, did commit suicide last July. Unfortunately for the president, however, his well-meaning aides took the precaution of removing Whitewater documents from Foster's office before investigating officers got to them.



Paul Knight in Washington

OPPOSITION in Congress are not buying the claim of innocence canvassed on behalf of the President.

The case started off on the basis of two allegations. First, the Clintons were accused of "skimming" funds from the now bankrupt Madison Guaranty, a Little Rock savings and loan institution. Second, that some of the diverted money was used to finance Mr. Clinton's gubernatorial campaigning in Arkansas.

But his accusers now claim that the original allegations are overshadowed by attempts at a cover-up. The president sought to staunch public criticism by calling for the appointment of a special counsel to investigate his involvement in the Whitewater land deal, but that did not satisfy Congressman Jim Leach, who says: "In a nutshell, Whitewater is about the arrogance of power - Machiavellian machinations, of single-party government.

Nonsense, replies the president. "I think what the American people are really upset about is the thought that this investment that we made 16 years ago, that lost money that did not

involve savings and loans, might somehow divert us from doing the work of the country."

In a TV interview, he insisted: "I didn't do anything wrong except I made a bad business deal". That deal was to form Whitewater in 1979. The company was supposed to sell land in northern Arkansas for vacation homes.

Governor Clinton's partner was political aide was James McDougal, the owner of Morgant Guaranty, the savings and loan institution that cost US taxpayers \$47 millions after it failed. The Resolution Trust Corporation (RTC), the federal body that has spent hundreds of billions of dollars cleaning up the S&L industry after the nationwide land speculation fever of the 1980s, referred Morgan Guaranty to the Justice Department in 1992. And that's when life started to turn sour for the president.

Before the cover-up allegations scandalised Washington, the accusing finger was mainly pointed at Hilary. Documents show that she was active in the land deals, according to an investigation by *Time* journalists (January 17). Their partner, James McDougal, was creative in his handling of some of the sites: in one deal, he swapped almost half the land for little more than a twin-engine airplane that was then sold for a loss of \$13,000. That loss was first absorbed by Madison Guaranty's depositors, and then passed on to federal taxpayers through the RTC rescue operation.

So far, however, no proof has been offered that Bill Clinton himself was involved in any criminal activity. Land speculation is not illegal; in fact, in the US, it is a national pastime! Several White House heads have rolled, but that is because of imprudent interference with the judicial investigation.

Meanwhile, President Clinton is trying to get his reform programme back on track. And so far, he has failed to offer any observations about the imprudence of land speculation.