POLITICAL CAMPAIGN FINANCING PROPOSALS

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETIETH CONGRESS

FIRST SESSION

ON

VARIOUS PROPOSALS FOR FINANCING POLITICAL CAMPAIGNS

JUNE 1, 2, 6, 7, 8, AND 9 1967

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POLITICAL CAMPAIGN FINANCING PROPOSALS

THURSDAY, JUNE 1, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long, chairman, presiding.

Present: Senators Long, Anderson, Gore, McCarthy, Williams, Curtis, and Dirksen.

The CHAIRMAN. The hearing will come to order.

During the time that this hearing is being televised or subject to motion picture camera, we will observe the following rule, which is a rule of the Permanent Investigation Subcommittee of the Senate Committee on Government Operations and the Committee on Rules and Administration—

A witness may request, on grounds of distraction, harrassment or physical discomfort, that during his testimony by television, motion picture or other camera lights shall not be directed at him. Such a request will be ruled on by Committee Members present and voting at the hearing.

This hearing has been called for the purpose of receiving testimony on the matter of political campaign financing. The record developed here will aid the committee in complying with the direction of the Senate that we report "provisions with respect to the presidential campaign fund law of 1966." This instruction was contained in a motion by the majority leader agreed to by the Senate on April 25.

It is a rather overused but true statement that we Americans take many things for granted. Too often, we Americans have either overlooked or forgotten the principles that have always distinguished this country from every other.

One idea that most of us assume as a part of our heritage is that any one of us can be chosen to lead the rest; that is, any American citizen can aspire to any elected public office. While this idea is generally taken for granted, if we reflect upon it, we will see it is not necessarily true. To be elected to public office, particularly to the higher echelons of public office, it is not sufficient to have a desire for the office or to be qualified by experience or intelligence for the office, In addition, one must have money to make the race for the office. Therefore, many poor people in the United States are automatically disqualified from obtaining elected public office. Of course, it is not the wealthy alone who are elected, but those who are not wealthy and who are elected must rely on the generosity of others. This generosity may too often be a quid pro quo for favors promised or previously rendered by the officeseeker. Or the would-be elected official who is not rich and does not care to sacrifice his inde-

pendence for money with which to run for office must borrow and mortgage himself to the hilt to obtain office and he usually remains in dire financial shape throughout his term of office. This problem of having the financial resources to be elected to public office is one that, although perhaps not widely recognized by the American public, has nevertheless bothered politicians, party officials, and political scientists for many years. Yet, they were unable to agree on an answer to the problem which could be enacted into law.

It was against this background that the Senate Finance Committee put itself last summer when it conducted hearings on political campaign financing. That hearing concentrated on several proposals before the committee suggested by their sponsors as ways to meet the problem I have just described. From those hearings came a proposition which the 89th Congress enacted. That was the Presidential Election Campaign Fund Act of 1966.

This year that law has been the subject of considerable debate in the Senate. This debate has stimulated the introduction of a number of bills dealing with campaign financing. Some of these bills provide for direct Federal financing of political campaigns. Others offer a tax credit or a tax deduction to encourage private contributions. Still others adopt a voucher approach under which individuals indicate the candidate they want to receive a specified amount of Federal aid. These bills are all before the Senate Finance Committee.

Without objection, the following pertinent information will be printed in the record at this point:

President's message, "The Political Process in America," transmitting recommendations to the Congress (p. 2);

Committee press release announcing these hearings (p. 10);

Bills before this committee proposing methods for financing political campaigns *;

Summary of the above bills prepared by the staff of the committee (p. 60); and

Text of the Presidential Election Campaign Fund Act of 1966 (p. 63).

(The material referred to follows. The Chairman's statement continues on p. 65.)

THE POLITICAL PROCESS IN AMERICA

To the Congress of the United States:

INTRODUCTION

Public participation in the processes of government is the essence of democracy. Public confidence in those processes strengthens democracy.

No Government can long survive which does not fuse the public will to the institutions which serve it. The American system has endured for almost two centuries because the people have involved themselves in the work of their Government, with full faith in the meaning of that involvement.

But Government itself has the continuing obligation—second to no other—to keep the machinery of public participation functioning smoothly and to improve it where necessary so that democracy remains a vital and vibrant institution.

It is in the spirit of that obligation that I send this message to the Congress today. I propose a five-point program to:

—Reform our campaign financing laws to assure full disclosure of contributions and expenses, to place realistic limits on contributions, and to remove the meaningless and ineffective ceilings on campaign expenditures.

—Provide a system of public financing for Presidential election campaigns.

—Broaden the base of public support for election campaigns, by exploring ways to encourage and stimulate small contributions.

*The bills appear as follows: S. 786, p. 10; S. 1390, p. 11; S. 1407, p. 15; S. 1547, p. 18; S. 1693, p. 19; S. 1794, p. 24; S. 1827, p. 33; S. 1882, p. 50; S. 1883, p. 52; and S. 1890, p. 57.

—Close the loopholes in the Federal laws regulating lobbying.
—Assure the right to vote for millions of Americans who change their residences.

II.

THE ELECTION REFORM ACT OF 1967

In our democracy, politics is the instrument which sustains our institutions and keeps them strong and free.

The laws which govern political activity should be constantly reviewed—and reshaped when necessary—to preserve the essential health and vitality of the political process which is so fundmental to our way of life.

In my 1966 State of the Union message I called attention to the need for a basic reform of the laws governing political campaigns in these words:

". . . I will submit legislation to revise the present unrealistic restrictions on contributions—to prohibit the endless proliferation of committees, bringing local and state committees under the act—and to attach strong teeth and severe penalties to the requirement of full disclosure of contributions. . . ."

A year ago this month, I submitted my proposals to the Congress in the Election Reform Act of 1966.

That measure reflected my concern, as one who has been involved in the process of elective Government for over three decades, that the laws dealing with election campaigns have not kept pace with the times.

The Federal Corrupt Practices Act was passed 42 years ago. The Hatch Act was passed 27 years ago. Inadequate in their scope when enacted, they are now obsolete. More loophole than law, they invite evasion and circumvention.

