

That is what we mean when we talk about downward pressure on wages, downward pressure. Because of the leverage that the multinationals hold over workers, the leverage because they can go to places like Mexico or Malaysia or other places and they do not have to adhere to these environmental standards; they do not have to adhere to any wage and safety laws; all of the things, as I said earlier, our parents and grandparents and great grandparents fought for and that we take for granted today.

Mr. PASCRELL. Mr. Speaker, before I yield to my colleagues, I just wanted to bring out something that both of my colleagues have mentioned, and that is in terms of wages. Just today in the papers in New Jersey, and that is in 1990, if one was making in the area of \$44,000 to \$45,000 a year, since that time, in that 5- or 6-year period that we have the statistics for, one's wages increased \$104 in those 5 years. Anything below that, anything below that, and that means a lot of folks in my district, the Eighth District in New Jersey, the losses can be anywhere from \$800 to \$2,000. Those are astonishing numbers.

Now, we want and believe in trade, but we want our workers and our businesses to benefit. We have redefined the debate very significantly, because this is not labor versus business. Many of those who oppose fast track in my district own businesses and are very conservative, austere business people who are being hurt, and they understand what is going on very well.

So to define this as this against that, we are not going to accept that this time, are we?

Mr. SCARBOROUGH. And if the gentleman will yield again, the numbers, there is such a difference between those two numbers, and I think it illustrates very vividly that we can seek middle ground. I am a conservative, laissez-faire free trader, and yet, that does not mean we have to be dumb.

We can fight for fair trade, but for some reason, if we engage in this debate and say, "Hey, wait a second, let us just make sure, maybe we will not have a level playing field with Mexico, let us just make sure we can at least get in the game," then all of a sudden we are attacked for being an isolationist or a protectionist or having our head in the sand and not understanding the realities of global economics in the 21st century.

I think they are setting up false choices and I think the numbers that the gentleman points out illustrate that vividly. We can find middle ground on an issue like this, but this certainly is not middle ground, this is extremism on the side of just blatantly unfair trade.

Mr. BONIOR. Mr. Speaker, I thank the gentleman from Florida [Mr. SCARBOROUGH] for his comments, and I thank the gentleman from New Jersey [Mr. PASCRELL].

A SCANDAL-RIDDEN ADMINISTRATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Florida [Mr. SCARBOROUGH] is recognized for 30 minutes as the designee of the majority leader.

The SPEAKER pro tempore [Mr. THUNE]. Under the Speaker's announced policy of January 7, 1997, the gentleman from Florida [Mr. SCARBOROUGH] is recognized for 45 minutes as the designee of the majority leader.

Mr. SCARBOROUGH. Mr. Speaker, I certainly appreciate the gentleman yielding me some time to discuss some very important issues regarding trade, and we certainly did find some agreement on that issue, and we have found agreement on several other issues.

One area, though, where obviously I have been in disagreement with several friends on the other side of the aisle and that many of us have found disagreement with many of the other Members on the other side of the aisle has to do with some of the horrifying, more horrifying aspects of the current campaign fund-raising scandal that is gripping the White House and actually forcing them to engage in a bunker mentality that is really bringing about some pretty devastating results, and I would say could possibly be causing a constitutional crisis.

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I say that because this scandal reaches far beyond the walls of the White House. We found over the past several years, mostly from very astute reporting from The Washington Post and from The New York Times and from other media outlets, print media outlets that had to investigate this because, regrettably, the Justice Department has not been doing the job, we found some very, very shady activities going on between the White House, the Democratic National Committee, the CIA, the FBI, the National Security Council, the INS, possibly the IRS, the Office of the Presidency, the Office of the Vice Presidency, the Commerce Department, the Energy Department, and just about every other administrative agency across Washington, DC.

Mr. Speaker, what is causing a constitutional crisis is the Justice Department's apparent willingness to sacrifice its role as a fair and impartial observer of scandals that are swirling around the White House. In fact, in 1993, a more independent Janet Reno, the Attorney General, talked about the inherent conflict between the Attorney General and the President, saying that it was very hard for these two people to work together in investigations.

Maybe that is why The New York Times wrote just last week that Bill Clinton and Janet Reno could no longer be trusted to investigate these matters. Now we find the President's past chief counsel coming to the Senate this past week talking about these

coffees. Now, I think most Americans have heard about the infamous White House coffees where the President would bring in donors, they would have a coffee, then they would sort of get shaken down, they would get the finances, and there would be a fundraiser on Federal property, then they would leave and give the checks to the DNC.

Well, it is very obvious that these were fundraisers. And, in fact, I hardly think there is a reputable member of the mass media or this Chamber that could tell my colleagues with a straight face that they were not fundraisers. But, unfortunately, the White House continues to underestimate the intelligence of the American people.

Mr. Speaker, a headline in yesterday's newspaper talks about Harold Ickes. "Ickes insists coffees were legal," says the headline, "testifies that the sessions were not fundraisers." The article says the following, "Harold Ickes, the former White House aide who ran the Clinton-Gore reelection campaign, deflected questions from a Senate panel yesterday and insisted that the slew of Presidential coffees that raised more than \$26 million were not fundraisers. 'There was no admission charged,' said Ickes. 'There were people who came to the coffees who never gave a dime.'"

Mr. Speaker, this strains all credibility. We know that \$26 million was raised at those coffees. We also know that there is a Democratic Senator who, after investigating this, said that, yes, we Democrats have to admit that at least 103 of those coffees were fundraisers. Over 100 of the coffees were fundraisers. A Democratic Senator admits on the investigating panel, and yet Mr. Ickes claims with a straight face that these were not fundraisers.

There was a memo to the President of the United States talking about these fundraisers, explaining how they needed to have fund-raisers, more coffees, explaining how they needed to sell access to the Lincoln bedroom through fundraisers. Mr. Speaker, despite that, despite the fact that the President signed off on those memos approving fundraising coffees and fundraising sleepovers at the White House, they still come to us with a straight face and say they were not fund-raisers. How stupid do they think the American people are?

I think most telling though, and I am going to ask the gentleman from Indiana [Mr. SOUDER] for some clarification here, perhaps most telling is the fact that we had a White House that obstructed justice, in my opinion, and in the opinion of many other people, by refusing to turn over tapes that they had in their possession for 7 months.

Mr. Speaker, it is a tape scandal, and it smells an awful lot like the Watergate tape scandal of 20 years ago. But it is a tape scandal where they were asked to turn over the evidence, they claimed they did not have the evidence, just like the First Lady claimed she did not have billing records on

Whitewater issues and then they turned up mysteriously 2 years later.

So they did a computer check to try to find out whether they had these tapes or not. When they did the computer check, they checked under "coffees" and what did they find? 40 hits? 43?

Mr. SOUDER. Mr. Speaker, if the gentleman would yield, I think that they initially found 44, and now they found 140 allegedly under "Democratic fundraisers."

Mr. SCARBOROUGH. Mr. Speaker, reclaiming my time, but then The Washington Post editorializes, when they redid their search and typed in "Democratic fundraisers," they came up with over 100 hits and over 100 tapes. So we get these tapes turned over, and what do we find magically? That the tape with John Huang, a central figure in this investigation, mysteriously has the audio erased.

Mr. Speaker, I think maybe they had Richard Nixon's secretary who erased 18 minutes or so of tape, possibly, 20 or 30 years ago working for the White House, because now we find that we have an entire coffee erased, and yet they come to us with a straight face and they say that these were not fundraisers.

It is absolutely unbelievable. So unbelievable is the charge that The Washington Post wrote an editorial earlier this week called, "Giving faith a bad name." I have got to tell my colleagues, this is what is disturbing to me, a conclusion reached by The Washington Post, because as a student of history, as somebody who cites Harry Truman and Bobby Kennedy as two of my biggest heroes, I do not think it is in this country's best interest for us to have a failed presidency. It is not in my interest to have a failed presidency. It is not in anybody's interest in this Chamber to have a failed presidency.

