Cost Analysis of Nelson Amendment to S. 372.

Senate races (2 in every state in six years)—2 candidates in each race—$65,384,-
000; 4 candidates in each race—$30,768,000.

House races (3 in every state in six years)—
2 candidates in each race—$59,070,000; 4 candidates in each race—$106,152,000.

Total Cost for a six year period—2 candidates in every race—$104,152,000; 4 candidates in every race—$328,304,000.

Cost per capita eligible voters (based on 140,000,000):

Cost per capita with 2 candidates in each race—$1.00/6 years, 16¢/per year.

Cost per capita with 4 candidates in each race—$2.30/6 years, 38¢/per year.

NOTE.—The above figures are determined on the basis of candidates accepting the subsidy and not raising any funds. Any funds raised by qualified candidates in general elections are, according to the amendment, deducted from the total subsidy received.

AMENDMENT NO. 382

(Ordered to be printed, and to lie on the table.)

CAMPAIGN FINANCING—A RETREAT FROM FULL DISCLOSURE

Mr. MONDALE. Mr. President, the Senate Rules Committee, in reporting the Federal Elections Campaign Act Amendments of 1973 (S. 372) last week, made what I believe to be an unfortunate retreat from the full disclosure requirements of the 1971 Act.

The committee struck out the requirement that the occupation and place of business of those persons contributing more than $100 be reported and publicly disclosed.

I am today submitting an amendment to S. 372 restoring this requirement for contributions of over $100. The text of the amendment appears at the end of my remarks.

The committee also struck out the requirement that occupation and place of business be recorded for contributions of between $10 and $100. This part of the committee's action is reasonable, since contributions of $100 or less need not be reported, and my amendment would leave this modification intact.

The value of full disclosure for large contributions of over $100 far outweighs any moderate inconvenience candidates and contributors may suffer.

The news is filled every day with stories of contributions and their employees being pressured into contributing to campaigns. It has been alleged, for example, that the Nixon administration compiled a list of corporations in trouble with the Government, seeking favors from it, or regulated by it. These corporations were then assigned quotas of $50,000 or $100,000 to be contributed to the Nixon campaign. In most cases, apparently, these quotas were filled by contributions from corporate executives, but in at least one case—that of American Airlines—corporate funds were used in violation of the law. Even when executives make contributions with their own funds, it sometimes happens that they are reimbursed with bonuses, salary increases, or padded expense accounts—which the corporation can then deduct on its tax return.

The atmosphere of this activity has been well described by American Airlines board chairman George A. Saper. In acknowledging American's illegal $5,000 contribution to the Nixon campaign, Saper said:

"Under the existing laws, a large part of the money raised from the business community for political purposes is given in fear of what would happen if it were not given.

In light of all of this, it is difficult to contend that the occupation and place of business of those making large contributions is irrelevant and need not be reported. If 20 executives of a large corporation all contribute on the same day to a candidate, is not their corporate affiliation important? If a corporation gets favorable Government decision in a controversial case, is not the public entitled to know how much its executives contributed and to whom?"

The editorial reaction to the Rules Committee's action has been uniformly negative.

The Wall Street Journal on July 11 said:

We now learn that the Senate Rules Committee has moved to water down the disclosure requirements of the 1971 Act, a prospect which could scarcely seem less appropriate. If anything, the requirements should be strengthened.

On the same day, the New York Times called the committee action "astoundingly shortsighted".

Undoubtedly, the existing requirement is now somewhat burdensome to campaign treasurers, but it is widely known, it will become a matter of simple routine. It is no more onerous for the contributor than providing identification to get a check cashed. If addresses and occupations are not listed, the reports on contributions become much less meaningful.

An editorial in the July 13 Washington Post referred to the weakening of the disclosure laws as "astonishing" in the light of the American Airlines revelations.

Mr. President, I ask that the text of the amendment I am introducing be printed in the Record at this point, along with the editorials I have referred to and newspaper articles entitled "Inquiries Into Nixon's Re-election Funds Turning Up a Pattern of High Pressure"—New York Times, July 15, 1973—and "Disclosure, Aim of First Election Reform, May Be Lost In Second"—Washington Post, July 14, 1973.