A sweeping overhaul of the laws governing election campaigns should no longer be delayed.

Basic reform—with an emphasis on clear and straightforward disclosure—is essential to insure public confidence and involvement in the political process. On the cornerstone of disclosure we can build toward further reform—by charting new ways to broaden the base of financial support for candidates and parties in election campaigns.

I again ask the Congress to take positive action in this field as we work together to insure continued and increased public confidence in the elective process.

I recommend the Election Reform Act of 1967 to correct omissions, loopholes, and shortcomings in the present campaign laws.

This Act embodies many of the same positive measures I proposed last May. Last October, after hearings, the subcommittee on Elections of the Committee on House Administration reported out substantially the bill I proposed "favorably and with bipartisan support." The Subcommittee Report called those measures "a vast improvement over existing law."

Full Public Disclosure

The heart of basic reform is full disclosure. This measure would, for the first time, make effective the past efforts of the Congress and the Executive to achieve full disclosure of political campaign funds.

Complete disclosure will open to public view where campaign money comes from and how it is spent. Such disclosure will help dispel the growth of public skepticism which surrounds the present methods of financing political campaigns.

Full disclosure efforts are frustrated today by gaps in the law through which have passed an endless stream of national, state and local political committees.

To insure full disclosure, I recommend that:

—Every candidate, including those for the Presidency and Vice Presidency, and every committee, state, interstate, and national, that supports a candidate for federal office be required to report on every contribution, loan and expense item over $100.

—Primaries and convention nomination contests be brought within the disclosure laws.

Effective Ceilings on the Size of Contributions

Closely related to full disclosure—the basic step in any election reform—is another equally demanding task. It requires that we make political financing more democratic by recognizing that great wealth—in reality or appearance—could be used to achieve undue political influence.

Current law limits to $5,000 contributions to a single candidate for federal office or contributions to any national political committee supporting a candidate. But the law does not prohibit an individual from making a $5,000 contribution to each of several national committees supporting a candidate or party—and

there is no limit to the number of such committees. Moreover, state and local political committees are not even covered by existing law.

I recommend that a $5,000 limit be placed on the total amount that could come from any individual, his wife or minor children, to the campaign of any candidate.

Repeal of Artificial Limits of Campaign Expenses

With full disclosure and an effective ceiling on contributions we can move forward to cure another defect in our election campaign laws—the artificial limits on campaign expenditures.

Under present law, for example:

—National political committees can raise and spend no more than $3 million. But the law does not limit the number of national committees.

—Senate candidates are limited to expenses of $25,000 and House candidates to $5,000. But the law does not limit the number of committees that can spend and raise money on the candidate's behalf.

These legal ceilings on expenditures were enacted many years ago, when the potential of radio in a campaign was virtually unknown and when television did not exist. They are totally unrealistic and inadequate. They have led to the endless proliferation of political committees.

I therefore recommend a repeal of the present arbitrary limits on the total expenditures of candidates for federal office.

Barring Political Contributions by Government Contractors

Present law prohibits corporations and labor organizations from making contributions to campaigns for federal office.

But there is an anomaly which must be corrected in the law relating to contractors with the Federal Government.

Non-corporate Government contractors are now prohibited from making political contributions at all levels of Government—federal, state and local.

The bar on corporations with government contracts, however, extends only to political contributions at the federal level. These corporations are free to make political contributions at the state and local levels where finances are often intertwined with national political campaigns.

In the interests of consistency and good sense, I recommend that corporations holding contracts with the Federal Government also be prohibited from making political contributions at the state and local level.

Enforcement

To insure that these reforms are strictly enforced, the Election Reform Act of 1967 would provide criminal penalties for violations of the law.

III.

CAMPAIGN FINANCING

The proposed Election Reform Act of 1967 is corrective, remedying present inadequacies in the law. It goes hand in hand with the pursuit of another goal—to provide public support for election campaigns.

The Background

Democracy rests on the voice of the people. Whatever blunts the clear expression of that voice is a threat to democratic government.

In this century one phenomenon in particular poses such a threat—the soaring costs of political campaigns.

Historically, candidates for public office in this country have always relied upon private contributions to finance their campaigns.

But in the last few decades, technology—which has changed so much of our national life—has modified the nature of political campaigning as well. Radio, television, and the airplane have brought sweeping new dimensions and costs to the concept of political candidacy.

In many ways these changes have worked to the decided advantage of the American people. They have served to bring the candidates and the issues before virtually every voting citizen. They have contributed immeasurably to the political education of the nation.

In another way, however, they have worked to the opposite effect by increasing the costs of campaigning to spectacular proportions. Costs of such magnitude can have serious consequences for our democracy:

—More and more, men and women of limited means may refrain from running for public office. Private wealth increasingly becomes an artificial

and unrealistic arbiter of qualifications, and the source of public leadership is thus severely narrowed.

—Increases in the size of individual contributions create uneasiness in the minds of the public. Actually, the exercise of undue influence occurs infrequently. Nonetheless, the circumstance in which a candidate is obligated to rely on sizable contributions easily creates the impression that influence is at work. This impression—however unfounded it might be—is itself intolerable, for it erodes public confidence in the democratic order.

—The necessity of acquiring substantial funds to finance campaigns diverts a candidate's attention from his public obligations and detracts from his energetic exposition of the issues.

—The growing importance of large contributions serves to deter the search for small ones, and thus effectively narrows the base of financial support. This is exactly the opposite of what a democratic society should strive to achieve.

It is extremely difficult to devise a program which completely eliminates these undesirable consequences without inhibiting robust campaigning and the freedom of every American fully to participate in the elective process. I believe that our ultimate goal should be to finance the total expense for this vital function of our democracy with public funds, and to prohibit the use or acceptance of money from private sources. We have virtually no experience upon which to base such a program. Its risks and uncertainties are formidable. I believe, however, that we are ready to make a beginning. We should proceed with all prudence speed to enact those parts of such a program which appear to be feasible at this time.

PRESIDENTIAL CAMPAIGNS

The Problem

The election of a President is the highest expression of the free choice of the American people. It is the most visible level of politics—and also the most expensive.

