

THIS WEEK'S NEWS FROM

Inside Washington

metals, fertilizers, fuels and turnkey manufacturing plants to the Russians.

"Our government is currently considering renewal of the Export Administration Act," stressed Brown. "President Reagan supports inclusion in the new Act of a provision of contract sanctity," i.e., a provision designed to underscore America's desire not to punish the Russians again with any



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trade cutoff. We want to prove we're a "reliable trading partner," said Brown.

• Earlier this year, Assistant Secretary of State Richard Burt made a secret trip to East Germany, Hungary and Bulgaria — strongly implicated in the assassination attempt on the pope — to discuss a broadening of trade ties. As the highest-ranking State official to ever visit East Berlin, Burt displayed his eagerness to "normalize" U.S.-East German relations. Following his visit, numerous U.S. firms participated in the Leipzig trade fair, the latest in Eastern Europe.

• In the middle of last month, the Bulgarian government, with the encouragement of the Commerce Department, hosted a U.S.-Bulgarian trade fair in Sofia. Reagan Administration officials visited the fair to promote several joint commercial ventures between U.S. and Bulgarian enterprises which are now under discussion.

• The Administration has decided to postpone "for six months" any decision on whether Soviet exports to the U.S. violate U.S. trade laws against purchases of goods "made by forced labor or political prisoners." Enforcement of the law has been advocated by Treasury Secretary Donald Regan, Commissioner of Customs William Von Raab and 45 U.S. senators. This week 88 House members urged Administration enforcement of the law. State and Commerce, however, are reportedly reluctant to move because of fears the Soviets will retaliate by refusing to purchase U.S. goods.

• Thirty-one private banks, under the leadership of West Germany's Dresdner Bank, have joined together to lend the Soviets \$250 million, the largest Western bank loan since the Soviet invasion of Afghanistan. The loan represents a significant thaw in the climate for private bank lending to Eastern Europe. Informed sources say the U.S. government made no attempt to discourage the deal.

These actions take place against a backdrop of earlier Administration decisions to lift the grain and pipeline equipment embargo, and a refusal to declare Poland in default on its debts. In addition, the export control program, which regulates the flow of security-sensitive technology to our adversaries, has been allowed by Commerce to fall into disarray since the departure of hardline Assistant Secretary Larry Brady. (Efforts to replace him with another hardliner, Office of Personnel Management Deputy George Nesterczuk, have fallen through the cracks. The conservatives, however, have not surrendered, and are now lining up behind Deputy Assistant Secretary of Commerce Ted Wu, a tough, no-nonsense enforcer of export controls.)

Capitol Hill insiders say that Commerce and State have been pressing ahead with the new policy because they have become emboldened with the success of their pro-Red China trade plan. As one source put it, "If [Secretary of Commerce Malcolm] Baldrige can sell nuclear technology to the PRC and only Democrats like [Senators] Proxmire and Cranston complain, then he believes that Republicans have become neutralized on East-West trade issues and will not oppose these initiatives."

The program is now being directed by liberal career bureaucrat William Archey, who is openly fighting with Von Raab and Assistant Defense Secretary Richard Perle, both of whom are committed to staunching the flow of illegally exported goods to Communist countries.

Yet these initiatives should be opposed, say strategic trade experts. Impeding East-West trade, they contend, would also assist the President's efforts to keep the Soviets out of Latin America. The Soviets subsidize Cuba to the tune of \$4 billion a year, but they seem less inclined to support Nicaragua with the same generous sums, largely, it is said, because they are financially strapped.

Nevertheless, State and Commerce seem intent on pressing for trade expansion.

Metzenbaum's Unusual Finder's Fee

Sen. Howard Metzenbaum (D.-Ohio), the millionaire liberal who is leading a "moral crusade" against the nomination of Ed Meese to be attorney general, last year accepted a \$250,000 "finder's fee" from a long-time political friend.

The payment surfaced in the income disclosure statement required of all senators and released last week by the Senate. It raised immediate questions of conflict of interest and ethical propriety.

Under Senate rules, employes of the Senate may "not practice a profession for compensation to any extent during regular office hours." No problem. Metzenbaum explained that he earned his quarter-million dollars on a "Wednesday evening" in June 1983.

"There is no conflict of interest," he added.