There being no objection, the amendment and material was ordered to be printed in the Record, as follows:

AMENDMENT NO. 382

On page 16, after line 18, insert the following paragraph:

"(3) Section 302(c) of such Act is further amended by striking the semi-colon at the end of paragraph (2) and inserting "and, if a person's contributions aggregate more than $100, the account shall include occupation, and the principal place of business (if any) ; ."

On page 21, line 1, strike out "paragraphs (2), (3), (4), and (10)," and insert in lieu thereof "paragraphs (9) and (10),".

On page 21, strike out lines 4 through 8, and insert in lieu thereof:
American Airlines is getting high marks for candor when admitting that corporate funds were used in a $75,000 kitty that went to the Committee to Re-elect the President. We hope the public will see the marks would be more deserved were it not for suggestions by "insiders" that the airline was about to be found out anyway.

Common Cause, a "citizens' lobby" that focuses a great deal of its non-partisan attention on miscreants of a Republican persuasion, issued a call of a different sort that might have disclosed the gifts. Also, the incident should not pass without someone noting that it would have been perfectly possible for Americans to rebuff this bit of illegality in the first place. Still, we do rate the airline's candor far higher than that of that re-election committee and its minions, who claim no knowledge of anything unseemly about the contribution.

We find it hard to know where to begin a discussion of the second subject, except to say that we have little sympathy for anyone whose political machinations carry him through the Federal Election Act's disclosure requirements. Corporate executives seek to make a case that politicians blackmail them into illegal campaign contributions. The politicians insist that they are merely trying to get legal dollar amounts of money that they can refuse on only penalty of losing an election. Civil servants insist that they would remain pure and free of involvement in those political games were it not for the pressures applied to them by the political operators higher up.

Let us take the first claim. American Chairman George A. Spater insists that the political fund-raising system in this country is beset with evils. Some other businessmen claim that it is nothing short of extortion.

But we doubt that many businessmen would come to real disaster from refusing improper advances from political fund-raisers. Perhaps the only way we suspect that there is about a 50-50 split on which side makes the first pass.

In our system, no politician—even the President—can act in the role of policeman to fix every federal problem a donor might encounter. The fact that civil servants and even some political appointees don't always bow to pressures may have been part of the reason for the fidelity of televised glimpses of breakfast food. There are all sorts of ways for bureaucrats to help the contributors.

Against the background of these developments, it seems that the Senate Rules Committee has the temerity to propose two amendments to the new law which would narrow its scope. The first would remove the requirement that a contributor file a statement which reveals that company lines had voluntarily disclosed that it had made an illegal cash contribution of $55,000. The second would remove the requirement that he be provided with a list of all contributions. The Committee speculates that these requirements probably serve as well as any in their usefulness.

American Airlines, for example, has disclosed to Watergate Special Prosecutor Archibald Cox post that the airline has contributed $50,000 to the Nixon campaign. This contribution is illegal under the new law, as indeed they were under the old but unenforced Campaign Contributions Act of 1969. Eastern Airlines has announced that it refused a similar solicitation from the Nixon campaign. This refusal cost Eastern Airlines its membership in the Air Transport Association, which was able to get a large sum of money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen, the milk money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen, the milk money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen, the milk money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen, the milk money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen, the milk money which began to flow just before the Nixon campaign. What business corporations can do when they are in favor of the dairymen.
industry regulated by the government. More to the point, American then had a merger pending before the government and its chief competitor. Mr. Haughton's proposal was later turned down, so both of Mr. Kalmbach's clients won while American lost.