For their free choice to be exercised wisely, the people must be fully informed about the opposing candidates and issues. To achieve this, candidates and parties must have the funds to bring their platforms and programs to the people.

Yet, as we have seen, the costs of campaigning are skyrocketing. This imposes extreme and heavy financial burdens on party and candidate alike, creating a potential for danger—the possibility that men of great wealth could achieve undue political influence through large contributions.

In recognition of this problem, the Congress last year enacted the Presidential Election Campaign Fund Act. By so doing, it adopted the central concept that some form of public financing of Presidential campaigns would serve the public interest.

I did not submit or recommend this legislation. It was the creation and the product of the Congress in 1966. As you will recall, it was added as an amendment to other essential legislation. When I signed that Act into law last November, I observed that "it breaks new ground in the financing of Presidential election campaigns" and that the "new law is only a beginning." It was my belief then, as it is now, that the complex issues involved in this new concept required extensive discussion and penetrating analysis.

Over the past six weeks, we have heard men of deep principle and firm conviction engage in a spirited and searching debate on the law. While there were honest and vigorous disagreements, they were voiced by those who share a common faith in the free ideals which are the bedrock of our democracy.

The Issues

The course of the debate has illuminated many of the issues which underlie the matter of Presidential campaign financing. For example:

—In what amount should Federal funds be provided for these campaigns?

—What limitations should be placed on the use of these funds?

—Should there be a complete bar on the use of private contributions for those aspects of campaign financing which would be regularly provided through appropriations?

—Can the availability of public funds result in an undue concentration of power in National Political Committees. If so, what steps can be taken to prevent it?

—Is the tax check-off method a sound approach or is a direct appropriation to be preferred?

—How can equitable treatment of minor parties be assured?

—What sanctions would be most effective to insure compliance with the law?
—Whatever the ultimate formula, how can we preserve the independence, spirit and spontaneity that has hallmarked American political enterprise through the years?

The Recommendations

Against this backdrop of concern for the political process, the protection of the public interest, and the issues that have been raised, I make these eleven recommendations to improve and strengthen the Presidential Election Campaign Fund Act:

1. *Funds to finance Presidential campaigns should be provided by direct Congressional appropriation, rather than determined by individual tax check-off.*

This approach would:

—Provide the opportunity for Congress to make a realistic assessment, and express its judgment, of what it would cost Presidential candidates or parties to carry their views to the voters. This assessment should consider the recommendations of the special Advisory Board to the Comptroller General, created under the Presidential Election Campaign Fund Act. The Board consists of representatives of both major political parties. Based on this review and recommendation, Congress could then appropriate the necessary funds.
—Make the amount appropriated for the campaign fund more stable, by removing its uncertain reliance on tax check-offs, whose numbers might bear no reasonable relationship to the amount required to bring the issues before the public.

2. *The funds should be used only for expenses which are needed to bring the issues before the public.*

Under the procedure I recommend:

—The funds so appropriated would be used to reimburse specified expenditures incurred during the Presidential election campaign itself, after the parties have selected their candidate.
—The amount appropriated should be adequate to defray key items of expense to carry a campaign to the public and thus be limited to the following items: radio and television, newspaper and periodical advertising, the preparation and distribution of campaign literature, and travel.
—The amount of the fund for the major parties as finally determined by the Congress, would be divided equally between them.

3. *Private contributions for major parties could not be used for those items of expense to which public funds could be applied.*

Private contributions, however, could be used to defray the cost of other campaign expenses. These would include the salaries of campaign workers, overhead, research and polls, telegraph and telephone, postage and administrative expenses.

Citizens who want to make contributions to the party or candidate of their choice will be free to do so. Party workers at the grass roots will be able to pursue their neighborhood activities, a responsibility which is deeply woven into the fabric of American political tradition.

But under the measures I have proposed, the major burden of raising money for soaring campaign costs will be lifted from a Presidential candidate's shoulders. No longer will we have to rely on the large contributions of wealthy and powerful interests.

4. *A "major party" should be defined as one which received 25% or more of the polular votes cast in the last election.*

A percentage-of-votes test is more realistic than the fixed number of votes (15 million) now in the present law. It recognizes our growing population with more Americans entering the voting ranks each year.

5. *A "minor party" should be defined as one which received between 5% and 25% of the popular votes cast in the current election.*

For the same reasons I described above, the eligibility test for Federal support should not be based on a fixed number of votes (5 million for "minor parties" in the current law), but rather on the percentage of votes received.

Third party movements can support the rich diversity of American political life. At the same time some reasonable limitations should be developed so that Federal financial incentives are not made available to parties lacking a modicum of public support—or created solely to receive Government funds.

Under this proposal, "minor parties" would receive payments based on the number of votes they receive in the current election. The payment for each vote received by a minor party would then be determined so as to be the equivalent of that made to the major parties.

For example, assume that two major parties received a total of 80 million votes in a prior election, and Congress had appropriated a $40 million campaign fund for those two parties. Although the major parties would share equally in that fund ($20 million each), the allocation would amount to 50 cents per vote cast for those parties. Using the 50 cents per vote as the guideline, a minor party receiving 5 million votes in the current election would be entitled to $2.5 million for its recognized campaign expenses.

6. *A "minor party" should be eligible for reimbursement promptly following an election.*

A "minor party" should be able to qualify promptly for federal funds, based on its showing in the current election, rather than waiting four years until the next election. This added source of funds should enhance a minor party's opportunity to bring its programs and platforms into the public arena.

7. *The percentage of federal funds received by a major or minor party which could be used in any one state should be limited to 140 percent of the percentage the population of that state bears to the population of the country.*

This would prevent the concentration of funds in any particular State and would minimize the ability of national party officials to reduce the role and effectiveness of local political organizations. At the same time, it would retain the flexibility necessary to carry a party's programs to the public. The Comptroller General should be empowered to issue rules for the equitable allocation, on a geographic basis, for national campaign expenses, such as network television.

