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Ideas - Urban

...TON OUTLOOK: Clinton's Urban ...Arcane But Important By Ronald Brownstein ..., Los Angeles Times

...INGTON In Washington, obscurity is never a measure of ...ificance. Usually the opposite is true: The most important things ... often the most arcane. (When Newt Gingrich's defenders insisted ...at he violated only an ``arcane" corner of the tax law, they forgot this ...undamental rule.)

The front pages are filled with the heat and light of choreographed political conflict; but decisions that affect millions are often recorded only deep in the clotted gray swamp of the Federal Register.

That's certainly been the case for the Clinton administration's urban agenda. In the past four years, President Clinton's most important efforts for the cities have involved obscure actions that attracted almost no media attention: invigoration of the law requiring banks to provide credit to low-income communities, tougher enforcement of fair-lending statutes, the funding of new subsidies to encourage businesses and nonprofit community development banks to enlarge their operations in depressed inner-city neighborhoods.

The common theme in all these ideas is channeling more private investment into the cities. More investment isn't a silver bullet for neighborhoods besieged by economic and cultural decay. But, as the past few years show, it can produce tangible block-by-block progress.

Since Clinton took office, there's been a significant increase in mortgage lending to black and Latino borrowers. With federal regulators peering over their shoulders, major banks suddenly have become more enthusiastic about providing grass-roots nonprofit groups the loans they need to build low-income housing.

In a recent interview, Clinton insisted that he wants to continue in this direction tilting the government's emphasis from ``race-based" programs like affirmative action toward initiatives that target ``economic need," such as empowerment zones, support for community development banks and stiffened enforcement of the Community Reinvestment Act, the law meant to prevent commercial banks from denying credit to poor neighborhoods. ``That's where I think this whole thing needs to be going," Clinton said.

If Clinton really means that, decisions rolling toward him in the next few weeks will give him two opportunities to prove it.

One will come in his choices to fill two vacancies on the Federal Reserve Board. The high drama at the Fed involves its decisions on interest rates and the money supply. But through its authority as the principal regulator for large bank holding companies, and the enforcement agency for several of the fair-lending laws, the Fed also looms over Clinton's hopes of encouraging more bank lending in the cities.

``Looms" is the precise word. Last month, the Fed inflicted an embarrassing defeat on the administration, flatly rejecting pleas from the Justice and Treasury departments to broaden the fair-lending laws.

As always, the issue was on the surface arcane. In an effort to track discrimination, banks are now required to collect data on the race and gender of applicants for mortgage loans. The issue before the board was whether to allow banks to voluntarily collect such racial and gender data also on small business, consumer and other loans.

As then-Associate Attorney General John R. Schmidt noted in a letter to the board, obtaining that information would be a ``useful step" toward determining whether minority-owned businesses face ``unusually difficult barriers" to obtaining credit, as some studies suggest.

But with banking groups fearing the change would lead to mandatory collection, the Fed voted, 6-0, in late December not to allow banks to gather the information. All three of Clinton's appointees to the board including Chairman Alan Greenspan, whom the president reappointed voted against the administration.

The Fed governors argued that Congress, not the board, should make such a decision. That argument is at best debatable. But what the vote made clear is that none of the Fed governors see themselves as champions of the urban investment agenda Clinton claims is one of his priorities.

His two upcoming nominations will give the president a chance to change that. Especially after the revelation that Clinton gave leading bankers extraordinary access to banking regulators at a private meeting with party fund-raisers last spring, community groups are intently watching to see whether he will install on the Fed an aggressive voice for the access-to-capital cause. ``We hope we'll have an advocate, not just a vote on these issues," said Allen J. Fishbein, general counsel at the Center for Community Change in Washington.

Clinton's second chance to advance his urban-investment agenda will come as Congress moves forward with sweeping legislation to restructure the financial industry. For years, market innovations, judicial rulings and regulatory decisions have eroded the legal walls that bar banks, securities firms and insurance companies from elbowing into each others' businesses.

Now, after years of stalemate between these powerful industries, Congress may be poised to break down the barriers entirely by repealing the Depression-era Glass-Steagall Act, which separates banking and commerce. Republican leaders in both chambers are preparing bills that would allow banks and other financial institutions and perhaps even commercial companies to all own each other. The administration hopes to unveil its own proposal which is expected to be among the most sweeping in allowing cross-ownership by March 1.

In the coming weeks, the debate over Glass-Steagall is likely to be dominated by self-interested skirmishing among banks and insurers and Wall Street. But the argument over financial modernization need not be strained solely through that narrow funnel. As many community groups argue, it could provide an opportunity for a much broader discussion about the obligations of all financial institutions to provide capital for business and home ownership in neighborhoods where opportunity is crimped.

