

U.S. Press:

'More At Stake Than Bert Lance'

Washington Post, *Wednesday, Aug. 24, Rowland Evans and Robert Novak, "Now there's more at Stake than Lance's Fate"*

...Although Lance may yet fall, the fact remains that the president did not abandon his friend as widely expected. Carter thereby changed his presidency, sacrificing its sanctimonious aura for a more mundane creed of loyalty to subordinates that will be better appreciated by politicians than by Common Cause...But a more sinister formulation of that principle, suggested on the fringes of the Administration, is that the Carter high command also worried that the President's intimacy with Lance, particularly with political financing, almost made him an accessory before the fact. So, even if partially caused by self-preservation, Jimmy Carter's decision to stand by "a man like Lance" — a conservative Southern banker widely distrusted by this Administration's dominant ideological strain — involves much more than the fate of Bert Lance."

Washington Post, *Wednesday, Aug. 24, David S. Broder, "Boomerang Effect Prolongs the Ordeal"*

...No stranger can imagine how desperate the embattled Budget Director is for relief from the continued controversy over his private finances. But a measure of that desperation can be gained by the pitiable eagerness with which Lance embraced as "very favorable" a report on his banking practices by the Comptroller of the Currency that was in most respects embarrassing and in some downright damning. But Carter is reluctant to fire Lance or allow him to withdraw as Sorenson did because Lance is a friend — one of the very few men his own age with whom Jimmy Carter feels at ease. Walking together, relaxing after tennis, eating lunch off trays — a political contemporary with whom this president can talk openly and frankly, unburden himself, share the decisions he must make. But that dependency, now dramatized in the Lance affair, is of fateful consequence for Carter. He has shown his enemies where he is vulnerable. That dependence could be Jimmy Carter's Achilles heel.

New York Times, *Wed. Aug. 24, James Reston, "Carter, Panama and China"*

...The emerging issue is not about his motives or his ethics, which are not in dispute, but about his judgment — specifically about handling of the Lance case, and more important, about his tactics and timing in dealing with the Soviet Union, China, Israel, Panama and Cuba. He has proposed a peace settlement in the Middle

East that is opposed by both the Israelis and the Arabs, and he has sent Secretary of State Vance to Peking at precisely the point when even his own aides in the Cabinet agree that there is no chance of agreement on the main problem of Taiwan. Why the Carter Administration agreed to take up the Taiwan question when it is staring at a critical battle over the future of the Panama Canal is not quite clear...In short, it raises again the question of judgment. It was the wrong mission, on the wrong subject at the wrong times and everybody in Washington knew it.

Chicago Sun Times, *Loye Miller, Washington Bureau Chief*

Although he virtually never loses his composure in public, you can usually tell when Carter doesn't like a question. A steely look appears in his blue eyes.

But even that blue was absent Tuesday as he calmly and carefully fielded the most difficult set of questions thrown at him since he became President.

It was such a striking performance that a local physician watching the conference called a network television news bureau here to say, "I think the President's on tranquilizers."

...By the end of the press conference Carter had dug himself in deeper than ever in defending his long time friend. While most President watchers around Washington seem to think Carter can tough it out in defense of Lance if there are no damaging questions raised about the OMB head in the future, Carter has now so stoutly stood up for Lance that he will be severely embarrassed by any new problems concerning Lance.

Washington Post, *Tuesday, Aug. 23, by Marquis Childs, "Futile Diplomacy"*

Once again Secretary of State Cyrus Vance is on the road, and once again he is traveling with an empty briefcase. Even if the administration had been able to make up its collective wavering mind over what to do about the People's Republic of China and the island of Taiwan, Vance in Peking would be powerless to do more than make a gesture of goodwill toward an ultimate solution.

...It is fair to ask why Vance was sent on what is officially described as an "exploratory" mission. Because the trip was planned long in advance, the dilemma of Panama may not have been foreseen. But that is another way of saying that the foreign-policy planning of the administration is lamentably weak.

It is unfair to Vance to send him on a mission as futile as his recent tour of the Middle East. That tour ended with merely a promise of more talks in this country with

the foreign ministers of Israel and the Arab states in the fall...

Carter had insisted before his election that his Secretary of State would not be flying all over the world, that the Carter diplomacy would owe nothing to the Kissinger shuttles of the past. Vance has already traveled as far in his first six months as did Kissinger in the time he was working out the Sinai agreement between Israel and Egypt.