I think even more dangerous for us is if we allow the entire system of the United States Federal Government to fail. If we allow this constitutional crisis to come and go with the President, the Vice President, and other Members of the administration being able to do the bait and switch on the American people, being able to engage in cover-ups, being able to engage in illegal activity and not at least be called on it.

This is what The Washington Post said earlier this week: "The attitude of the White House towards telling the truth whenever it is in trouble is the same: Don't tell it."

It is The Washington Post saying the White House's policy on telling the truth if it gets uncomfortable is to simply lie. That is not a lesson that I want my two boys to learn when reading American history.

The Post goes on to say, "Don't tell the truth or tell only as much of the truth as you absolutely must, only if it helps."

They go through a laundry list about the White House firing Travel Office officials in the first term, then they tried

to get, and this is a direct quote, "they tried to get the FBI to sign off on a press release suggesting that the firings had been a result of suspected wrongdoing." And why were they doing this? They were doing this because the President had a cousin and they had some friends in Hollywood and Arkansas that wanted to get the business. So when they got caught trying to divert business over to their buddies in Arkansas and Hollywood and to the President's cousin, they then pick up the phone, call the FBI, and try to pressure the FBI into saying these people were fired for wrongdoing. That is unbelievably shameful.

Yet, Mr. Speaker, I have yet to hear a Democrat in this House condemn that behavior. I have yet to hear a Democrat in this House once raise their voice in concern over the fact that later on this administration used Craig Livingstone to illegally seize 900 FBI files of their political opponents. I remember Chuck Colson being sent to jail two decades ago because he misused one FBI file. This administration illegally seizes and misuses 900 FBI files of average American citizens for their own political purposes, it was the President's political hit list, and yet nobody, not one person on the Democratic side raises their voice in concern.

The Washington Post continues: "It's still not clear who may have taken what and at who's orders out of the Office of Deputy White House Counsel Vince Foster after he committed suicide and while the police were still investigating it in 1993. Whitewater prosecutors want some of Mrs. Clinton's billing records having to do with her work at the Rose Law Firm before coming to Washington. They cannot be found," says The Washington Post. "Then miraculously turn up one day in a box on a table in the White House. Webster Hubbell is driven to resign as Associate Attorney General and before he is being sent to jail, he is being pressed by prosecutors to tell what he may know regarding the looting of a savings and loan at the heart of the Whitewater affair. Lucrative jobs are found for him, which prosecutors think may have been to keep him quiet."

The Washington Post says, quote, "First the White House says that no one there, including the President, even knew about the jobs. But then it turns out, yes, they knew, but, quote, 'The key thing is that with regard to the main job, neither the President nor his top aides had,' quote, 'any knowledge of Mr. Hubbell's retention prior to his being retained.'"

As to the campaign stuff, The Washington Post continues, this week, "Their first reaction to the name of John Huang is to suggest they have never heard of him. That was before it turned out that he had visited the White House 78 times in 15 months."

The Washington Post continues. "Vice President GORE first said he thought the purpose of the fund-raiser

he attended in a Buddhist Temple in California in 1996 was community outreach. When his recollection was refreshed by documents to the contrary" says The Washington Post, "he authorized an aide to say he had known the event was, quote, 'finance-related' and should have said the purpose was, quote, 'political outreach.' Later another aide said the purpose was donor maintenance."

And then The Washington Post asks the question, "Who thinks of these things?" And the Post concludes, "and they go on and on. They keep asking," the White House, "indignantly, even a little petulantly over there where they are not believed as to why they keep putting out their successive version of the story. Can anyone really believe they do not know the answer and can anyone believe that this is on the up and up?"

Mr. Speaker, I have got to tell my colleagues when The Washington Post is writing things like this, when they write the attitude of the White House toward the truth is whenever it is in trouble, it is the same, "Don't tell it," when The New York Times editorializes last week that you cannot trust the President or the Attorney General to investigate some of the most serious campaign-related charges in this republic's history, I have got to tell my colleagues, it causes me grave, grave concerns.

If we read through this and read what the Post says and read what the Times says and then say why is there not a single Democrat standing up other than JOE LIEBERMAN in the Senate, and saying that they have a concern? Is it because that maybe all of them are illegally profiting from this?

I mean, when the New York Times on Wednesday September 10, 1997, writes in its headline, "Democrats Skim \$2 Million to Aid Candidates, Records Show," this is very serious. Even their own donors are concerned. Even good Democrats across the country who have contributed to this White House and to these Members in Congress are being set up. One was quoted in the New York Times as saying the following: "Whoever did this should go to jail. This is illegal, and they knew it."

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This is illegal and they knew it. The Times said that was a Democratic Party contributor who requested that their name was not to be used.

We go on and we find out on the same day, Wednesday, September 10, that the chairman of the Democratic National Committee admitted arranging access for donors. In fact, the DNC chairman admitted that he arranged for an international fugitive to get into the White House.

Now, how did he do it? The first thing he did was he had a meeting with the international fugitive. The international fugitive said, "I have this business deal, I want to get it through the White House." The international

fugitive goes to the DNC chairman, says, "Can you get me in there?"

The DNC chairman writes on his notes of this meeting that he is having with this international fugitive, "Go to CIA." It is that clear. He said, "Call CIA Bob."

The National Security Council in the meantime had an aide that said we should not be letting an international fugitive into the White House to meet with the President. But then the DNC chairman calls the National Security Council and says, "Go ahead and let him in. We will have the CIA call you up and tell you that everything is okay."

In fact the White House aide testified that she was being pressured to let this international fugitive in. She also cited Energy Department officials and the CIA during her testimony before the Senate hearing. She was quoted as saying, "I was shocked. I said, what the hell is going on? Why are you guys working with Fowler?" Who is the Democratic National Chairman.

Well, when we finally had the international fugitive come and testify before the committee, he admitted he got access by giving the Democrats money. And when he was asked if he had any concerns about it, he gave them \$300,000, he said, "Yes, I did have a concern. I think next time I will give \$600,000."

So what did the New York Times say about the White House using the CIA, using the NSC, using the Energy Department and using the Democratic Chairman to get an international fugitive an audience with the President of the United States so he could give them \$300,000? The New York Times editorialized that the international fugitive actually was affirming that in the shadowy regions of the international business world it was believed accurately that during 1996 dubious entrepreneurs could buy White House audiences, particularly if they did not quibble about the cost of the ticket.

The Times went on to say, that so many high level people even took the party's role into consideration is one of the most shocking lapses of judgment. That is the New York Times, usually a friend of Democratic White Houses.

Then we go on talking about the Democratic National Chairman's selective memory. Remember, this guy had sat down with an international fugitive. The international fugitive wanted access to the White House but the National Security Council would not let the international fugitive into the White House. So the international fugitive goes to the Democratic Chairman, "I am an international fugitive. I need to get into the White House. I got a friend at the CIA. Can you give Bob a call?"

So the DNC chairman says, "Sure." Chairman of the Democratic National Committee, I guess he had contacts. He said, "I will call the FBI or the CIA." So he calls the CIA. The CIA lets the international fugitive into the White House. They circumvent the NSC. International fugitive goes in.

And then when he is asked by the Senators what happened, he says, "I have no recollection." Now, that is going around in Washington these days. I think if you mix water from Washington, normal tap water from Washington with a subpoena regarding the White House, it is an instant formula for amnesia.

And this is what the New York Times said about the DNC chairman who used improper contacts to get international fugitives into the White House: "Yesterday's testimony yet again punctuates the fiction that abuses that occurred were solely the responsibility of the Democratic Party and not this White House."

I will say one more thing, and then I will yield to the gentleman from Indiana, who has some great points about this. This is what the Democratic National Chairman wrote on a paper he had during a meeting with the international fugitive. He said, "Go to CIA."

