



Scandals lead to scandals, and they all point to Attorney General Meese

By John B. Judis

WASHINGTON

If there were any doubt in my mind that four years from now you could look back and say Ed Meese has fulfilled the standards that I've set for this office, then I would retire right now and withdraw.

—Edwin Meese speaking before the Senate Judiciary Committee on March 1985

EDWIN MEESE, THE TRIBUNE OF CONSERVATIVE justice, has become the most scandal-ridden attorney general ever. He is now being investigated by a third special prosecutor; he has already appeared seven times before grand juries. One scandal leads to another, and each new scandal strengthens the web of suspicious circumstance surrounding past scandals.

The latest revelation, stemming from Special Prosecutor James McKay, suggests that Meese did nothing to prevent his friend E. Robert Wallach from illegally trying to bribe Israeli officials on behalf of the Bechtel Group, Inc., which was attempting a pipeline from Iraq to the Red Sea and wanted Israeli assurance that they wouldn't blow it up. In the course of investigating Meese's role in the Wedtech scandal, McKay discovered that Wallach sent Meese a memorandum about the bribe. In turn, Meese's role in the pipeline affair has added further weight to suspicions that a lucrative "blind trust" a Wallach associate helped Meese set

up in 1985 may have been a payoff for his services.

So far, none of the special prosecutors investigating Meese have discovered grounds for a criminal indictment. What they have found is that he received financial benefits from individuals either before they received presidential appointments or after he did significant favors for them. But Meese has always denied any connection between the events—"I have no specific recollection," he says—and the individuals have not incriminated Meese. As a result, there is an extensive appearance of impropriety, but no solid evidence of criminality.

Cronyism: The investigations of Meese have occurred in overlapping waves. When he came up for Senate confirmation as attorney general in February 1984, the White House agreed to the appointment of an independent counsel, Jacob Stein, to look into allegations against Meese. The first went back to October 1980, before Ronald Reagan was elected. Rep. Donald Albosta's House subcommittee came up with a letter from Reagan campaign official Max Hugel to Meese describing briefing books that had been purloined from the Carter campaign. When Senate Judiciary Committee member Howard Metzenbaum (D-OH) asked Meese about the letter, he replied, "I have no knowledge of the Carter material."

Most of the allegations, however, concerned Meese's financial relationships with

individuals who were later given Reagan administration appointments. In Reagan's first term, when Meese was counselor to the president, Great American Federal Savings and Loan Association of San Diego lent him more than \$420,000 and took no action when Meese fell 15 months delinquent on four mortgages that he held on two houses. Five months later bank Chairman Gordon Luce was named as alternative U.S. representative to the UN and Edwin Gray, the bank's first vice president, was appointed chairman of the Federal Home Loan Bank Board.

The sale of Meese's house was arranged by Thomas J. Barrack, who loaned the purchaser of the house \$70,000 and later forgave the debt. Barrack was later named deputy undersecretary of the interior. When he was counselor, Meese also got \$60,000 in loans from tax accountant John R. McKean, who was later appointed to the board of governors of the U.S. Postal Service.

Undisclosed loans: Two years after Meese was confirmed as attorney general, McKay was appointed to investigate the Wedtech scandal. In April 1987, after Meese's ties to Wedtech officials Wallach and W. Franklyn Chinn were revealed, Meese belatedly recused himself from the investigation, and agreed that McKay could extend his investigation to cover Meese himself. At the same time, Iran-contra Independent Counsel Lawrence Walsh honed in on the attorney general's initial investigation of the scandal in November 1986.

Wedtech events go back to the administration's first term in office. In 1981 and 1982 Wallach, Meese's close friend and attorney, convinced the White House counselor to intervene vigorously to help the South Bronx company secure a \$32 million no-bid contract from the Pentagon. Both Wallach and Chinn were subsequently indicted for attempting to bribe government officials on Wedtech's behalf.

McKay discovered in May 1985 that Wallach, who told business associates that he was "Meese's boy," had sought the attorney general's help in getting government insurance for the Iraqi pipeline deal. Meese again intervened on Wallach's behalf. That same month Wallach introduced Meese to Chinn. Meese had promised the Senate Judiciary Committee that he would sell off his wife's stock holdings. He did so and invested some of them—about \$55,000 worth—in what he claimed was a "limited blind partnership" with Chinn. As the Office of Government Ethics later charged, Meese had not really set up a blind trust. A blind trust must be arranged by a third party and officially sanctioned by the ethics office. He had also failed to list the trust in his financial disclosure form, saying he had "inadvertently omitted" it.