8. *The Comptroller General should be required to make a full report to the Congress as soon as practicable after each Presidential election.*

This report should include:

—payments made to each party from the fund;
—expenses incurred by each party;
—any misuse of the funds.

9. *The Comptroller General should be given clear authority to audit the expenses of Presidential campaigns.*

It is imperative that the strictest controls be exercised to safeguard the public interest. The General Accounting Office is the arm of the Government which I believe is best suited to monitor the expenditures of the fund.

Payments from the fund would be made only upon the submission of certified vouchers to the Comptroller General.

If the Comptroller General's audit reveals any improper use of funds, the following sanctions would be applied:

—the amounts involved would have to be repaid to the Treasury; and
—if the misuse is willful, a penalty of up to 50 percent of the amount involved would be imposed.

10. *To bring greater wisdom and experience to the administration of the act, the Comptroller General's special Advisory Board on the Presidential Election Campaign Fund should be expanded from 7 to 11 members.*

This Advisory Board is faced with a heavy and demanding task. It must "counsel and assist" the Comptroller General in the performance of his duties under the Act.

The membership of the Board now consists of two members from each major political party and three additional members. I recommend that the Board be enlarged to encompass the wisdom and experience of 4 distinguished Americans:

—The Majority Leader of the Senate
—The Minority Leader of the Senate
—The Speaker of the House of Representatives
—The Minority Leader of the House

11. *Criminal penalties should be applied for the willful misuse of payments received under the Act by any person with custody of the funds.*

The penalties should be a fine of not more than $10,000, or 5 years imprisonment, or both. Criminal penalties would also be applied against any person who makes a false claim or statement for the purpose of obtaining funds under the Act.

OTHER CAMPAIGN FINANCING

We should also seek ways to provide some form of public support for Congressional, state and local political primaries and campaigns.

Here, the need is no less acute than at the Presidential level. But the problems involved are as complex as the elections themselves, which vary from district to district and contest to contest.

Because the uncertainties in this area are so very great, and because the issues have not received the benefit of the extensive debate that has characterized

Presidential campaign financing, I pose for your consideration and exploration a series of alternatives.

In 1961, President Kennedy appointed a distinguished, bipartisan Commission on Campaign Costs to take a fresh look at the problems of financing election campaigns. Although the Commission devoted its attention to the problems of campaign costs for Presidential and Vice Presidential candidates, it pointed out that the measures proposed "would have a desirable effect on all political fund raising."

The Commission's 1962 report and recommendations were endorsed by Presidents Dwight D. Eisenhower and Harry S. Truman as well as leading Presidential candidates in recent elections.

Based on the Commission's recommendations and the later reviews and studies of campaign financing, there are several alternatives which should be considered. These alternatives all involve public financing of campaigns to a greater or lesser extent. Among them are:

—A system of direct appropriations, patterned after the recommendations made herein for Presidential campaigns, or modeled after recommendations pending in the Congress.

—A tax credit against federal income tax for 50 percent of contributions, up to a maximum credit of $10 per year.

—A matching incentive plan in which the government would contribute an amount up to $10 for an equal amount contributed by a citizen, whether or not a taxpayer, to a candidate or committee.

—A "voucher plan" in which Treasury certificates for small amounts could be mailed to citizens who, in turn, would send them to candidates or committees of their choice. These vouchers could then be redeemed from public funds, and the funds used to defray specified campaign expenditures.

I believe these deserve serious attention along with other proposals previously recommended and suggested to the Congress. Each alternative offers particular advantages. Thorough review may reveal that one is to be clearly preferred over the others, or that still other courses of action are appropriate. Whatever the outcome, any such review should reflect a realistic assessment of the amount of funds needed in these campaigns and the extent to which the funds should be provided by public means.

I recommend that Congress undertake such a review.

I have asked the Secretary of the Treasury and the Attorney General to cooperate fully with the Congress in its exploration of these alternatives in order to give all the help the Executive Branch can to the Congress as it seeks the best congressional election campaign financing program.

* * * * * * *

These recommendations represent my thoughts on the issues at stake. I believe they highlight the problems in an area so new and complex that there is little experience in our national life to guide us.

I hope that these proposals will serve as guidelines for discussion and debate in the coming weeks. A penetrating and orderly review of these vital public issues, with all the wisdom that the Congress can summon, will in itself be an important educational process for the nation in the art of government and politics.

I hope that Congress will proceed to consider promptly the problem of campaign financing and will enact appropriate legislation.

I make no recommendation as to the effective date with respect to such legislation. I leave that entirely to the judgment and wisdom of the Congress. I have no desire to ask that the provisions be made applicable to any campaign in which I may be involved. On the other hand, I have no desire to request that any such campaign be exempted from modernizing legislation which Congress might enact.

Public financing of political campaigns presents the American people with an issue that is both significant and complex—departing as it does from the familiar practices of the past. It transcends partisan political considerations. I urge the American people and the Congress to consider this issue thoughtfully, on its merits, and on the highest and most objective plane, independent of any personalities now in office or seeking office.

IV.

STRENGTHENING FEDERAL REGULATION OF LOBBYING

Full disclosure can serve the integrity of government in another important area—the regulation of lobbying.

Lobbying dates back to the earliest days of our Republic. It is based on the constitutionally guaranteed right of the people to petition their elected representatives for a redress of grievances.

Yet to realize the American ideal of Government, our elected representatives must be able to evaluate the varied pressures to which they are regularly subjected. In 1946, Congress responded to this need by enacting the Federal Regulation of Lobbying Act. Its purpose was not to curtail lobbying but to regulate it through disclosure. For the first time, individuals and groups who directly attempted to influence legislation were required to register.

More than twenty years of experience with the Act have highlighted its flaws. Through loopholes in the law, immune from its registration provisions, have passed some of the most powerful, best financed and best organized lobbies. Although engaged in constant and intensive lobbying, they are not legally required to disclose their existence—because lobbying is not their "principal" purpose, the narrow test under current law.

The Congress has properly taken the initiative to meet this problem. Two months ago, the Senate passed S. 355 by a decisive vote. In that measure, Federal regulation of lobbying has been strengthened by:

—Supplanting the "principal purpose" test with the broader test of "substantial purpose," thus extending the reach of the Act by a wider definition of those required to register.