The Secretary of State keeps a low profile. He has none of the spectacular Kissinger qualities of performance and persuasion. It is perhaps his misfortune that he had to follow such a conspicuous performer.

Washington Star, Tuesday, Aug. 23, op-ed by Carl Rowan, "Vance's Failures of Self-Promotion"

Cyrus Vance had better either stay home or learn how to flamflooze and bedazzle the press corp, or he'll wind up labeled as one of this country's worse Secretaries of State."

He's just back from a Middle East trip that was a failure and he had an earlier mission to Moscow for disarmament talks that turned out to be a bust.

Already, some of my press colleagues are whispering that Vance doesn't have the "smarts" needed for the job, that he goes off poorly prepared on ill-conceived missions...

Vance has got to learn that if you are a traveling Secretary of State, you determine that your trip is a "success." You are, in large measure, what you have the ego to tell the press you are. Kissinger had the ego to say, in so many words... "I came over here and talked these Israelis and Arabs out of committing joint suicide" — and for a while he had even the Israelis and Arabs believing him.

I remember from my days in the State Department that "modus operandi" was a much-used phrase. Someone had better tell Vance that Kissinger had a method of operation, while Vance seems to have none at all."

Washington Post, Monday, Aug. 22, "Cyrus Vance...Guarding Foggy Bottom"

Secretary of State Cyrus Vance is telling his friends in New England on the QT that he is sometimes inclined to depart Foggy Bottom because he is "constantly playing catchup ball" in the Jimmy Carter-Andy Young league. It is believed that this kind of talk reflects his bureaucratic troubles within the administration rather than serious intentions to walk.

Newsweek Magazine, Aug. 24 (issue dated Aug. 29), Peter Goldman and Washington Bureau

He (Carter) pronounced his embattled old chum "a man of complete integrity," proclaimed his "complete confidence" in him — and so mortgaged a piece of his own simon-pure reputation to Lance's still uncertain future...

And now Carter himself has edged perilously close to the line of fire, justly or not, by the very warmth of his embrace of his best friend in Washington...

Carter's effusion of support last week no doubt shored up Lance's defense and certified his continuing authority in the government... But it also tied Carter's own fortunes to those of the go-go banker he hired on faith and casual examination as his budget director. The further trials of Bert Lance in Congress and the press are likely to run on for weeks. If he should finally be driven from office, it will be perceived as Jimmy Carter's defeat as well. If Lance survives solely on the finding that he has done nothing quite bad enough to be indicted for, it could prove a Pyrrhic victory for his friend the President.

Chicago Tribune, Wed., Aug. 24, lead editorial:

The best thing that can be said of President Carter's decision to reimburse the National Bank of Georgia for some campaign trips made in 1975 and 1976 is that it is better made now, with a semblance of voluntarism than it would be later under the compulsion of an investigation...

...It is illegal for a corporation to make a campaign contribution "or expenditure" in behalf of a candidate for federal office. It is also illegal for the candidate for federal office. It is also illegal for the candidate to "knowingly accept" such help. Mr. Carter had announced his candidacy for the Presidency on December 12, 1974.

Accepting a free plane trip from a friendly banker is not the sort of thing that is likely to scandalize very many people. The embarrassment of Mr. Carter's belated acknowledgement lies rather in the other questions that it raises.

For example, Mr. Carter has made almost a fetish of purity in political financing. If one transgression went overlooked, how many others did, too?

Mr. Carter is known to have been impatient for the Comptroller of the Currency to make his report on Mr. Lance's affairs and get it over with. When issued last Friday, the report made a point of saying that there were questions about the three plane trips in 1975 and others in 1976 that it had not had time to investigate. Was the White House eager to go on record with a "voluntary" admission and payment before a full investigation made it mandatory?

Nor is the White House announcement likely to help Mr. Lance. It amounts to an acknowledgment that an illegal act was committed by Mr. Lance's bank, presumably on Mr. Lance's authority. It will strengthen the image of Mr. Lance as a wheeler and dealer who is not overly concerned about legalities or proprieties. It will strengthen the position of those who feel that he is not the man to be responsible for running the United States budget. If the White House move was made in the hope of forestalling the Senate investigation of Mr. Lance we doubt that it will succeed.