Of course, the caption here says, "Democratic National Committee Chairman Donald Fowler handwritten notes reminding himself to use the CIA to intervene on behalf of an international fugitive for Democratic Party fundraising." That is not New York Times language. That is my language on what "go to CIA" was all about. Go to CIA. Yet despite the fact he wrote this down, "go to CIA," he claims he did not remember.

Let me tell you something, Mr. Speaker, I have got to say, if I am the chairman of the largest political party in the United States of America and I am approached by an international fugitive, first of all, I stop right there. Say, "Sorry, bud, we are not dealing in international fugitives this election. You can try another party."

But let us just say that we get past that. An international fugitive says, "Okay, I have got this problem. So maybe I embezzled \$3 billion from a Lebanese bank, but I have to get in to see the President because I have this pipeline deal and I think it is going to make me some good money. But I have to get in to see the President. Can you get me in to see the President?"

If I were the chairman I would say, "What is the problem? Why can you not get in to see the President?" Then if he said to me, "Because the National Security Council committee staff member told me I could not get in because I am an international fugitive," I would end the conversation there. I have got nothing to say. Go on your way.

But he went on anyway. He said, "I got this friend at the CIA called Bob." And so he wrote down, "Go to CIA Bob," the Democratic Chairman did. And he called CIA Bob and he said, "Bob, can you help this international fugitive get into the White House? He has got 300,000 to give." Bob says, "Sure, no problem."

So Bob calls the National Security Council and tells this do-good staffer that she really needs to let this international fugitive in to talk to the

White House. And just for good measure they call an Energy Department official to lean on this do-good staffer who thinks, I guess in 1996 this was a radical thought, but who thinks that there is something improper about allowing an international fugitive into the White House to give \$300,000 to lobby on another shady international deal.

Yet despite all of this, we have the chairman of Democratic National Committee going before the Senate panel and saying, "I have no recollection."

I think I would remember if I wrote down "go to CIA on behalf of an international fugitive." I think most people in my district would remember that. I can remember the last parking ticket I got. I can remember the last speeding ticket I got.

This has nothing to do, my life is very boring. I have never had to try to get an international fugitive into the White House by circumventing the NSC or the using the CIA or the Energy Department. Maybe he lives in such a wheeler dealer international finance world that maybe this is all very boring and bland to him. But if it is, that is very disturbing to me.

Mr. Speaker, I yield to the gentleman from Indiana [Mr. SOUDER]. Maybe this happens in Indiana. It does not happen in Florida.

Mr. SOUDER. You are jumping to the conclusion that that is the famous CIA. It could be a local agency. It could be a grocery store with those initials or something.

Mr. SCARBOROUGH. Commercial International Ant collectors.

Mr. SOUDER. I had a couple of points that I wanted to make. I hope we can take a little bit of time tonight to review our first day of hearings in our Committee on Government Reform and Oversight. But one of the things that you have already referred to eloquently a few times is this problem of the videotapes, in particular the missing audio on the most critical tape thus far that we know.

I wanted to read a little bit from an opening statement of the chairman of the Subcommittee on National Security, International Affairs, and Criminal Justice, when he was talking about the White House communications agency better known as WHCA. A clear picture is emerging and it has four distinct components: the utter lack of internal controls at WHCA, the problem of WHCA mission creep, the absence of accountability, and the disturbing pattern of White House obstructionism. Because it is most disturbing, I want to start with White House obstructionism we have encountered in this investigation.

Now, the reason I wanted to open with that, because I am vice chairman of this subcommittee, at the time this was Congressman Bill Zeliff's opening remarks. This hearing was over a year ago. The agency we are talking about,

WHCA, one of things we were raising a concern about, little did we know what we were up against here and why, was the White House Audiovisual Unit, with 111 personnel, which provides sound and light systems, lecterns, flags, seals and teleprompter support for White House media events. It also makes audio and video recordings of all presidential events for the national archives.

Now, we thought we were dealing, we had no idea that there were tapes of coffees marked supposedly as democratic fund-raisers in their own system. But these were the statements written a long time ago, long before we knew about these particular tapes.

Beginning in March 1994, the White House stubbornly opposed an audit as a potential breach of national security. When Congress pointed out that most of the information involved was not classified in any way, to my dismay, now that we have an audit report and are conducting hearings, the White House again is doing its best to obstruct and hinder these hearings by withholding witnesses and by altering testimony.

We had the person they sent change his testimony several times. The GAO did a study that said that one of the problems was a separation of the accountability of this division, which is funded by the Department of Defense, and control, which was under the White House, to the point of writing and editing the statements of the Defense people we had.

It is time for our subcommittee to have investigations where we call in the Defense personnel and say, where are the tapes? The tapes that were played on C-SPAN were clearly edited. They clearly were only short parts, key audio is missing.

Mr. SCARBOROUGH. If the gentleman would just say, what does it say on the tape?

Mr. SOUDER. "Sorry, audio missing." In other words, even in their editing they showed part of a tape with John Huang, who in this case is the person who allegedly made the statements about fund-raising there, and miraculously, like the missing Rosemary Woods section in the Watergate tapes, it is gone.

We need to have immediate investigations into what has happened to these tapes because my impression, although we had a different impression at the time, was that what we were looking into, which was some purchases that were questionable and procedures in the WHCA office, that the reason the administration may have been stonewalling us long before this committee, the full Committee on Government Reform and Oversight ever looked at it, is they knew these tapes were in there and they have been stonewalling us long before March 4. They were stonewalling us way back to June.

One of the things I also wanted to point out tonight is that one of the

concerns that we have had is what are the linkages. As we talk about today's first hearing, we are going to be dealing with little pieces here and there that are hard to understand in the big picture.

The big picture really has two parts. One is, has foreign money penetrated our system and what did we lose because that foreign money penetrated? And secondly, the other party keeps throwing up things, "Dole did this." If Dole was President, first off, if anybody violated the law, they should be found guilty, as is the case with some people who contributed to the Dole campaign. If Dole was President, we would be asking questions of him. But nobody is even saying there is a fraction of the amount of money that dealt with the Dole campaign that is dealing with others.

When we looked, as I have pointed out, in the past at other scandals in American history, you do not say, this one or this one could have been, you look at what is in front of you.

We have a second problem, not just the foreign money but what else is for sale in our government. I want to give you the example of one case that I would like to insert into the RECORD, the full article. It has to do with the man who was recently nominated for Ambassador to Singapore.

He is a friend of Mark Middleton, who certainly has been involved in this and called, because Mark Middleton has been tied to the Indonesian Riady family who have given hundreds of thousands of dollars of questionable contributions to Democrats; to Charlie Trie, an Arkansas restaurateur suspected of funneling campaign money from China; and to disgraced former associate attorney and Clinton friend Webster Hubbel. He had been in the White House prior to this. Then post-White House he went on the payroll of Steve Green. Steve Green has been a long time friend of the President of the United States. He has been a fund-raising star for him, worked for Mack McLarty, a boyhood friend and right hand man.

He has given lots of funds to the Democratic Party, \$11,000 at one point and others. He has slept in the Lincoln bedroom. He and his wife spent the night of their 28th anniversary in the Lincoln bedroom. If you are a friend of the President and you have given legal money, I am not complaining that you stayed in the Lincoln bedroom. We are a little concerned that there seems to be some tit-for-tat there, but okay, that is going to happen currently.

But it is really interesting because this man has several times asked for favors, which included Samsonite luggage, of which his conglomerate is a primary owner. He flew on three of the late Commerce Secretary Ron Brown's overseas trade missions. He also happened to sit with Ron Brown at the swearing in of the President last time. Furthermore, just recently, just recently the company that he heads, ac-

tually it is not just recently, it was about a year ago, they announced that Samsonite, which has an 80 percent controlling interest in Luggage Distributors of Singapore, has decided to expand into Asia and that Singapore is now going to be their launching point for expanding Samsonite.