—Transferring the responsibility for administration of the law from the Clerk of the House and the Secretary of the Senate to the Comptroller General.

I strongly endorse the Senate's action in strengthening Federal regulation of lobbying as an important step toward better Government, and I urge the House to take similar action.

V.

THE RESIDENCY VOTING ACT OF 1967

Voting is the first duty of democracy. H. G. Wells called it, "Democracy's ceremonial, its feast, its great function."

This Nation has already assured that no man can legally be denied the right to vote because of the color of his skin or his economic condition. But we find that millions of Americans are still disenfranchised—because they have moved their residence from one locality to another.

Mobility is one of the attributes of a free society, and increasingly a chief characteristic of our Nation in the 20th Century. More American citizens than ever before move in search of new jobs and better opportunities.

For a mobile society, election laws which impose unduly long residence requirements are obsolete. They serve only to create a new class of disenfranchised Americans.

An analysis of the 1960 election, the last election for which studies are available shows that between 5 and 8 million otherwise eligible voters were deprived of the right to vote because of unnecessarily long residency requirements in many of the states. Almost half the states, for example, through laws a century old, require a citizen to be a resident a full 12 months before he can vote even in a Presidential election.

These requirements diminish democracy. The people's rights to travel freely from State to State is constitutionally protected. The exercise of that right should not imperil the loss of another constitutionally protected right—the right to vote.

I propose the Residency Voting Act of 1967 which provides that a citizen, otherwise qualified to vote under the laws of a state, may not be denied his vote in Presidential election if he becomes a resident of the state by the first day of September preceding the election.

VI.

CONCLUSION

Seventy years ago, the great American historian Frederick Jackson Turner wrote these words:

> "Behind institutions, behind constitutional forms and modifications, lie the vital forces that call these organs into life and shape them to meet changing conditions. The peculiarity of American institutions is the fact that they have been compelled to adapt themselves to the changes of an expanding people . . ."

This represents a valid exposition of the vitality of our democratic process as it has endured for almost two hundred years.

Over those two centuries Presidents and Congresses have strengthened that process as changing circumstances presented the clear need to do so. History has spared few generations that continuing obligation.

Today, that obligation poses for us the requirement—and the opportunity as well—to bring new strength to the processes which underlie our free institutions. It is in keeping with this obligation that I submit the proposals in this Message.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *May 25, 1967.*

[Press release, Committee on Finance, U.S. Senate, May 25, 1967.]

RUSSELL B. LONG, (D., LA.) CHAIRMAN, COMMITTEE ON FINANCE, ANNOUNCES HEARINGS ON POLITICAL CAMPAIGN FINANCING PROPOSALS

Chairman Russell B. Long today announced that the Committee on Finance would begin hearings on Wednesday, May 31, 1967, at 2:30 P.M., in Room 2221 New Senate Office Building, into methods of financing campaigns for political office.

The Chairman stated that the President's recommendations for election reform have been submitted to the Congress and that these recommendations would be the focal point for the hearing. Copies of the President's message are available at the Committee office upon request. He also indicated that a number of Senators had introduced various proposals of their own to provide better means of financing political campaigns than exist today. He said the Committee would receive testimony on these additional measures as well. The bills before the Committee include S. 786 by Senator Scott, S. 1390 by Senator Metcalf, S. 1407 by the Chairman, S. 1547 by Senator Clark, S. 1608 by the Chairman, S. 1794 by Senator Pearson, and S. 1827 by Senator Gore.

The Chairman reported that the lead-off witness at these hearings would be Under Secretary of the Treasury Joseph W. Barr, who would present the case for the President's recommendations. Hearings will continue on Thursday, June 1, with Elmer B. Staats, Comptroller General of the United States, as the first witness. The Comptroller General is the Federal officer charged with responsibility for administering the Presidential Election Campaign Fund Act of 1966.

Persons desiring to be heard on this important matter should submit requests to Tom Vail, Chief Counsel, Committee on Finance, not later than Friday, June 2. In order to facilitate the hearing, those with similar interests should designate a single spokesman to present their testimony. As soon as the hearing schedule is fixed, witnesses will be advised of their time of appearance, and a full witness list will be announced.

Witnesses who are scheduled to appear are urged to make their statements as brief as possible to conserve the time of the Committee. In order to further conserve time, the Committee will be pleased to receive from any interested person a written statement for inclusion in the printed record of the hearings in lieu of a personal appearance. These statements will be given the same full consideration as though they had been delivered orally. Chairman Long urged those persons who desire to contribute written statements to submit them to Tom Vail, Chief Counsel, no later than Friday, June 9.

All statements should include a summary sheet and subject heading and should be received in the Finance Committee office the *day prior to scheduled appearance.*

[S. 786, 90th Cong., first sess.]

A BILL To amend the Internal Revenue Code of 1954 to allow an income tax credit for contributions may by individuals to the National and State committees of political parties, and to repeal the Presidential Election Campaign Fund Act of 1966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. CONTRIBUTIONS TO NATIONAL AND STATE COMMITTEES OF POLITICAL PARTIES.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of so much of the political contributions as does not exceed $200, payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(2) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITIONS.—For purposes of this section—

"(1) POLITICAL CONTRIBUTION.—The term 'political contribution' means a contribution or gift to—

"(A) the National committee of a qualified political party, or

"(B) the State committee of a qualified political party as designated by the National committee of such party.

"(2) QUALIFIED POLITICAL PARTY.—The term 'qualified political party' means—

"(A) in the case of contributions made during the taxable year of the taxpayer in which the electors of President and Vice President are chosen, a political party presenting candidates or electors for such offices on the official election ballot of 10 or more States, or

"(B) in the case of contributions made during any other taxable year of the taxpayer, a political party which met the qualifications described in subparagraph (A) of this paragraph in the last preceding election of a President and Vice President.

"(3) STATE.—The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

"(d) CROSS REFERENCE.—

"For disallowance of credit to estates and trusts, see section 642(a)(4)."