St. Louis Globe Democrat, Aug. 25, editorial, "Lance Should Go":

The more that is learned about the past banking activities of Budget Director Lance, the more it becomes apparent that he is not competent to hold this critically important post. While head of the Calhoun National Bank, it

is charged that Lance failed to take action against Bill Campbell, a V.P. of the bank who embezzled 904,000 dollars of the bank's money even though Lance had been warned repeatedly during a 5 year period of Campbell's fraudulent and dangerous activities.

...In spite of all this, Lance on February 18, 1975 in his new capacity as president of the National Bank of Georgia appropriated a 100,000 dollar unsecured loan to Campbell and on July 14, 1975 two weeks before Campbell's dismissal from the Calhoun bank, the National Bank of Georgia at Lance's authority loaned 250,000 dollars to Campbell to repay the Calhoun loan, make pay-

ments to other lenders and make up \$43,470 in overdrafts at the Calhoun Bank.

The bonding company (that gave the information to the *Globe Democrat*, ed.) says the bank knew of and condoned the bank officer's fraudulent activities substantially before he was fired. If Lance can't refute this, he should resign or Carter should oust him. President Carter is making a serious mistake by continuing to defend Lance by claiming no one has shown that his Atlanta Banker friend is guilty of anything illegal or even unethical. Mr. Carter can't launder the record. It is there and it reeks. Lance should go and the sooner the better.

Lance Scandal To Push Fascist Banking Laws

Investigations into the questionable banking practices of Office of Management and Budget Director Bert Lance, which could still bring down the entire Carter Administration, are now being used by Wall Street agents to push for a fascist reorganization of the U.S. banking system.

While the press continues to play up the "fine line" between legal and illegal banking practices in coverage of the Lance scandal, "Deacon" Carter stated during a press conference yesterday that Lance had complied with "common loan practices among bank officers," none of which are against the law. "Now, it may be..." Carter sanctimoniously went on, "that as a result of these investigations...stricter requirements should be implemented by law and also by the Comptroller in his standard operating procedures."

On cue, several congressional committees will be holding hearings on the scandal as soon as Congress reconvenes — which will mainly be used to rally support for banking reorganization legislation. The chairman of the Senate Banking Committee, Sen. William Proxmire (D-Wis.), plans to use his committee's hearings to push the FINE bill (Financial Institutions and the National Economy), which he cosponsors with Rep. Henry Reuss (D-Wis.), the chairman of the House Banking Committee. The FINE bill would provide for the centralization of banking regulatory agencies — the Federal Reserve, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency's office — into one large agency which would slice away at regional banks. As part of the internecine "lifeboat economics" now prevailing on Wall Street, the superagency would streamline the banking system by shutting down regional banks in order to use their assets to bail out the Wall Street banks.

Lance Volunteers

The press first reported that Proxmire's hearings would center on Lance's banking practices, but Proxmire issued a statement early this week that his committee will focus its investigation on the "ethics and soundness of American banking" and the "unsolved

questions raised by the Comptroller of the Currency's report." The committee hopes to "find out how widespread these kinds of practices are and what kind of regulatory and-or legal reforms are needed to end the abuse." Veteran banker Lance himself, in an interview to the *Washington Star*, offered to testify at the hearings in order to "resolve what's normal and acceptable banking practices"!

The Senate Government Operations Committee, chaired by Abraham Ribicoff (D-Conn), and the House Banking Committee's Subcommittee on Financial Institutions Supervision, Regulation and Insurance, chaired St. Germain (D-RI), will also hold hearings on the Lance affair and banking regulations after Congress reconvenes.

St. Germain's committee hearings will push legislation to expand the powers of the financial regulatory agencies to specify penalties for banks which engage in unsound banking practices and to extend penalties in such cases not only to the offending institutions, but also to individuals.

A bill with these provisions already passed the Senate August 5, and is expected to be sent to Reuss's House Banking Committee as soon as Congress reconvenes. The bill, the Supervisory Act Amendment (S-71), provides for the expansion of existing banking regulatory agencies' powers and allows for penalties to be applied to individuals as well as to institutions. Such penalties, although presently allowed, have rarely been imposed. Instead, the Comptroller of the Currency audits the bank in question and issues a reprimand if unsound practices are discovered. The Comptroller's current authority to audit or reprimand does not extend to individuals within the offending institution.

The amendment would expand the ability of existing banking regulatory agencies to knock away any bank or individual within a bank who opposes a bailout of Wall Street. Proxmire and Reuss's FINE bill would then create a command and control center for using these expanded powers against the regional banks, putting in place the mechanism for fascist top-down control over the U.S. banking system.