I want to reestablish this point because this stuff gets confusing, but it is here and this is the type of thing we are looking for. I am not saying there is guilt here, but I am saying this is why time after time after time people are becoming suspicious. This man is a friend of Bill's. He stays in the Lincoln bedroom on his anniversary night. He gives \$11,000 to the committee. He flies with Ron Brown overseas on several missions. He sits with Ron Brown at the inauguration. Then his company that he is working with targets Singapore and moves into Singapore. Now he is nominated for Ambassador to Singapore.

What do we have for sale in our country? It is one thing to say you gave to the President so we are going to give you an ambassadorship. We have had that problem for a long time. It would be nice if we could clean up our government that way. But usually we do not give ambassadorships to people who have direct business interests in the country they are about to head to, and what we have done is seen this system, which was marginal in the beginning, and I, for one, favor reform of the system, taken to a degree that we have never seen before. It is shocking.

Mr. SCARBOROUGH. It is shocking that we now have a White House that sells access not only to the Lincoln bedroom, not only fund-raises on Federal property, which is illegal, but allows business people who are trying to muscle in to a new market to get ambassadorships.

The thing is, I have heard about this moral equivalency that everybody does. That is the most cynical, cynical tack I think I have heard. Everybody does not do it. The Bush administration never sold access like this. The Reagan administration never sold access like this. You see piles and piles and piles of newspapers, independent newspapers, and the New York Times, the Washington Post, talking about unprecedented financial campaign abuses. Yet it is just their tack.

They talk about how we are somehow partisan. Yesterday in the hearing, the opening day of the hearing, they said we were evil, that it was a witch-hunt, that it was a fishing expedition, the same thing they were saying when they got frantic when we found out that they had illegally seized 900 FBI files of the President's enemy list about a year or so ago.

Another thing, they talked, yesterday, they are doing anything they can to change the subject. Yesterday in the opening testimony we actually heard that because we were investigating the President in that one committee, that children were starving and that children were freezing to death and going

homeless, because we wanted to do what the New York Times, the Washington Post, and every other reputable media outlet has said we should do.

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One other thing. I started out talking about how I thought Ickes played us all for fools. I guess they think anybody between flyover space between New York, D.C. and L.A. are somehow hayseed fools, and a lot of them really do believe that, by the way. They are talking about how it is legal to raise money in the White House; that the Republicans are making something out of nothing and that the media is making something out of nothing.

I wanted to read to my colleague what was in Investor's Business Daily yesterday. This is a quote from the President's first counsel, Bernie Nussbaum, not a Republican loving man. Very partisan. This is what he wrote to the White House. And this was on July 12, 1993, well before all this mess started. So they were on notice. This was from Bernard Nussbaum to all the White House officials. "A number of criminal statutes prohibits the use of Federal programs, property or employment for political purposes."

Nussbaum went on to explain, "This means that fund-raising events may not be held in the White House; that no fund-raising calls or mail may emanate from the White House or any other Federal buildings."

Nussbaum went on to explain to the President and his people. "No campaign contributions may be accepted at the White House or in any other Federal building."

Maggie Williams did that. We find out now the President, the Vice President, the First Lady made official phone calls, made campaign phone calls from the White House.

And he concluded by saying, "White House telephones must not be used even locally for regular committee activities such as recruiting volunteers or fund-raising." That was Bernie Nussbaum.

Judge Abner Mickva said the same thing a year later when he came on. He said it was very illegal. He said stay away from it or it is going to get you an independent counsel.

Mr. SOUDER. So if the gentleman will yield. What the gentleman is saying is that Vice President GORE, who was a member of this body and knew full well he could not use any Federal buildings for fundraising, had been through that here, and Vice President GORE had been a United States Senator and knew that he could not use Federal buildings for fundraising, was also told by two legal counsel at the White House that he could not do it? So he has ignored four warnings?

Mr. SCARBOROUGH. He ignored an explicit warning, as did the President, according to Washington Post reports. They ignored explicit warnings from their own attorneys: Do not raise money by making phone calls from the White House.

And, of course, we remember their first tact was, well, we cannot remember making calls; do not think we made the calls. Later on they said they did make the calls. The Vice President said he made the calls, he was proud of what he did, and he promised never to do it again. Of course, he had that pathetic legalistic excuse that there was no controlling authority.

But it is a shameful episode. They think Americans are stupid. While they obstruct justice, they think Americans are stupid. While they ignore the advice of their own counsel, they think Americans are so stupid, and they think that there are so many scandals swirling around this White House, that Americans will simply lose interest and turn on the baseball game. I do not underestimate the American people as much as the White House does.

I just wish they would have followed their own attorneys' advice. I remember the day we were first sworn in, even before then. It was the gentleman from California, Mr. BILL THOMAS, who talked to us in the Cannon Caucus Room, the entire incoming Republican class. What is the first thing he told us? Do not raise money on Federal property. Do not make fund-raising phone calls from Federal property. He said if we needed to do that, to walk across the street. It is illegal.

Our people were saying that, the President's attorneys were saying that, the Vice President's attorneys were saying that. Janet Reno cannot hide behind her legalistic excuse, cannot continue to politically obstruct justice for this White House. She needs to read the memo and the law that Bernie Nussbaum and the President's other attorneys read and expressed to the President and the Vice President 3 or 4 years ago.

Mr. SOUDER. If the gentleman will continue to yield, I ask if he could put my Charlie Trie picture up. We started today our first hearings that will be broadcast, I am not sure when, here on C-SPAN. In actuality, I have to correct myself. They are not going to be broadcast, because the witnesses invoked an old rule that says they did not want to be filmed. So we will see little bits and pieces and hear some in the news.

So I will tell my colleague briefly some of what happened. We started to put some of the pieces out there that we are going to focus on. And one of the big pieces is Charlie Trie.

And I wanted to acknowledge tonight that I actually have a colored picture, because we have had trouble and some criticism because we have had black and white and grainy pictures. This is a little grainy because this is from a magazine, because the White House does not want to send us color pictures of the President with Charlie Trie either.

So if we can get a clear photo, and if they can see fit to send us one, we will be happy to print it. But up until now these things are going to be a little grainy and I apologize. I am not trying

to say they are criminals because they are grainy, I am saying they are not really cooperating very much.

Today we had Manlin Fong, Charlie Trie's sister, and her boyfriend, in what to me was pretty shocking testimony. In other words, usually people, when given \$12,500, in the first case of each one, when they did not have it in the bank account and told to send it to the Democratic National Committee, they would think twice about that. And is it not even illegal to cut a check. They said they knew Charlie was going to get them the money right away. He had always been good before.

Furthermore, we saw another 10,000 come in that way. These are people who had never been to a political event, who did not know anything about politicians, who did not know what the Democratic National Committee was. But she was trustingly laundering money for her brother.

Furthermore, as it was brought out from numerous members' testimony, her name also appears with her sister and her mother, who have also never been involved before, in giving \$2,000 checks, \$1,000 each, one for primary and one for general election, all on the same date, to Senator TOM DASCHLE, minority leader of the other party. This is a web that is spreading farther and farther, and it is very disconcerting.

Interestingly, rather than express outrage and shock, the minority attacked the chairman, they attacked the hearing, they attacked the witnesses, they attacked the staff. And rather than seeking the truth, it seems to be to try to obscure the truth or to blame it on other people or say maybe this has happened before. This is shocking stuff.

We heard today the first connections, because while Charlie Trie set it up and called his sister, the money came from Antonio Pan, who is a former Lippo executive. What we are going to see over the next months, and we have another pending immunity proffer out to us from the Lums, who tie together and who have worked with Pauline Kanchanalak, they have worked with Charlie Trie, they have worked with—

Mr. SCARBOROUGH. These are all people that have fled the United States?

Mr. SOUDER. These are people that have fled the United States and will not testify. And we are having to get fairly small fish, documenting how their money is going through. And we know the Lums are the next step in this process.