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Contributions to National and States committees of political parties.
"Sec. 41. Overpayments of tax."

(c) Section 642(a) of the Internal Revenue Code of 1954 (relating to credits against tax for estates and trusts) is amended by adding at the end thereof the following new paragraph:

"(4) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 40."

(d) The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act but only with respect to political contributions payment of which is made after such date.

SEC. 2. (a) The Presidential Election Campaign Fund Act of 1966 is repealed.

(b)(1) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended by striking out part VIII (relating to designation of income tax payments to Presidential Election Campaign Fund).

(2) The amendment made by paragraph (1) shall apply with respect to income tax liability for taxable years ending after the date of the enactment of this Act.

[S. 1890, 90th Cong., first sess.]

A BILL To establish a procedure whereby all candidates for elective Federal office may receive financial assistance from the Treasury to assist in defraying their election campaign expenses, and to repeal the Presidential Election Campaign Fund Act of 1966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Elections Campaign Financing Act of 1967".

AMENDMENT TO INTERNAL REVENUE CODE

SEC. 2. (a) Part VIII of subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended to read as follows:

"PART VIII—VOUCHERS REDEEMABLE FOR FEDERAL ELECTION CAMPAIGN EXPENSES

"Sec. 6096. Furnishing of vouchers to taxpayers.

"SEC. 6096. FURNISHING OF VOUCHERS TO TAXPAYERS.

"(a) CONGRESSIONAL ELECTION CAMPAIGN VOUCHERS.—Every individual (other than a nonresident alien) whose income tax liability for his taxable year preceding a congressional election year is $1 or more may elect to receive a congressional election campaign voucher which shall be redeemable as provided in section 3 of the Federal Elections Campaign Financing Act of 1967.

"(b) PRESIDENTIAL ELECTION CAMPAIGN VOUCHERS.—Every individual (other than a nonresident alien) whose income tax liability for his taxable year preceding a presidential election year is $1 or more ($2 or more, if the taxpayer also makes an election under subsection (a) for such taxable year) may elect to receive a presidential election campaign voucher which shall be redeemable as provided in section 3 of the Federal Elections Campaign Financing Act of 1967.

"(c) DEFINITIONS.—For purposes of this section—

"(1) CONGRESSIONAL ELECTION YEAR.—The term 'congressional election year' means a calendar year in which a general election is held in the various States for the election of Members of the Senate and the House of Representatives of the United States.

"(2) PRESIDENTIAL ELECTION YEAR.—The term 'presidential election year' means a calendar year in which a general election is held in the various States and the District of Columbia for the election of presidential and vice-presidential electors.

"(3) INCOME TAX LIABILITY.—The income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown on his return) allowable under sections 32(2), 33, 35, 37, and 38.

"(4) TAXABLE YEARS TO WHICH APPLICABLE.—An individual's taxable year preceding a congressional election year or presidential election year is his last taxable year which ends before April 1 of such congressional election year or such presidential election year, as the case may be.

"(d) MANNER AND TIME OF ELECTIONS.—An election under subsection (a) or (b) may be made for any taxable year preceding a congressional election year or presidential election year, as the case may be, in such manner as the Secretary or his delegate may prescribe by regulations—

"(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

"(2) at any other time after the time of filing such return and before such date as the Secretary or his delegate may prescribe by regulations.

"(e) FURNISHING OF VOUCHERS.—The Secretary or his delegate shall issue and furnish—

"(1) a congressional election campaign voucher to each individual who makes an election under subsection (a) for any taxable year, and

"(2) a presidential election campaign voucher to each individual who makes an election under subsection (b) for any taxable year.

Such vouchers shall be in such form as the Secretary or his delegate may prescribe and shall be issued and furnished after August 15 and before October 1 of the congressional election year or presidential election year, as the case may be."

(b) The table of parts for subchapter A of chapter 61 of such Code is amended by striking out the item relating to part VIII and inserting in lieu thereof the following:

"Part VIII. Vouchers redeemable for Federal election campaign expenses."

(c) The amendments made by this section shall apply with respect to income tax liability for taxable years beginning after December 31, 1966.

TRANSFER AND REDEMPTION OF VOUCHERS

SEC. 3. (a) An individual who has been furnished a congressional election campaign voucher under section 6096 of the Internal Revenue Code of 1954 may transfer such voucher, without consideration, to (A) any qualified candidate for election to the Senate or the House of Representatives of the United States, or (B) any qualified committee designated by any such qualified candidate.

(b) An individual who has been furnished a presidential election campaign voucher under section 6096 of the Internal Revenue Code of 1954 may transfer such voucher, without consideration, to (A) any qualified candidate for election to the office of President or Vice President of the United States, or (B) any qualified committee designated by any such qualified candidate.

(c) A qualified candidate or qualified committee to which a congressional election campaign voucher or presidential election campaign voucher, as the case may be, is transferred under subsection (a) or (b) may, subject to the provisions of subsection (d), present such voucher to the Secretary of the Treasury for redemption. The Secretary shall pay to such qualified candidate or qualified committee $1 for each voucher so presented for redemption.

(d) A congressional election campaign voucher or presidential election campaign voucher may be redeemed under subsection (c) only if it is presented for redemption—

(1) on or after September 1 and on or before November 30 of the year which it is issued, and

(2) at such time and place as the Secretary of the Treasury prescribes by regulations.

(e) For purposes of this section—

(1) The term "qualified candidate" means—

(A) with respect to the Senate and the House of Representatives of the United States, an individual who has met all requirements established by the laws of the State from which he seeks selection to qualify as a candidate for election to the Senate or the House of Representatives of the United States, respectively, and

(B) with respect to the offices of President and Vice President of the United States, an individual who has met all the requirements established by the laws of any State to qualify as a candidate in such State for election to the office of President or Vice President of the United States, respectively.

(2) The term "qualified committee" means a committee or other organization (including National, State, and local committees of a political party) which has been designated in writing to the Secretary of the Treasury by a qualified candidate, or by two or more qualified candidates, as a committee which such candidate or candidates have authorized to make expenditures on behalf of his or their candidacy and to redeem vouchers under subsection (c) of this section.