Metzenbaum received the fee for helping Jeffrey I. Friedman, head of a Cleveland-based investment company, sell Washington's Hay-Adams Hotel to David M. Murdock, a Los Angeles developer.

Friedman, who has helped finance previous Metzenbaum campaigns, reportedly mentioned to the senator that while "the hotel wasn't on the

market," he might sell if he received a certain price.

According to a Friedman spokesman, Metzenbaum then interrupted and asked if Friedman "would be willing to pay a finder's fee if the senator could provide a bona fide buyer." Friedman said yes and named his price.

Within 24 hours after Metzenbaum gave Mur-



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dock's Washington representative, Rose Narva, Friedman's private phone number, the deal had been made, reportedly for more than \$30 million.

The *Wall Street Journal's* John J. Fialka turned up the interesting fact that Metzenbaum's arrangement of the \$250,000 "finder's fee" was not known to Mrs. Narva.

"I was not aware that the senator was getting a fee as well. That is a very big surprise to me." Asked if she felt Sen. Metzenbaum deserved the \$250,000, the ever-diplomatic Mrs. Narva replied, "No comment."

There's another ethical question about the "finder's fee." Friedman is a friend and contributor to the Ohioan. Giving him a huge finder's fee for a Wednesday's evening work could have been a way of channeling money to Metzenbaum, without having to be tied down by federal political restrictions. Friedman, moreover, could write off the fee as a business expense.

Unethical? Illegal? Maybe not. But the whole deal hardly suggests that Metzenbaum is in a position to cast stones at anyone for alleged financial improprieties.

Lyndon LaRouche's Curious Politics

Officials of the Democratic party and much of the media want to make it appear as though Walter Mondale, Gary Hart and Jesse Jackson are the only candidates for the Democratic presidential nomination left in the race. But there is another candidate, Lyndon H. LaRouche Jr., who is actively campaigning for the nomination as a "conservative Democrat" and opponent of the party's leftist leadership.

Though denounced by Democratic National

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Committee Chairman Charles Manatt and regarded with contempt by many conservatives, LaRouche and his program are apparently striking a responsive chord among disillusioned Democrats who are apparently unaware of his erratic past record and just like his conservative-sounding platform. During the month of March, for example, his campaign brought in more than half-a-million dollars, according to records at the Federal Election Commission.

A list of contributors includes engineers, professors, pilots, computer programmers, medical examiners, stockbrokers, physicians, investors, contractors and physicists.

LaRouche's name is on the presidential primary ballot in 14 states, including New Jersey and California on June 5, and his campaign has already received more than \$388,000 in federal matching funds.

A good portion of the money goes for expensive television and radio advertising. LaRouche's half-hour paid political broadcasts have already aired several times on the major commercial television networks, with another series scheduled to begin on May 31 on ABC.

While LaRouche's vote totals in the primaries have so far only been in the 1-2 per cent range, some of his followers, known as "LaRouche Democrats," have had greater success. The most significant was the victory of Donald Scott in the Democratic congressional primary in Ohio's 7th District over the party-endorsed candidate, Dennis Gehan. Scott will face Republican Incumbent Rep. Michael DeWine in November.

Scott campaigned on a four-point program of (1) "federalizing" the Federal Reserve, a scheme designed to control and cut interest rates; (2) "re-industrializing the nation" through debt reorganization, a return to a gold-backed currency, and development of high-technologies; (3) assuring "fair credit" policies for agriculture; and (4) developing a defensive weapons system to counter the Soviet nuclear threat.

The Scott victory was even more significant in light of the fact that State Democratic Party Chairman James Ruvolo had warned local party officials to "take every effort to educate your local constituencies on the dangers" posed by LaRouche and his backers.

Similar warnings have been coming from the offices of the Democratic National Committee in Washington. Ann Lewis, political director of the DNC, told us that, in her opinion, the LaRouche Democrats "are clearly not in the Democratic mainstream." Lewis added, "There is no evidence that Mr. LaRouche or his followers have ever participated in Democratic party activities."

In fact, however, LaRouche campaigned for the Democratic party's presidential nomination in 1980 as well. Moreover, during the current campaign, representatives of the LaRouche campaign gave testimony before the Democratic party platform committee hearings, which are being held in various locations around the country in an effort to shape the Democratic party's 1984 platform.