Mr. SCARBOROUGH. Reclaiming my time for one second. All these people that have fled. How many have fled?

Mr. SOUDER. I believe between 25 and 30 that have fled and 60 that have pleaded the fifth amendment.

Mr. SCARBOROUGH. And the White House and Justice Department will do absolutely nothing, will they? Will not lift their finger to bring these possible

international fugitives to justice because of what it might do to the White House; is that correct?

Mr. SOUDER. And the quote that is on there, "Trie bragged on NBC that he could continue to hide out in Asia for 10 years. They will never find me." He said. His sister today said that she talks to him when she needs to; that she had not had a direct conversation, but that there had been a discussion that when the statute of limitation runs out, he will come back.

And that seems to be the other mark of the way things are going. It is why this investigation is so hard. We will stay at this, but we could really use some help from the other side, rather than trying to say everybody does it, to get to the bottom of this.

One last point that came up today. Miss Fong said that she felt that Asian citizens had a right to speak out and they were being picked on. My comment to her was very simple. This has been an incredible abuse of Asian Americans. Because what we have seen, for example, in the case of her brother putting approximately a half million dollars of illegal money, it looks like, in all cases certainly laundered money if not illegal foreign money into this, that he has a right to speak up.

And he, right after he gave the \$500,000, sent a letter, which was responded to by a personal letter from the President; also notes from Anthony Lake to the President explaining why they needed to respond to Charlie Trie about why we should not overreact to the so-called People's Republic of China's threats to Taiwan when they were threatening their coastal waters.

Mr. SCARBOROUGH. And also when they threatened to nuke Los Angeles, California.

Mr. SOUDER. And part of the problem here is that as we see these interconnections relate to policy, the question was we do not see the systematic abuse of Latin Americans or of African Americans or of Greek Americans. We did not hear how other groups were manipulated, but we saw Asian Americans basically being told if they want to have influence in the White House, as Johnny Chung says, "It is like a subway; you have to put the coins in," and it is unfortunate that many of these people are Asian Americans, but it is not our fault. It is who abused them, who used them, who sold democracy to them.

And they should be so angry right now and so irate at this administration for how they abused Asian Americans in these instances.

Mr. SCARBOROUGH. And, regretfully, we cannot just say it was a couple of Asian Americans who abused the democratic process, because the White House is sort of doing the nod and wink, "Yeah, Charlie Trie and John Huang, we just never knew what was going on here." And yet the Los Angeles Times reported earlier this week that in 1991, then chairman of the Democratic National Committee, Ron

Brown, actually had memos sent to him and he sent memos around talking about how they needed to start raising money and basically exploiting Asia. Said there were a lot of great opportunities for 1992.

We saw him later on move to the Commerce Department from his position at the Democratic National Committee. And of course that is where some of the most shameful episodes of this type of behavior occurred, where we actually had John Huang getting security clearance in the Commerce Department so he could get Commerce Department and CIA top-secret briefings, and then he would jump into a cab, drive to the Chinese Communist Chinese embassy and have meetings with them supposedly to tell them all that was revealed to him during those briefings.

□ 2015

As Newsweek said a year ago, this may be more than campaign finance scandal, this may be espionage.

Mr. SOUDER. And we are committed to getting to the bottom of this, regardless of the smears that are done on our committee or the chairman, because we must for the preservation of American democracy.

Mr. Speaker, I include for the RECORD the following:

FEDERAL DOCUMENT CLEARING HOUSE—TESTIMONY JUNE 13, 1996—HOUSE OF REPRESENTATIVES, GOVERNMENT REFORM, NATIONAL SECURITY, INTERNATIONAL AFFAIRS AND CRIMINAL JUSTICE

WHITE HOUSE COMMUNICATIONS AGENCY
MISMANAGEMENT

Opening Remarks of Chairman Bill Zeff.
Oversight Hearing on White House Communications Agency.

Good morning. Four weeks ago we began oversight hearings of the White House Communications Agency, or WHCA. As most of you know, this subcommittee initiated a thorough investigation of WHCA's operations two years ago. We met three times with the White House to try to get the White House to agree that GAO could do this investigation. For reasons that remain unclear, even now, the White House objected and prevented GAO from investigating. We then sought an IG's investigation and, after overcoming further objections, we got the IG into the White House. The result is the first comprehensive audit of WHCA in 55 years.

A clear picture is emerging and it has four distinct components: the utter lack of internal controls at WHCA, the problem of WHCA mission creep, the absence of accountability, and the disturbing pattern of White House obstructionism. Because it is most disturbing, I want to start with the White House obstructionism we have encountered in this investigation.

Without reason or legal argument, this White House continuously opposed any congressional oversight of WHCA. Even though WHCA had never been comprehensively audited in over half a century of existence—and was clearly in need of some oversight—the White House did its best for almost two years to prevent an audit.

Beginning in March of 1994, the White House stubbornly opposed an audit as a potential breach of national security. When Congress pointed out that most of the information involved was not classified in any way—and that there were routine mecha-

nisms for auditing defense organizations which deal with classified information—the White House still refused to allow an audit by the General Accounting Office. We finally got the DOD IG involved.

To my dismay, now that we have an audit report and are conducting hearings, the White House, again, is doing its best to obstruct and hinder these hearings by withholding witnesses, and by altering testimony. Let's get some basic facts straight: WHCA takes its orders from the White House Military Office, or WHMO, whose director is a Mr. Alan Sullivan. Mr. Sullivan directs the mission of WHCA, and he also writes the Officer Evaluation Report for the Commander of WHCA, which means that he determines that Commander's future career prospects. Mr. Sullivan, in turn, reports to Ms. Jodie Torkelson, who is the Assistant to the President for Management and Administration. Together, these two individuals—Mr. Sullivan and Ms. Torkelson—hold the figurative whip over WHCA, and so we requested their testimony today.

Obviously, when a government agency has problems in need of correction, it is absolutely essential to hear from the folks in charge. However, both Mr. Sullivan and Ms. Torkelson have repeatedly refused to attend these hearings, and Mr. Quinn, the President's lawyer, has written letters seeking to block their appearance. The White House political appointees have, instead, sent Colonel Joseph Simmons the Commander of WHCA, as their surrogate. The truth is fairly obvious: when it is time to use WHCA and benefit from it on a day-to-day basis, the White House is perfectly ready to do that. But when it is time to take a hard look at problems with the agency's mission and its execution of that mission, the White House sends its regrets. We have deferred the subpoena decision today, but I would direct anyone interested in more information on this obstructionism to the letters on the back table.

Lastly, as many of you will recall, we appear to have had some serious monkeying around with the prepared testimony of Colonel Simmons, who is here to testify today. First we received a version of his prepared testimony which made it absolutely clear that WHCA takes its order from the White House. That is something we all knew anyway. Then we received a second version of Colonel Simmons' testimony which left out the parts about White House control, and proceeded to blame all of WHCA's shortcomings on the Defense Information Systems Agency, or DISA. Later still, Colonel Simmons and the White House told us that they didn't know anything about the first version of the testimony; but we subsequently learned that Colonel Simmons' office did deliver the testimony—both the first and second versions—and he is now prepared to live with either one. That was the clarification we needed and why we recessed the hearing four weeks ago.

Now, let's turn to the internal controls. When it comes to managing its property and finances, WHCA has unfortunately been, in a word, a disaster. For years it has ignored the laws and regulations which govern its contracting property management, and maintenance activities, with the result that millions of dollars in taxpayers' money has been wasted.

For example, WHCA has consistently failed to submit spending requests to authorized contract officers for proper approval, as required by law. Instead, WHCA has effectively approved its own contracts, or sometimes even made purchases without a contract. The most notable recent result of this approach was the expenditure of 4.9 million dollars on two mobile communications systems which are almost never used, because

they do not fit on the airplane as originally intended. This is the kind of mistake which can only be made in the absence of White House oversight.