(f) The Secretary of the Treasury is authorized to prescribe such regulations as may be necessary to carry out his duties under this section.

USE OF FUNDS; REPAYMENT OF UNUSED FUNDS

SEC. 4. (a) The moneys received by a qualified candidate under section 3 may be used by him only to defray expenses incurred by him in carrying on his campaign for election to the office for which he is a candidate. The moneys received by a qualified committee under section 3 may be used by it only to defray expenses incurred by it in carrying on its campaign on behalf of the candidate or candidates who designated it as a qualified committee for purposes of section 3(e)(2).

(b) Each qualified candidate and each qualified committee which receives moneys under section 3 shall, to the extent such moneys are not used as prescribed in subsection (a), repay such moneys to the Secretary of the Treasury. Such repayment shall be made as soon as practicable and, in any event, not later than December 31 of the year in which such moneys are received.

REPORTS TO COMPTROLLER GENERAL; AUDITS; REPAYMENTS

SEC. 5. (a) Each qualified candidate and each qualified committee which redeems congressional election campaign vouchers or presidential election campaign vouchers under section 3 shall, on or before December 31 of the year of redemption, render a true and accurate report to the Comptroller General of the United States of the use of the moneys paid to them under such section and not repaid to the

Secretary of the Treasury under section 4(b). The report required under this subsection by a qualified committee shall be made by the treasurer of such committee.

(b) The Comptroller General may conduct such audits and examinations as he deems necessary with respect to the reports received by him under subsection (a). In conducting any such audit or examination of any such report the Comptroller General shall have the right to examine any pertinent books and records of the qualified candidate or qualified committee making such report. Each such candidate and each such committee shall furnish to the Comptroller General such books, records, and other information as he may request. If as a result of any such audit or examination, the Comptroller General determines that any amount of the moneys received by such qualified candidate or qualified committee under section 3 and not repaid under section 4(b) was not used for the purposes prescribed by section 4(a), he shall so notify such candidate or such committee and such candidate or such committee shall repay such amount to the Secretary of the Treasury.

(c) No report shall be required under subsection (a) by any qualified candidate or qualified committee which has repaid to the Secretary of the Treasury all of the moneys received by such candidate or such committee under section 3.

(d) The Comptroller General is authorized to prescribe such regulations as may be necessary to carry out his duties under this section.

COORDINATION WITH CORRUPT PRACTICES ACT

SEC. 6. (a) For purposes of applying the Federal Corrupt Practices Act, 1925 (2 U.S.C. 241–256), moneys received under section 3 of this Act shall not be considered to be contributions. For purposes of applying section 309 of such Act (2 U.S.C. 248), expenditures made by a candidate which are defrayed out of moneys received by him under section 3 of this Act shall not be taken into account.

(b) For purposes of applying section 609 of title 18, United States Code, moneys received under section 3 of this Act by a qualified committee which is a political committee (as defined for purposes of such section 609) shall not be considered to be contributions, and expenditures made by any such committee which are defrayed out of moneys received by it under section 3 of this Act shall not be taken into account.

CRIMINAL PENALTIES

SEC. 7. (a) It shall be unlawful for any person—

(1) to sell, or offer to sell, or to purchase, or to offer to purchase, any congressional election campaign voucher or any persidential election campaign voucher issued under section 6096 of the Internal Revenue Code of 1954;

(2) to use any moneys paid by the Secretary of the Treasury under section 3 of this Act for any purpose other than the purposes prescribed by section 4(a) of this Act;

(3) to fail to make any report to the Comptroller General of the United States required by section 5(a) of this Act to be so made;

(4) to make a false, fictitious, or fraudulent report to the Comptroller General of the United States under section 5(a) of this Act, or to include in any such report any misrepresentation of a material fact;

(5) to fail to furnish to the Comptroller General of the United States any books, records, or information required by section 5(b) of this Act to be so furnished;

(6) to falsify any book, record, or other information furnished to the Comptroller General of the United States under section 5(b) of this Act; or

(7) to fail to pay to the Secretary of the Treasury any amounts required to be paid by section 4(b) or under section 5(b) of this Act.

(b) Any person who knowingly and willfully violates any provision of subsection (a) shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

REPEAL OF PRESIDENTIAL ELECTION CAMPAIGN FUND ACT OF 1966

SEC. 9. The Presidential Election Campaign Fund Act of 1966 (title III of the Act of November 13, 1966, Public Law 89–809) is repealed.

[S. 1407, 90th Cong., first sess.]

A BILL To amend the Presidential Election Campaign Fund Act of 1966 so as to provide safeguards for the proper use of moneys paid to political parties from the presidential election campaign fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Honest Election Act of 1967".

SEC. 2. (a)(1) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended—

(A) by striking out part VIII (relating to designation of income tax payments to presidential election campaign fund); and

(B) by striking out the item relating to such part VIII in the table of parts of such subchapter.

(2) The amendments made by paragraph (1) shall apply with respect to income tax liability for taxable years beginning after December 31, 1966.

(b)(1) Section 303 of the Presidential Election Campaign Fund Act of 1966 is amended—

(A) by striking out the second sentence of subsection (a) and inserting in lieu thereof "The fund shall consist of amounts appropriated to it by section 305 of this Act.";

(B) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) TRANSFERS TO THE FUND.—The Secretary of the Treasury shall, from time to time, transfer from the general fund of the Treasury to the presidential election campaign fund the sums appropriated by section 305. Such transfers may be made on the basis of estimates by the Secretary of payments to be made by him under subsection (c).";

(C) by striking out ", as authorized by appropriation Acts," in subsection (c)(1); and

(D) by striking out the second sentence of subsection (c)(2)(C).

(2) Section 305 of such Act is amended to read as follows:

"SEC. 305. APPROPRIATIONS.

"There is hereby appropriated to the presidential election campaign fund, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to enable the Secretary of the Treasury to make payments under section 303(c) of this Act with respect to presidential campaigns, beginning with the presidential campaign conducted in 1968, and subject to the provisions of section 303(d) of this Act, such sums shall remain available for such purpose until expended."