``When there's going to be changes in powers ... that's the time to raise these issues," said Robert L. Gnaizda, general counsel of the Greenlining Institute in San Francisco.

For Gnaizda and many like-minded advocates, the issue is whether the Community Reinvestment Act the law requiring banks and thrifts to invest in all neighborhoods where they operate should be extended to other financial institutions, like insurance companies, mortgage bankers and securities firms. The exemption of those players from the reinvestment law has steadily diluted its impact. Two decades ago, when the CRA was passed, banks and thrifts held nearly 60 percent of all financial assets; today, with the explosive growth of mutual and money market funds and other.

Guests at White House Coffees Gave $27 Million to Party (Washn) By Glenn F. Bunting and Alan C. Miller (c) 1997, Los Angeles Times

WASHINGTON The Democratic National Committee collected $27 million from guests who attended White House coffee klatches with President Clinton over the last two years, newly available records show.

Many of those who were invited to the White House for private chats with Clinton and senior administration officials made substantial contributions to the Democratic Party within days of the events.

The records raise new questions about whether the Democratic Party used the White House and personal audiences with the president as part of a formal fund-raising program.

The administration and party officials have insisted that the sessions were appropriate and that guests were invited to the White House to share their views with the president, not for the purpose of soliciting campaign funds.

However, the pattern of donations suggests that the 103 meetings between January 1995 and August 1996 were part of a system that cultivated major supporters who in many cases gave large contributions before or after attending the White House events.

``No one called people that afternoon after they got back to their offices and said: 'Would you give $50,000 today?' " said a source familiar with the DNC-sponsored coffees. ``But they were obviously people (the fund-raisers) were working with" as donors or prospective donors.

While there is nothing illegal about White House meetings between the president and financial supporters, critics have charged that the large number of sessions and donations created the impression of a White House put up for sale.

``They gave $27 million I am astounded by that figure," said Ellen Miller, director of Public Campaign, a nonpartisan reform organization in Washington. ``This goes to show that ordinary Americans are not invited to the White House, only the fattest of the fat cats who can collectively give tens of millions of dollars."

A computer analysis of federal election records and a recently released White House guest list for the coffees found that the Democrats collected $27,018,553 in ``soft-money" contributions from 358 persons invited to meet with Clinton. The analysis was done for the Los Angeles Times by the independent Campaign Study Group of Springfield, Va.

Guests donated a total of $8.7 million to the party within a month before or after attending a White House coffee, the study found.

For many of the participants, the invitation to share their views with Clinton was considered ``a reward" for past financial and political support, said the source who is knowledgeable about the coffees but spoke under the condition of anonymity. But, the source added, others were contacted by Democratic fund-raising officials after the sessions and solicited for contributions.

The appeal, he said, went like this: ``Can you be more helpful. ...? Don't you think this guy's (Clinton) impressive? Wouldn't you like to see him continue to be president?"

Some of the contributions made around the same time as the coffees reflected money previously pledged. Sometimes a donor who committed to contribute in the future was then invited to an upcoming coffee as a ``thank you" and would bring the check with him.

The White House said that Clinton never discussed fund raising at the coffees, which generally lasted for an hour and often took place in the Map Room.

DNC spokeswoman Amy Weiss Tobe reiterated Monday that, while the party appreciated any financial support it received after it arranged the coffees, the events were not intended or organized as fund-raisers.

``It is our policy that people are not told that for a certain amount of money they can go to a White House function," Tobe said.

A Dec. 15, 1995, coffee featured a coterie of particularly heavy hitters: 20 executives and union leaders who, together with their organizations, gave $3.2 million in soft money to the party during the 1995-96 election cycle. Soft money can be used by the parties for general partisan activities or advertising, rather than for individual candidates, and can be collected in unlimited sums.

Richard C. Blum, a San Francisco financier and the husband of Sen. Dianne Feinstein, D-Calif., recalled that members of the Clinton-Gore national finance board had coffee with Clinton in the Roosevelt Room after a luncheon meeting that day. He said that Clinton gave an overview on the presidential race ``in terms of issues (and) polling data and an update on his legislative agenda."

Among those invited were David Bonderman, of the Texas Pacific Group, who two weeks later gave $80,000; Dr. Robert Elkins of Integrated Health Services of Maryland, who six days later contributed $125,000; Elaine and Gerry Schuster of Massachusetts, who gave $35,000 the same day, and Arief Wiriadinata, an Indonesian landscape architect living in Virginia at the time, whose wife donated $45,000 three days earlier. (The Wiriadinata's donation, along with another $405,000 they gave, was returned after they moved back to Indonesia and did not file a 1995 U.S. tax return.)