WHCA has also ignored regulations requiring competitive bidding in government contracting. It has spent millions of dollars per year on sole-source contracts which give no guarantee that the American taxpayers are getting their money's worth.

From an accounting standpoint, WHCA has not kept track of its financial obligations and expenditures, and recently had 14.5 million dollars in invalidated obligations. The IG found that due to this lack of oversight, WHCA has been paying for some equipment and services which are no longer necessary; and has been paying for some items which were never even delivered to the agency; and has occasionally paid for the same items twice. In addition, the IG found that WHCA was only paying 17% of its bills on time, which means that the taxpayer is paying for interest and penalties on the remaining 83%.

Nor has WHCA followed regulations governing maintenance management. According to the IG, WHCA spent \$303,000 on a maintenance control system in 1993, but the system was generally not used.

WHCA has also failed to keep track of its own property. The IG found that WHCA acquired a great deal of equipment—for example, \$555,000 worth of computers—without recording it in the unit property book, which is the central record of all the unit's property.

Now, let me give you a snapshot of WHCA's mission creep. Today, WHCA spends over \$122 million dollars a year. It has an authorized strength of roughly 950 military personnel, with about 850 actually on duty at the present time. Moreover, the WHCA mission has expanded to include a whole list of services provided to the President, the Vice-President, the First Lady, and the entire White House staff.

Far from its early telecommunications mission, consider a few of the tasks now performed by WHCA:

WHCA provides stenographic services—a steno pool—for all White House events and functions.

WHCA runs a frame shop, where pictures are framed for White House personnel.

WHCA provides camera equipment, and developing and printing services, to White House photographers.

WHCA provides comprehensive wire services—including the AP wire, UPI, Reuters, etc.—to White House staffers.

And so on. The point is that this White House agency, without proper oversight, has gotten well off the reservation.

Finally, there is a real accountability problem. Call it—problem number four—which helps to cause problems two and three. There is a complete separation of accountability from control. DOD has to spend all of the money requested by WHCA, and it is technically responsible for ensuring that WHCA follows all the laws and regulations governing DOD activities. However, WHCA is actually controlled by White House staffers, who have gotten used to using WHCA for all sorts of non-military jobs, because they are not held accountable for the expense. In other words, the White House holds the credit card, and DOD has to pay the bills.

In closing, let me say that it is time for common sense to return, and that's why we are here today.

TODAY'S HEARING IS NOT DUPLICATIVE

The Minority has claimed that today's hearing is duplicative of the Senate testimony of Xiping Wang (pronounced Ziping Wang) and Yuefang Chu (pronounced You-

Fang Chew). The Minority's charges are false because Manlin Fong and Joseph Landon are testifying about completely different matters, and have offered the Committee important new evidence.

Xiping Wang and Yuefang Chu both testified about conduit payments they made to the DNC. So have Joseph Landon and Manlin Fong. The similarities end there. Neither Xiping Wang nor Yuefang Chu ever met Charlie Trie or Antonio Pan. Rather, they were asked by a receptionist for Daihatsu International Trading Corporation, Keshi Zhan, to make the contributions.

The present witnesses, Manlin Fong and Joseph Landon, have established Charlie Trie's direct involvement in the solicitation and direction of conduit payments to the DNC.

Fong and Landon have also established a link between Antonio Pan and Charlie Trie, showing they were involved in illegal fundraising practices together. This link had not been established in the Senate testimony of Yuefang Chu or Xiping Wang.

These hearings have provided critical new evidence. Under the standard erected by the Minority, this panel would be prohibited from ever investigating or discussing other conduit payments made to the DNC. Considering that conduit payments are (1) illegal and (2) the apparent method by which Charlie Trie directed money to the DNC, this standard would effectively keep this Committee from uncovering the crimes committed in last year's elections.

MOTHER JONES—THURSDAY, 17, 1997

A PROBE NOT TAKEN: CONGRESS SHOULD TAKE A LOOK AT OPIC'S TAXPAYER-BACKED SWEET-HEART DEALS. WE DID. (OVERSEAS PRIVATE INVESTMENT CORP.) (INCLUDES RELATED INFORMATION)

(By Rachel Burstein, Janice C. Shields)

As Republicans convene hearings on foreign contributions to the Clinton campaign, attention has drifted away from big domestic donors and what they might have gained from their investments—apart from a coffee or a (reportedly bad) night's sleep at the White House.

And while everyone knows that political donors often "happen" to receive impressive diplomatic appointments, or their firms wind up with lucrative government contracts, Mother Jones has discovered an even more direct way the politically well-connected can cash in: multimillion-dollar overseas investments backed by taxpayer dollars. These private investments, set up through the government's Overseas Private Investment Corp., are often made in developing areas expected to become boom markets—such as Eastern Europe, southern Africa, and India. "The idea behind the funds is to replace direct foreign aid," says Mildred Callear, OPIC's acting president.

To do that, OPIC has launched 24 "private" investment funds that, on average, are matched 2-to-1 by OPIC in guaranteed loans. Many of these funds are insured against loss. As OPIC's then-president Ruth Harkin said in 1995, when the funds started taking off, "If you're an investor in an OPIC-supported fund, the worse you can do is get your money back at the end of 10 years."

For the past two decades, OPIC has been one of the government's best-kept secrets. Before Clinton, the agency was little more than a small insurance company for U.S. firms willing to set up shop in countries with unstable regimes or fledgling markets. As late as the Bush administration, the agency's venture funds totaled less than \$100 million. By 1996, however, OPIC's investment funds had ballooned to \$3 billion.

So who exactly gets in on these "private" deals? Even though these investors are in

partnership with a government agency, OPIC maintains that revealing their names would violate both their privacy and the Trade Secrets Act. But a Mother Jones investigation of some of these equity funds suggests another possible reason for OPIC's silence: The funds appear to benefit not only corporate heavyweights, but also people linked to President Clinton and at least two Republican senators.

Not surprisingly, when we looked at these OPIC deals, we found a connection to at least one character at the center of the Democrats' fundraising scandal: former White House administrative aide Mark Middleton, who has been alleged to have peddled his Democratic connections in order to set up his own foreign investment deals. Evidence suggests that Middleton also may have had his eye on OPIC's ash-rich foreign investment opportunities, having forged ties to a financier and friend of Clinton's who was setting up a \$240 million fund.

It's impossible to know just how big a part political nepotism plays in getting OPIC deals, since they won't disclose all of its investors. Still, we decided to do some digging.

How good a deal are OPIC's exclusive investors getting? One private equity fund investing in Africa reportedly has had earnings that would make the most buttoned-down broker's head spin: a \$9.50 return on every \$1 invested. Meanwhile, projects financed by a Russian fund reportedly provided returns in the 30 to 50 percent range. That sure beats current CD rates of 5.7 percent.

In order to see what it takes to get a piece of this kind of action, we dressed up in our high-finance best and made several house calls to Washington, DC, firms managing OPIC funds. Along the way, we found several notable political connections:

The contact for the South America Private Equity Growth Fund, which landed \$100 million in OPIC-guaranteed loans in 1995, is Westsphere Equity Investors' John Luger, son of Sen. Richard Lugar (R-Ind.). Luger was put off by our visit, grilling us repeatedly about the nature of this article. He refused to share a copy of the fund's annual report, saying that the fund had stopped accepting investments in 1995 and had been open only to "sophisticated" investors anyway.

At the address for the Poland Partners Management Co., we discovered the law firm Landon Butler & Co., which runs the fund. According to the man answering the door, the Poland Partners fund closed to further investment three years ago. "The minimum investment," he added with a sneer, "[was] \$1 million." He also said that although he knew who the investors were, it was privileged information. And he refused to provide an annual report, saying it was only available to investors in the \$65 million fund, which has received OPIC loan guarantees. (OPIC acting president Callear later informed Mother Jones that the fund's initial investors included the pension funds of the AFL-CIO and other unions—big Democratic heavyweights.)