But there was more. During the two years that Chinn administered the trust, he parlayed Meese's \$55,000 into \$100,000. According to a *Business Week* investigation, Chinn could not have secured these profits without the use of undisclosed loans or preferential treatment. For instance, one Meese stock deal would have required Chinn to put up \$341,000 of Meese's money—far more than Meese had in his account.

The independent counsel is now investigating not only whether Meese was aware of Wallach's intentions—it is a violation of the 1979 Corrupt Practices Act for a

businessman to bribe a foreign official—but whether Wallach and Chinn paid him off for his help by expanding his stock earnings by 83 percent. Meese has denied all charges. Wallach's memo, he told the press, provided "no grounds" for further inquiry by himself.

McKay is also investigating another potential scandal involving Meese. In 1986 he tried to persuade telephone company officials to support loosening the restrictions on the "Baby Bells"—the regional telephone companies created by the 1984 breakup of AT&T. He also endorsed legislation for this purpose.

Meese got financial benefits from people he did favors for, but denies that there's any connection.

But contrary to his own disclosure forms, Meese owned Baby Bell stock at the time he was pleading the companies' case. This appears to be a clear violation of conflict of interest statutes, but Meese claims innocence. He did not sell the stocks at the time, he told a Senate committee, because he couldn't find the stock certificates.

A cloud: Meese will probably not be indicted by Iran-contra counsel Walsh, but the Select Committee's final report suggested that he participated in a coverup. According to it, a "cloud" hangs over Meese's November 22-23, 1986, investigation of the contra fund diversion. Once Meese learned of it, he stopped bringing notetakers to interviews with high officials, and did not introduce criminal lawyers in the case. He allowed, in effect, both Adm. John Poindexter and Lt. Col. Oliver North sufficient time to destroy evidence. And he interviewed key players like former CIA Director William Casey in the most cursory manner. Meese's later comments to the press, the report said, "were both mistaken and inconsistent with information that had been received during the...inquiry."

He may also have blocked an early investigation of North's contra supply network. In early 1986, U.S. attorney Jeffrey Feldman in Miami stumbled on North's network while investigating arms shipments to the contras. But after Meese met with Feldman's superior, further investigation by Feldman was blocked.

Most conservatives have leapt to Meese's defense. According to *National Review* Publisher William Rusher, Meese has been the victim of liberal slander. Liberals, Rusher wrote in his syndicated column last week, "have kept up a steady drumbeat of unsubstantiated charges, wild speculations, and empty innuendos against Mr. Meese." But White House support for Meese finally appears to be waning.

When White House Chief of Staff Howard Baker was asked on January 31 whether Meese should resign, he avoided the question. "I see no reason on earth for the president to take any action unless and until it's made to appear that Mr. Meese has done something wrong," Baker said. Pressure for Meese's resignation is expected to mount, not only from Nancy Reagan, who doesn't want Meese's troubles to overshadow her husband's final year, but from Republican operatives who fear that Meese could damage the party's chances in November. □

By David Moberg

GREENFIELD, IOWA

IN 1980 RALPH MITCHELL FOLLOWED HIS LIFELONG Republican instincts and voted for Ronald Reagan. On February 8 he was sitting on a folding metal chair at a Democratic caucus in this small town 50 miles southwest of Des Moines to throw his support to Jesse Jackson.

Earlier this year Jackson had visited Mitchell's modest 200-acre grain and cattle farm. Later a few people asked him why he'd let a black on his farm. But Mitchell, 55, scorned that reaction and was impressed with what Jackson said. "I just like his approach and

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what he stands for," Mitchell said. "He's down to earth with the average person. Everybody would love to see him be president, but they won't vote for him because he's black, and that's a shame."

But when the huddling and maneuvering in various corners of meeting rooms and the kitchen of Greenfield's Multi-Purpose Center were all over, the 98 Democrats in Greenfield's caucus sent two-thirds of their delegates to the county convention committed to Jackson. The remainder of the delegates were evenly split between Rep. Richard Gephardt (Mitchell's second choice) and Gov. Michael Dukakis. It was an extraordinary but not altogether surprising margin for Jackson, who had set up his state campaign headquarters in Greenfield after a warm, overflowing crowd turned out for his first visit a year ago.