In any case, Mr. Spater and Mr. Kalmbach are grownups, Mr. Kalmbach knew whom he represented—the President and United Airlines—and he knew that Mr. Spater also knew. Mr. Spater had available to him sufficient legal talent to find out what campaign contributions from corporate funds were illegal if he didn't know. It just happened to be talked to Mr. Kalmbach. So, there was a need not only for a "substantial response" but for one that would be difficult to trace. Thus, according to reports, there was a Lebanese "laundering" operation for America's $55,000 so that the money would come through as untraceable cash. Moreover, it was all delivered before the more stringent campaign financing law went into effect in April 1972.

It just happens that the records for some of those pre-April contributions have been lost or destroyed by Mr. Nixon's finance committee, Maurice Stans, Mr. Nixon's finance director. Mr. Haughton had requested $100,000. Senior staff members of the Senate Watergate committee that there was nothing illegal about destroying those records. He justified his insistence on maintaining the confidentiality principle. "The committee's position all along," he said, "was that non-disclosure created a right of the contributor which the committee could not properly waive. The right to live without undue intrusion is a long-recognized benefit of the American system."

But it turns out that, indeed, there was an "advantage" to having a right of the contributor which the committee, and possibly by the committee, of the criminal code of the United States. Mr. Spater gave a little different and, under the circumstances, probably a more candid view of the operation of the system. "Under the existing laws," he said, "a large part of the money raised from the business community for political purposes is given in fear of what would happen if it were not given."

Some months ago, there was recorded, and, with fellows like Mr. Kalmbach and Mr. Stans stalking through the corporate jungle, not even a wink or a nod was needed to get the information. Mr. Spater went on, and he said that other corporations will follow Americans' admirable example and make the disclosure of their contributions.

Incredibly, the Senate Rules Committee chairman, Daniel Haughton, said that he had declined the request of "such great magnitude" on his personal fortune and that he had told his callers he would make public the money only if he were forced to. Mr. Haughton also recalled that he had felt obliged to remind his visitors that it was illegal for a corporation to give a campaign contribution in the name of its chairman. He later gave as much, fully reported. He has since tried and failed to get it back.

Moreover, officials of the Greyhound-Armour Corporation, which had been seeking but had failed to get authority to operate wide buses on interstate highways, said this week that they were visited by Mr. Stans last year.

Mr. Spater said that Greyhound's president, R. F. Shaffer, had "complained so bitterly about the treatment Greyhound was getting from the Nixon Administration that we've offered to buy Greyhound." Mr. Stans was also said to have called mistakenly on some Democrats. John T. Connor, the chairman of Greyhound Corporation and a Democrat, then supporting the nomination of Senator Hubert H. Humphrey, said he was telephoned by Mr. Stans early in the year and asked for a contribution. Mr. Connor said that if he had given $1,125 to Democrats for Nixon, Allied, like other chemical concerns, had had confrontations with the Government on pollution issues.

More often, the Republican approach seems to have worked extremely well. Mr. Kalmbach's clients won while American lost. Mr. Kalmbach's clients won while American lost. Mr. Kalmbach's clients won while American lost. Mr. Stans was said to have solicited in California an "old friend," Charles B. Thornton, the head of Litton Industries, a conglomerate under presidential scrutiny. The Times' survey brought responses from about 100 corporations—a sample of the heads of scores of major corporations. The survey disclosed that the standard Stans-Kalmbach request among business leaders was for $100,000 in individual executive contributions—contributions that would be legal. Last week, American Airlines, which had a proposed merger with Western Airlines pending before the Government, admitted that it had given the Nixon campaign an illegal corporate donation of $100,000 after, it was reported, the airline had solicited contributions. And failed to get It back.

In the wake of American's admission, The New York Times published a survey, The survey disclosed that the standard Stans-Kalmbach requests were customarily for $100,000 but sometimes the request was for 1 per cent of the company's profits, a figure that could have been higher than $100,000.

The Times' list of companies that the two men were said to have visited—a sample of about 100—is included in the list of contributors that the Times had solicited, but not all of, the prime defense contractors. The list also indicated that the campaign was running into trouble with or awaiting rulings from government agencies and boards controlled by the Administration.

Mr. Spater said that its illegal gift had been made "in fear of what would happen if it were not given."