Neither the Bancroft Eastern Europe Fund nor its manager, the Bancroft Group, was in the directory of the building listed as the fund's address in the phone book. A concierge directed Mother Jones to the eighth-floor office of the law firm Perkins Coie. According to a receptionist, the Bancroft Group had moved to Italy; OPIC's address for Bancroft is in France. The fund received \$70 million in OPIC financing in 1995.

Mother Jones later learned that Bancroft's president is Fred Martin, who founded the group in 1989—right after serving as campaign manager for Al Gore's 1988 presidential bid. Martin also served as a special assistant to Walter Mondale during Mondale's vice presidency.

Locating Newbridge Andean Partners was even more confounding. The address, "1429 G St. N.W., Suite 410," turned out to be a Mail Boxes Etc. store. When asked for directions to "Suite 410," a helpful clerk pointed to one of the small mailboxes lining the wall.

ACON Investments, the fund's manager, requires a minimum investment of close to \$1 million. ACON's chairman is Bernard Aronson, another longtime politico, who has connections to presidents Bush and Clinton (assistant secretary of state from 1989-93) and was a speechwriter for President Carter (1977-79).

Each of the other funds we visited (Global Environment Emerging Markets Fund II, Aqua International Partners) cited enormous minimum investments (\$2 million and \$5 million, respectively) that would prohibit all but the wealthiest people and institutions from investing.

Since these OPIC investments are shrouded in secrecy, few of us will ever even hear about them. Because the deals are set up as private placements—limiting public involvement—the funds are exempt from much oversight by the Securities and Exchange Commission, as well as from public disclosure requirements.

The companies that manage these funds have a serious reason to keep a low profile: competition from other potential fund sponsors. Agribusiness Partners International, for example, generated more than \$3 million in commissions from sales to 15 investors. Apax-Leumi Partners Inc., the general partner of the Israel Growth Fund, collects an annual investment advisory fee of 2.5 percent of the fund's gross proceeds, and the first installment totaled \$1 million. With such staggering proceeds, why let others in on the secret?

The more we looked at the funds, however, the more we found that many of those who were in on the secret had one notable qualification in common: powerful political ties. The \$150 million South Asia Integration Fund, for example, is run by Ziff Bros. Investments, whose co-chair, Dirk Ziff, is one of the largest Democratic contributors in the country (No. 6 on the Mother Jones 400; see May/June). Another Democratic contributor, Maceo Sloan, received \$120 million in guaranteed loans from OPIC for his New Africa Opportunities Fund. The North Carolina millionaire also received help from his senator, Republican Jesse Helms, who, according to a September 1996 Barron's report, asked OPIC officials about Sloan's application.

And when we took a close look at one of OPIC's largest private equity funds, we found businessman Steven J. Green, a close friend of Bill Clinton's who seems to have mastered the use of government access for professional gain.

Green was a crucial early supporter of Clinton. As a result, he has enjoyed the conventional presidential perks (he and his wife spent the night of their 28th wedding anniversary in the Lincoln Bedroom) without having given the Democrats enormous amounts of money recently (\$11,000 to the DNC in 1995-96).

Green sits on the influential President's Export Council, along with 10 members of Congress and the secretaries of Commerce, Labor, Agriculture, State, and the Treasury. The council advises the president on government policies and programs that affect trade. Green's right-hand man, Noel Gould, serves as national director of the Virtual Trade Mission Program, a project launched by the council and Clinton's special adviser Mack McLarty to educate high school and junior college students about trade issues.

Green's business ventures have been flying high—with considerable help from the Clinton administration. Green or other execu-

tives from his Astrum conglomerate, which included Samsonite luggage and Culligan Water Technologies, flew on three of the late Commerce Secretary Ron Brown's overseas trade missions, including trips to Russia and the Middle East. Green also traveled on four overseas OPIC investment missions. Deals blossomed along the way, leading to a development in Russia and a water-bottling contract for Culligan in the Gaza Strip.

Then Green went into business with OPIC, setting up the Central and Eastern European Newly Independent States fund (CEENIS). The fund needs to raise \$80 million in order for OPIC to finance \$160 million in double-matching funds. Green's real estate firm, Auburndale Properties—which has offices in Florida, Massachusetts, New Jersey, Washington, D.C., Bucharest, and Warsaw—is the fund's manager and a primary investor.

In the fall of 1994, before he secured OPIC's approval for the fund, Green reportedly went scouting for investors among some of his big-name former business partners—including media baron Rupert Murdoch and convicted S&L swindler Michael Milken's family trust. He also attracted the attention of Mark Middleton, who at the time was a White House administrative aide looking to branch out on his own.

Nicknamed the "Aryan Rotarian" for his blond good looks and business acumen, Middleton, a 34-year-old Clinton fundraising star, came to Washington to become the protégé of Mack McLarty, a boyhood friend and former right-hand man of President Clinton. After McLarty stepped down as Clinton's chief of staff in mid-1994, Middleton reportedly decided against a run for Arkansas attorney general and prepared to move to the private sector.

He subsequently has been connected in news reports to virtually every aspect of the Democratic National Committee's fundraising scandal. It was Middleton who apparently passed out his White House business card to Asian businessmen during trips overseas—months after resigning from his post. The card listed his still-active White House voicemail number—which also allowed callers to leave messages for McLarty. Most controversially, during one of these trips Middleton is alleged by foreign reports to have received an illegal \$15 million campaign pledge from the chief financial officer of a conglomerate run by Taiwan's ruling party.

Middleton has also been tied to the Indonesian Riady family, which gave hundreds of thousands of dollars in questionable contributions to the Democrats; to Charlie Trie, an Arkansas restaurateur suspected of funneling campaign money from China; and to disgraced former associate attorney general and Clinton friend Webster Hubbell.

But before the controversies—before Middleton had even left the White House—he managed to secure a job with Steve Green. According to a close associate of Green's, Middleton approached Green in November 1994 and asked to discuss job opportunities. "He pretty much said, 'I want to be just like you when I grow up,'" says the associate.

In January 1995, President Clinton announced OPIC's approval of CEENIS. It appears that around the same time, Middleton may have been prematurely representing Green. According to a source close to the congressional investigation into Democratic fundraising, Middleton received at least one letter addressed to him as a representative of Green's Astrum conglomerate in January 1995—before he left the White House on February 17.

It also appears, from what Middleton has told the press, that he wanted in on Green's OPIC deal. Just before leaving the White House in February, Middleton told the Arkansas Democrat-gazette that he was going

to work for Green and would be "putting together large international infrastructure deals in emerging countries . . . such as central and Eastern Europe." Green adviser Noel Gould confirms that Middleton went to work at Auburndale.

By March, Middleton had escorted Green to the White House. And by June, Green had formally secured enough funding for CEENIS to begin operations.

But there is no evidence Middleton ever actually got in on the CEENIS deal. Both Gould and OPIC officials say he was not involved. And a former Astrum associate maintain that Middleton took advantage of the company. When Middleton went to work for Green, according to the source, he asked for a salary advance to take a foreign vacation—which was the start of Middleton's now-controversial trips to Asia. When he returned, the source says, Middleton told Green he had found clients for his own fledgling overseas investment firm, CommerceCorp International, which he intended to pursue while working for Green. Feeling used, the source says, Green asked Middleton to leave.

Middleton, who has refused to testify before House investigators, declined to the interviewed for this story.

Astrum has since broken up into several separate companies, and Green now appears to be focusing solely on his real estate ventures, including CEENIS. CEENIS has yet to formally begin any of its projects, and it remains cagey about its investors. Initially, CEENIS managers told Mother Jones that there were no private investors, only corporate ones, including MCI and Bank Boston. But Gould says that the initial backers also included Green's Auburndale and "two to three private investors" who were longtime Green associates.