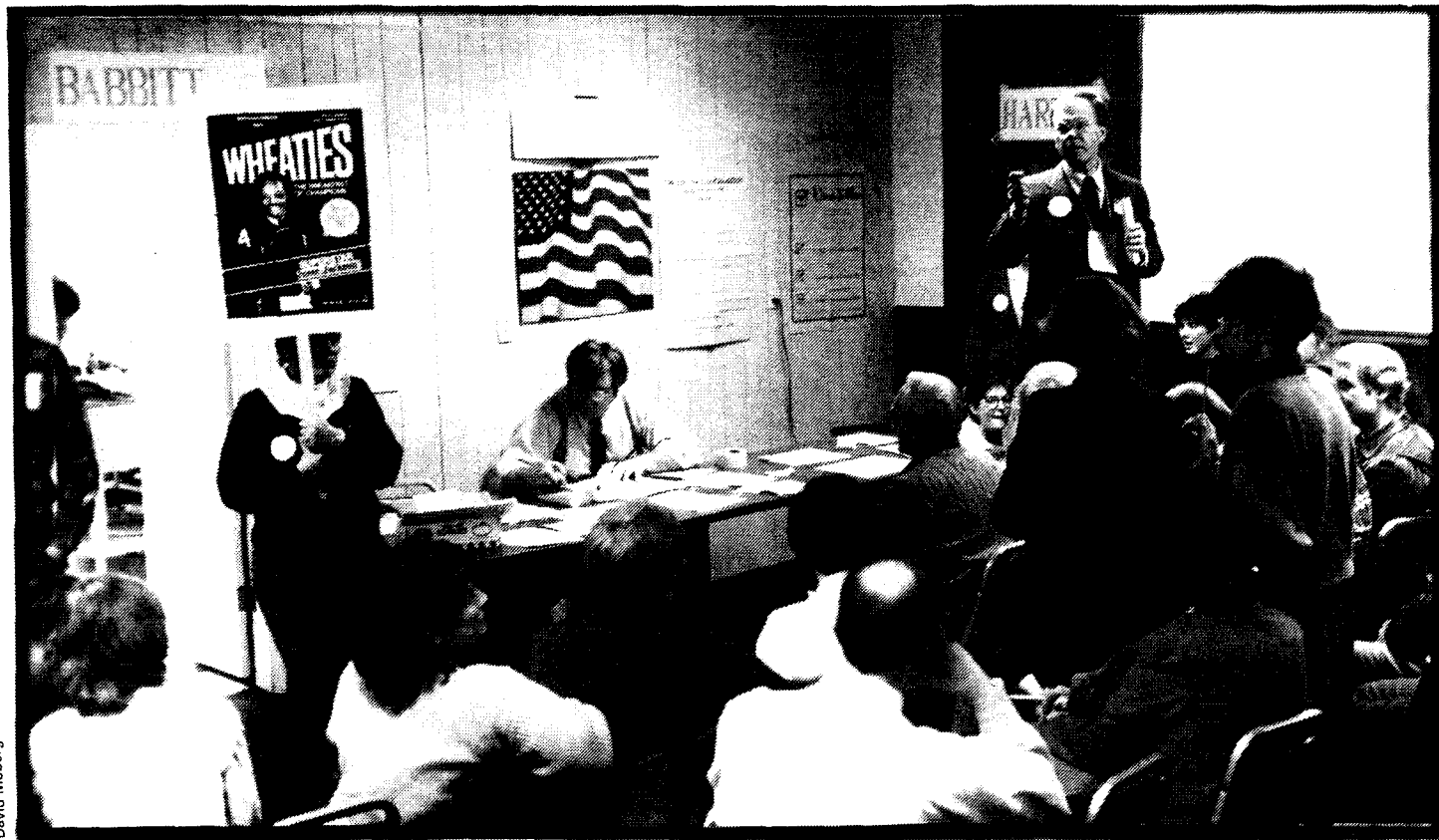
The Jackson factor: Statewide Jackson got only 8.8 percent of the delegates, less than his double-digit goal and roughly in line with what polls have shown for the past year. Yet his fourth-place showing was "significant," according to state Democratic Party Chairwoman Bonnie Campbell. It may also represent a breakthrough to a broader coalition for Jackson in a state that is only 1 percent black.

But Jackson's impact in Iowa went far beyond his votes. Dixon Terry, a dairy farmer from near Greenfield and state chairman of the Iowa League of Rural Voters, argued that Jackson had changed the whole political culture of Iowa and challenged many Iowans, especially older people, to confront their feelings about race.

Jackson also introduced issues and themes that continually challenged his fellow Democratic contenders. For example, all of the candidates except former Gov. Bruce Babbitt eventually supported a farm program that would manage supply to avoid overproduction and maintain adequate prices for basic commodities. But in the agricultural policy debate, Jackson broadened the issue to concentrate on corporate domination of agricultural suppliers and processors—and several other candidates followed his lead.

Even Gephardt's resurgence in January to win the caucus—with 31 percent of the delegates compared to 27 percent for Sen. Paul Simon and 22 percent for Dukakis—was in part inspired by Jackson's tough criticisms of government and corporate abuses. Gephardt, the conservative, pragmatic, technocratic congressional insider, touched

Democrats' foggy road out of Iowa



The Greenfield caucus committed two-thirds of its delegates to the county convention to Jesse Jackson.