Alan Solomont, a Massachusetts executive who chaired a national DNC group of business donors last year, gave $10,000 to the party five days after the Dec. 15 coffee. He noted in an interview that this was one of several donations that he made and said that it ``had absolutely no relationship" to his attendance at the coffee.

Federal election records show that Solomont and his company gave a total of $120,300.

``I wanted to put a marker down and do everything I could," to re-elect Clinton, Solomont said. ``I wanted opportunities to express my participation."

President Clinton, You're No Teddy Roosevelt Dalton By Kathleen M. Dalton
Special to the Los Angeles Times

CAMBRIDGE, Mass. In his Inaugural Address, President Clinton announced that America finds itself today in ``a moment that will define our course and our character for decades to come." Yet, our character and future course are no clearer for his having spoken. The weary tone of bland optimism in his speech showed Clinton has abdicated the bully pulpit created by the activist president he so admires, Theodore Roosevelt.

Clinton recently has quoted Roosevelt and invoked his name so often that observers believe Clinton has adopted TR as his presidential role model. Alas, Clinton earns a D- as a student of the Old Bull Moose's savvy.

When Clinton opens his second term reciting the GOP mantra that government ``is not the solution," he echoes the failed ``laissez-faire" policies that TR repudiated. Roosevelt understood such policies produced polluted air and food, harsh working conditions and the cruelest treatment of labor in U.S. history.

Roosevelt saw first-hand the hideous results of free enterprise untouched by government regulation. TR's reformer father had introduced him to factory children who worked 12-hour days for pennies and to uneducated children who slept on the streets and sold newspapers to buy food. Later, in the depression-ridden 1890s, TR walked tenements where he saw malnourished children working on piece work in packed and dirty rooms.

After a long struggle with his conscience and the economic orthodoxy of his day, Roosevelt concluded that the cruel r unbridled capitalism could be prevented by government ac Clinton has forgotten the lesson that TR's generation learned: government, we re-enter the harsh world of Charles Dickens. C has backed away from TR's passionate belief that the national government should stand as the fierce defender of the public good.

Roosevelt believed leadership requires a strong and energetic moral fervor. Social injustice was worth a battle to the death. As New York police commissioner, TR kept on his desk the quotation: ``Aggressive fighting for the right is the noblest sport the world affords" and he believed it. In the physical and emotional anguish of his last years, TR still raged against injustice. Around the great fireplace in the North Room of Sagamore Hill, he told his family: ``After declaring that all men are equal, we cannot expect that permanently 3 percent will own the property and have the power."

The widening gap between rich and poor gave TR sleepless nights. In response, he called for a living wage, inheritance taxes, taxes on excessive profits, old-age pensions and progressive income taxes. Today, the gap between rich and poor continues to widen.

TR fought with the defenders of laissez-faire economics by bringing dramatic stories of human misery to the public. Telling the story of a factory worker whose hopelessness drove her to commit suicide, he used his bully pulpit to awake the conscience of a nation.

It is true that, as president, Roosevelt did compromise often. Much of his commitment to social justice came late in life. Government regulation did not end inequality or banish corporate influence in politics. But Roosevelt knew a villain when he saw one. He had a rare gift for casting presidential power in heroic terms. He stood up to the arrogance of the wealthy. He brandished the moral force of government as his weapon.

And, after his presidency, Americans ate less-contaminated food, enjoyed more public lands and gained more leverage over the robber barons, whose cutthroat practices had known no limits. TR's ability to dramatize his battles left his public with a renewed faith in the American system.

Today, the parallels to TR's time are obvious. Clinton's sleepless nights should be haunted by what is happening to many American workers who are losing faith in the American dream. He should face up to America's new ``global social obligation" and refuse to allow some foreign goods into the country until child labor, inhuman working conditions and unfair wages are ended in the countries that produce them. TR taught us that the president should be the active moral conscience of the nation.

TR's greatest gift to Americans was a renewed sense of national moral purpose. He helped build an era in which public service was honorable. Roosevelt insisted that ``politics and applied ethics ought to be interchangeable terms." In contrast, Clinton, faced with an obstructionist GOP Congress, finds politics and equivocation are often interchangeable terms.

A strenuous Rooseveltian life was not worth living without a higher moral purpose. For TR, especially in 1912, it was better to lose than to waffle on the big principles. For Clinton, winning approval and re-election have counted most. To be fair, Clinton has a deeper respect for American's civil liberties and the nation's ethnic and racial diversity than TR did. And, in a nuclear age, the world is far safer having Clinton in the Oval Office than it would be if the often hot-headed Roosevelt were president.

Yet, on the domestic scene, Clinton doesn't measure up to TR because he has forgotten that laissez-faire policies have to be tempered by a strong government defense of the public good. Where is the Bull Moose spirit now that we need it?