Green, according to his agreement with OPIC, can invest up to \$40 million of his own money in the project. Since January, Gould says, Auburndale has opened the fund to new investors.

OPIC maintains that anybody can apply for the private funds and that it doesn't play favorites. "Lots of times we would meet with people and it didn't go anywhere, even if they invoked the names of very important members of Congress," says Susan Levine, a former OPIC senior vice president for investment development and policy and a former friend of the Clintons'. But she concedes, "Odds are that knowing people helps you get in the door."

The OPIC deals continue. In April, a bipartisan bill in the House, the Africa Growth and Opportunity Act, proposed that OPIC back new funds in Africa valued at \$650 million. Unless OPIC can be prodded into opening its books, investors can continue to escape public scrutiny—while walking away with millions.

Rachel Burnstein is a Mother Jones investigative reporter. Janice C. Shields is a researcher and coordinator of the Corporate Wealthfare Project & TaxWatch. Romesh Ratnesar also contributed reporting for this story. All are based in Washington, D.C.

Where did the \$3 billion go?

OPIC (headquarters at right) is a federal agency that helps U.S. companies invest in developing overseas markets. OPIC chooses from among plans submitted by companies and private investors and finances \$3 billion worth of opportunities that don't exist in the regular marketplace, such as providing insurance against political risks or loans for risky, long-term projects. OPIC matches its "private" funds 2-to-1 and often insures the investments against loss. The funds generate a huge profit for OPIC—\$209 million last year—and their lucky investors. But these private funds like to remain just that—private.

Our search for the NEWBRIDGE ANDEAN fund led to a Mail Boxes Etc. store. When we asked for "Suite 410," a clerk showed us this mailbox.

WESTSPHERE EQUITY INVESTORS manages a fund that is only for "sophisticated" investors.

The GLOBAL ENVIRONMENT EMERGING MARKETS FUND II is open to anyone able to cough up a minimum investment of \$2 million.

We found the POLAND PARTNERS MANAGEMENT CO. fund at the law firm Landon Butler. The fund's investors include the AFL-CIO.

THE MANAGERS

OPIC-backed investments are shrouded in secrecy—and for good reason: Many of the funds appear to be cash cows for the politically well-connected. A look at the people who run them reveals a high-finance jobs program for Washington players, including a former speechwriter, a campaign manager, and a White House staffer. And, of course, big political contributors are well-represented.

DIRK ZIFF is co-chair of Ziff Bros. investments, which manages a \$150 million South Asia fund that received OPIC loan guarantees. Ziff, a prominent Democratic donor, was No. 6 on the Mother Jones 400.

JOHN LUGAR is Sen. Richard Lugar's (R-Ind.) son. His South America Private Equity fund, which has received \$100 million in loan guarantees from OPIC, stopped accepting investments in 1995.

BERNARD ARONSON is chairman of ACON Investments, which runs the OPIC-supported Newbridge Andean fund. He was an assistant secretary of state under Bush and a speechwriter for Carter.

Mr. SCARBOROUGH. I thank the gentleman from Indiana [Mr. SOUDER]. He is exactly correct. When Newsweek is talking about espionage, when the Washington Post is talking about how the White House does not tell the truth, as they editorialized yesterday, when the New York Times writes, "It is obvious we can no longer trust the President or the Attorney General," then something has to be done. There has to be an oversight function.

I just hope that one Democrat will have the moral courage to stand up and break through and step forward and be a hero, like Howard Baker, a Republican Senator, who back during the Watergate hearings had the guts to stand up and say, "What did the President know and when did he know it?" And by doing that, he broke the logjam, brought down a very corrupt administration, a Republican administration, and American democracy is better for it today.

I just pray to God that, for the sake of this country, Americans can see a Democrat step forward and do the same thing and that they will stop the political obstruction of justice in what clearly has become the largest fund-raising scandal in the history of this great Republic.

SCHOOLS AND EDUCATION IN A STATE OF CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New York [Mr. OWENS] is recognized for 60

minutes as the designee of the minority leader.

Mr. OWENS. Mr. Speaker, I want to address two major issues tonight. They are related in the long run. One is, schools and education are still in a state of crisis despite the fact that the American people have indicated that education is one of their number-one priorities, probably the number-one priority by the majority of the American people.

This first year of the 105th Congress session of Congress is coming to a close, and we are not dealing with the crisis. We have done nothing which really addresses the crisis in the manner that it requires. Certainly, the crisis in our inner-city schools, where most of the African American children attend school, where the poorest Americans attend school in the inner-city schools and crisis in the rural schools is not being addressed. We are still going backwards in New York City, for example, in terms of addressing the education crisis. So I want to talk about that.

I also want to talk about an issue that would seem unrelated, but it is related, and that is the present pre-occupation concern with the Internal Revenue Service. The Internal Revenue Service is important. I said before that people who are part of a care majority, liberals, progressives, whatever you want to call them, people who care about campaign finance reform and they really want it, there are a number of different elements, what you might call the caring majority. The people want to see an American system that operates fairly, democracy that is not distorted by big-money contributions.

All of those are part of the caring majority. The caring majority, in general, neglects revenue, neglects issues related to revenue. So the IRS and the taxpayer concern issues are likely not to get that kind of attention from that side of the aisle, this side of the aisle, that it deserves. And I would like to see that not happen.

I would like to see my colleagues pay close attention to the debate that is shaping up on the IRS, Internal Revenue Service, and to take that debate and discuss it at a new level. Let us not talk about how to beat up on IRS clerks and the agents. Let us talk about broad policies that are handed down from the very top, from Congress and from the White House, policy direction which leads to situations where large amounts of money that should be collected from corporations, those amounts are not collected.

It leads to situations where we have to beat up on middle-class taxpayers in order to get the kind of revenue that is expected because the IRS is being directed not to spend too much of its time or to wade into the complex situations presented by corporate financing.

I am particularly concerned about section 531 to 535 of the Internal Revenue Code. I have talked about that before. That is the section which pro-

hibits corporations from buying their own stock except under certain conditions. Stock buy-backs are big business nowadays, multi-billion-dollar business. Yet, there is a section in the Code that nobody wants to explain to me why it is not being enforced.

I have talked to quite a number of important people in the tax structure and have not been able to find out. If they were to collect that revenue, that is one of the areas where, if that bit of corporate welfare was ended, that is one of the areas where we gain additional funding to deal with some of the problems related to school construction and other problems that require money and education.

In other words, I do not really think we have a real problem with no money for school construction. Yes, I do think it is a problem. I think we lack the will to deal with school construction to spend the money that is necessary. We could get it if we wanted to, but we throw up a roadblock with the fact that there is no money. And, of course, the same problem is occurring at the local level and at the State level.

The argument is made that there is just not enough money to provide decent education. We are wasting money in many different ways. And not until the full wrath of public opinion and the wrath of the voters and not until the common sense of the voters comes down harder on public officials have to make these decisions, we have an understanding that we cannot just talk about education, we have to put some real dollars behind the effort to reform education and make it adequate for people at every level of our society.

Let me start by talking about schools first and education, because they were on the agenda of this Congress this week. They were on our agenda right up until the very last minute today. In fact, I think our last vote taken today on a bill was on passage of the D.C. appropriations bill. And that contest, that vote, it was a very close vote.

It was a situation where the time had to be broken by the Speaker of the House, it was that close, where many of us felt the House of Representatives had gone far in the direction of extreme control of local government and extreme control of decision-making that should be taking place at the local level.

We were shocked to see that the Republican majority which has consistently emphasized local control, local decision-making, which has made a great deal out of ending mandates by the Federal Government on local government, we were quite shocked to see to what extent the Republican majority in the House is willing to go with respect to mandating local control of Washington, D.C., going right into the school system and telling them what they have to do in terms of how to take care of their ongoing problem.

There is a very serious problem in the education in D.C. The District of