David Moberg

a raw nerve with his TV ads attacking foreign trade barriers. Jackson, on the other hand, criticizes U.S. corporations for taking jobs overseas, then shipping products back. Despite urgings from many advisers, Simon did not adopt a "populist" attack on corporations or the rich and delivered a mushy if well-meaning liberal appeal that failed to recreate the lead he once held. Even though Simon's old-fashioned Democrat appeal seemed tailor-made for Iowa's disproportio-

nately older caucus-goers, he even lost ground among the elderly to Gephardt, who once backed a Social Security freeze.

While campaigns blew hot and cold for Gephardt, Simon and Hart, Dukakis held steady. He did best in urban areas, apparently primarily among white-collar and middle-class Democrats. But he also scored well among farmers near the Minnesota border, thanks in part to his endorsement by Minnesota's popular commissioner of ag-

riculture. Former Gov. Bruce Babbitt never clicked, ending up with 6 percent of the delegates. Despite the outsized Jackson support, the Greenfield caucus was not completely atypical. Participation was up; many attendees were still undecided when they arrived; and there seemed to be generally warm feelings about most of the candidates even among those voters with strong preferences.

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Democracy at the diner: the caucus at Doc and Jo's

By Osha Davidson

MECHANICSVILLE, IOWA

MARY BROWN, BRUCE BABBITT'S LONE supporter in the Pioneer Precinct, will not be moved. Seated beneath a single sheet of yellow paper thumb-tacked to the wall above her and bearing her candidate's name, the elderly woman persists like a rock against the tide. Her face is closed and her arms folded in an impressive demonstration of the kind of Midwestern defiance achieved only by farm women well into their seventh decade.

It is February 8, 7:35 p.m.: caucus night. Fifty-nine Democratic Party loyalists are crowded into a proverbial smoke-filled back room at Doc and Jo's restaurant on the edge of this tiny eastern Iowa town to decide the fate of the six remaining presidential hopefuls.

"Come on over to our side," a muscular young Michael Dukakis-backer with his sleeves rolled up to the elbows yells at Mary Brown from across the room. "I'll give you a dollar."

Brown isn't impressed or amused. She tugs at her sweater's right sleeve and sits up even straighter—if that's possible.

"It took me a long time to decide," she says quietly but firmly and lets it go at that. It is rebuke to those who would have her flitting like a butterfly from one candidate

to another.

Dave Ferguson, a middle-aged party official who is running the caucus, looks up from the front table where he and two assistants are tabulating results.

"Well then Mary," he says, adjusting his glasses, "you stick right in there." Several people applaud.

Iowans, especially rural Iowans, are well known for their resistance to change. A retired farmer once told me that his father was the first person in the area to try raising soybeans back in the early part of this century when corn was the undisputed king.

"It probably took quite a while to catch on," I remarked.

"Oh no," he assured me. "Why, some of the neighbors were giving the new crop a try just six or seven years later."

Even among Iowans, the people of this area are famous for their independent ways. In 1931, when the government began testing all dairy cows in Iowa for tuberculosis, scores of armed area farmers vowed to shoot the first son-of-a-bitch to touch a Cedar County cow. The National Guard had to be called in to protect the veterinarians.

"Not that we thought it was a bad idea to test for TB," said a local farmer who was a teenager during the Cow War. "In fact, most everybody thought it was a good idea. We

just didn't like being told we had to do it."

Something to say: The caucus, which supposed to start at 7 p.m., doesn't get underway until 7:25 when Ferguson, a quietly good-looking man with short gray hair, droopy mustache and glasses, gets up in front of the room at the spot usually occupied by the salad bar, clears his throat and calls out, "Could I have your attention please."

The back room of Doc and Jo's is your basic sit-yourself-down-and-eat small town restaurant dining room, with a decor that is simple but comfortable. If locals get the urge to eat at a fancier place they can drive over to the city of Cedar Rapids, 30 miles to the west. But few people do—except for weddings parties or silver anniversaries.

The first order of business, before breaking up into candidate "preference groups," is to call for resolutions, issues that people present think should become planks in the party platform.

"I got something to say," says a voice from the side of the room.

Larry Domer, an avuncular man who, in his black-rimmed glasses and sweater-vest, looks like a rural Ozzie Nelson, stands up to inveigh against Lee Iacocca's moving plants down to Mexico, Japan's unfair trade practices and the line-item veto. He offered no resolutions and ends by declaring himself as "undecided right now" about a presidential candidate.

There is a thick moment of silence then, as if everyone in the room is steeling themselves for the main event, the ritual for which

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