Many of Mr. Stans' and Mr. Kalmbach's corporate clients had been invited to use a loophole in the Federal law, since closed, that allowed them to avoid public disclosure of their contributions.

The Times received responses from those who had given large amounts and those who had resisted the reported appeals.

Leonard K. Firestone, the chief Nixon fund-raiser in California, had requested $100,000 from him, to be collected from interested parties in the United States, which also was in difficulty with cost overruns on defense contracts. Mr. Haughton said some funds had been raised but the total "did not approach $100,000."

Through a spokesman for the Oil Matheson Chemical Corporation, Keith Punston, the former chairman, said that his "good
friend," Mr. Stans, had been invited late last
February to visit with Olits executives at a
game shoot at the company's private hunting
property in the South. The Stans family had not
received any financial contributions. Mr. Stans
had not solicited funds. John M. Olits, the honorary chairman, later gave the
Nixon campaign $101,500.
Mr. Kalmbach had visited Eli Lilly &
Company executives last June 26, along with
other business leaders in Indianapolis. A
Lilly spokesman said that Mr. Stans had not
mentioned a company quota but had "argued
for a reasonable contribution from re-
sponsible executives equivalent to 1 per cent of
their net worth."
Lynn A. Townsend, the board chairman of
the Chrysler Corporation, said that Mr. Kalmbach called on him in Detroit in Au-
 gust, 1971, and asked for an amount he
cannot now recall.
Representatives of the American Motors Cor-
poration, a smaller company, were later
solicited for $100,000. This was at a time
when the auto industry—and particularly Chrysler—was preparing an aggressive cam-
paign to relax or delay the Federal air pollu-
tion standard. Mr. Kalmbach had said he was
required by the Clean Air Act of 1970, which
the Nixon Administration also had opposed.
Mr. Kalmbach and his individual execu-
tives, pooling their gifts through a com-
pany-administered fund, had given the
Nixon campaign an undisclosed amount. The
enforcement standards were later postponed for
a year.

$110,000 FROM FORDS

The Ford Motor Company said it had not
been approached by any Republican fund-
raisers. But Mr. Kalmbach was identified in
a statement released on Thursday by Pierre
J. Hefter, the personal lawyer of Henry Ford
Sr., as a person who had reported $50,000 given to the Nixon cam-
paign directly from Mr. Ford. Other mem-
bers of the Ford family as individuals, later
raised the family total to more than $110,-
000.

According to a spokesman at General Mo-
tors, both Mr. Stans and Mr. Kalmbach were
"among others" who got in touch with G.M.
executives for contributions in late 1971.

"We don't know who contributed or how
much," the spokesman said.

Carl Gerstacher, chairman of the Dow Chemical Company, said Mr. Stans had called
on him for a contribution of "$100,000 or
more," that would come "within 6 months or
more." Last July 27, Mr. Stans, who had resigned
five months earlier as the Nixon Administra-
tion's Secretary of Commerce met at the White House, was one of the carpet
industry from the South who were anxious
about the scope of Federal fabric flammabil-
ity standards then pending in the depart-
ment.

Within two weeks, two Georgia carpet
executives, Martin B. Seretean of Coronet
Industries and Eugene T. Barwick of Pen-
wick Industries, Inc., began a flow of Nixon
contributions that eventually appeared in
campaign disclosure reports as $108,000 from
Mr. Seretean and $106,000 from, Mr. Bar-
wick.

The flammability standards, now under the jurisdiction of the Independent Con-
sumer Protection Agency, still have not been
set.

SAMPLES FROM LIST

The list of other company executives who
told The Times he had tried to solicit, or who
had solicited by others, was prepared by
Mr. Stans or Mr. Kalmbach—in
person or by phone, telegram and letter—
includes executives for Union Carbide Business
Machines, W. R. Grace & Co., the Phillips
66 and Rubber Company, the General Electric
Company, the General Dynamics Corpora-
tion, the Georgia-Pacific Corporation and the
American Express Company.