Asked for comment on Lewis's charges, LaRouche campaign spokesman Paul Goldstein denounced Lewis and her boss, Charles Manatt, as "ultra-left liberals" who are themselves "not in the Democratic mainstream."

He added, "LaRouche is trying to rebuild the Roosevelt coalition by putting together the productive farmers, entrepreneurs, the working men and minorities behind a program of high-technology development, agri-industrial business revival, and re-industrializing the smokstack industries."

Goldstein said LaRouche's controversial polit-



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ical broadcasts, which have included the charge that Henry Kissinger is a "Soviet agent-of-influence," are also meant to "weaken the influence" of Kissinger and his associates in the Reagan Administration and the Republican party.

More recently, LaRouche declared that President Reagan was not "morally fit" for re-election because he, LaRouche, had been denied Secret Service protection by the U.S. government. LaRouche charged that Reagan had become "a mere puppet of Henry Kissinger."

The NBC television network is one of the few national news organizations to have covered LaRouche's current presidential campaign. Last March, its now-defunct program, "First Camera," aired a report, "Leader LaRouche," which generated a \$60-million libel suit against NBC.

The basic theme of the program was that LaRouche operates a bizarre political cult which makes threats, intimidates people, and has run into trouble with the law. The producers and writers of the report made it clear that they regard LaRouche as a kooky, right-wing figure, an alleged anti-Semite.

The program also alleged that "in the United States LaRouche and some of his closest associates had met on numerous occasions with officials of the State Department, Drug Enforcement Administration and CIA." It added that, "We have also learned that LaRouche has easy access to high-ranking members of the Reagan Administration."

Norman Bailey, who served as a special assistant to President Reagan on the National Security Council, told NBC that he found meetings with the LaRouche people useful "because they have in my view one of the best private intelligence services in the world" and "they also are very strongly in favor of certain programs that the Administration is very much in favor of also."

DNC Chairman Charles Manatt has cited the NBC program as evidence that members of the LaRouche organization have "some degree of influence" over the Reagan Administration. He called on President Reagan to end "this shocking White House involvement with the bizarre, extremist cult of Lyndon H. LaRouche."

What the "First Camera" program didn't make clear was that there are conservatives who believe the "conservatism" of LaRouche is not authentic. The only hint of this came when retired Gen. Daniel Graham was briefly interviewed. He called LaRouche a "phony," adding, "I think the man is picking up issues that people of my conservative stripe tend to support and then [he's] making a mockery out of them."

Graham was undoubtedly referring to President Reagan's March 23, 1983, initiative for an anti-missile defensive weapons system. Graham, who is pushing his own "High Frontier" project, has criticized LaRouche's proposal for a system using lasers or particle beams as impractical at the present time.

"First Camera" noted that in the 1960s LaRouche was "the leader of a splinter group in the left-wing Students for a Democratic Society." John Rees, publisher of *Information Digest*, told NBC that he knew LaRouche in New York in the late 1960s "when he was clearly a Marxist and teaching at a left evening class organization called the Free University of New York."

After that, "First Camera" reported, LaRouche broke with SDS and formed an "even more militant left-wing group: the National Caucus of Labor Committees."

"In the late 1970s," the program continued, "LaRouche became an extreme right-winger."

In fact, however, LaRouche became a right-winger in 1976, when he ran for President as the candidate of the U.S. Labor party.

While LaRouche has since been making strong attacks on a variety of left-wing causes, such as the nuclear freeze, he has continued to denounce respected conservative personalities and institutions.

Gen. Graham, for example, has been a favorite target. And so has the Heritage Foundation, which published a report critical of LaRouche in 1978. Both have been accused by the LaRouche forces of having connections to the Soviet KGB.

But LaRouche's own attitudes toward the Soviet Union remain suspect. When Leonid Brezhnev was in power, a pro-Soviet line was evident in many of the materials published by the LaRouche organization on issues like terrorism and U.S.-Soviet relations. Under Yuri Andropov and especially under Konstantine Chernenko, however, the Soviet regime has been viciously attacked by the LaRouche forces.

The Soviets, in turn, have been attacking LaRouche. Like DNC Chairman Manatt, the Soviet newspaper *Izvestia* used the NBC program on LaRouche to attack the Reagan Administration for its "scandalous ties" with LaRouche, who was branded "a provocateur whose activity is totally directed at undermining the movement of progressive forces."

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