SEC. 3. (a) Section 303(c)(3) of the Presidential Election Campaign Fund Act of 1966 is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(B) No payment determined under paragraph (2)(A) shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party, exceeds the amount spent or incurred by such party in carrying on such presidential campaign. No payment determined under paragraph (2)(A) shall be made under paragraph (1) into the treasury of any political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General that no contributions, direct or indirect, to defray expenses incurred or to be incurred in carrying on such presidential campaign have been accepted or expended prior to the date of the certification by such party or the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by such party or either of such candidates, and that no such contributions will be accepted or expended on or after the date of the certification.

"(C) No payment determined under paragraph (2)(B) shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party and to—

"(i) the amount of contributions, direct or indirect, to defray expenses incurred or to be incurred in carrying on such presidential campaign accepted by such party or the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by such party or by either of such candidates, reduced by

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"(ii) the amount which the treasurer of such party has certified has been or will be returned to the donors of the contributions described in clause (i),

exceeds the amount spent or incurred by such party in carrying on such presidential campaign, or the amount determined under paragraph (2)(A) for a political party entitled to payments determined under such paragraph, whichever amount is lower. No payment determined under paragraph 2(B) shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount of the contributions described in clause (i) accepted prior to the date of the certification and the total amount which has been or will be returned to donors of such contributions."

(b) Section 303(c)(1) of such Act is amended by striking out "(subject to the limitation in paragraph (3)(B))" and inserting in lieu thereof "(subject to the limitations in paragraphs (3) (B) and (C))".

SEC. 4. Section 303(c) of the Presidential Election Campaign Fund Act of 1966 is amended by renumbering paragraph (5) as (8), and by inserting after paragraph (4) the following new paragraphs:

"(5) RESTRICTIONS ON USE OF PAYMENTS.—Not less than 75 percent of the payments made under paragraph (1) into the treasury of a political party with respect to a presidential campaign shall be used only to defray the following expenses incurred in carrying on such campaign:

"(A) Traveling and related expenses of the presidential and vice-presidential candidates and their campaign personnel;

"(B) Radio and television production and time expenses;

"(C) Newspaper and periodical advertising expenses;

"(D) Expenses for the preparation, printing, and distribution of campaign literature, including posters and billboards;

"(E) Expenses for postage, telegraph, telephone, and expressage;

"(F) Expenses for research and analysis, including contracts for polls, surveys, and data processing; and

"(G) Reasonable salaries for campaign personnel and reasonable overhead expenses for maintaining campaign headquarters, including headquarters in State and local areas.

No payment made under paragraph (1) into the treasury of a political party with respect to a presidential campaign may be used to defray any expense incurred for services or products on the day of the presidential election other than services or products falling within one of the categories described in the preceding sentence.

"(6) AUDITS.—After each presidential campaign, the Comptroller General shall conduct a thorough examination and audit of the expenses incurred in carrying on such presidential campaign by each political party to which payments have been made under paragraph (1) or which is entitled to payments under such paragraph.

"(7) REPAYMENTS BY POLITICAL PARTIES.—If the Comptroller General determines that any amount of any payment made to a political party under paragraph (1) with respect to a presidential campaign was used by such party for any purpose other than—

"(A) to defray expenses incurred in carrying on such presidential campaign and in conformity with paragraph (5),

"(B) to repay loans the proceeds of which were used to defray such expenses, or

"(C) to restore funds of such party which were used to defray such expenses,

he shall notify such party. Such party shall pay to the fund an amount equal to the amount used for any purpose other than the purposes specified in subparagraphs (A), (B), and (C), and, unless it is shown that such use was due to reasonable cause and not to willful neglect, shall pay to the fund an additional amount equal to 25 percent of the amount so used. If such party is entitled to further payments under paragraph (1) with respect to such presidential campaign, or if such party will be entitled to payments under paragraph (1) with respect to the next presidential campaign, any payment from a political party required under this paragraph may, with the approval of the Comptroller General, be effected by reduction of such payments to such party."

SEC. 5. Section 303(c)(8) of the Presidential Election Campaign Fund Act of 1966 (as renumbered by section 4 of this Act) is amended to read as follows:

"(8) DEFINITIONS.—For purposes of this title—

"(A) The term 'political party' means any political party which presents candidates for election to the offices of President and Vice President of the United States.

"(B) The term 'presidential campaign' means the political campaign held every fourth year for the election of presidential and vice-presidential electors.

"(C) The term 'presidential election' means the election of presidential and vice-presidential electors.

"(D) The terms 'treasury of a political party' and 'treasurer of a political party' mean, with respect to any political party, the treasury and treasurer, respectively, of the national committee of such party, or, if such party does not have a national committee, the treasury and treasurer of the organization designated in writing to the Comptroller General by the candidates of such party for President and Vice President in the presidential campaign with respect to such party is entitled to payments under paragraph (1)."

SEC. 6. (a) The Presidential Election Campaign Fund Act of 1966 is amended by adding at the end thereof the following new section:

"SEC. 305. REPORTS TO CONGRESS; REGULATIONS.

"(a) The Comptroller General shall, as soon as practicable after each presidential campaign, submit a full report to the Senate and the House of Representatives setting forth—

"(1) the amounts certified by him under section 303(c)(4) for payments to each political party entitled to payments under section 303(c) with respect to such presidential campaign,

"(2) the expenses (shown by such categories, and in such detail, as the Comptroller General determines necessary) incurred by each political party to which payments were made under section 303(c) in carrying on such presidential campaign, and

"(3) the amount of payments, if any, required from each such political party under section 303(c)(7), and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Comptroller General is authorized to prescribe such rules and regulations as he deems necessary to carry out the functions and duties imposed on him by this title.

"SEC. 307. MISUSE OF FUNDS EXPENDITURES BY POLITICAL PARTIES.

"(a) (1) It shall be unlawful for any person who has custody, or control of the use, of any funds paid into the Treasury of a political party under section 303(c) of this Act knowingly and willfully to use, or authorize the use of, such funds for any personal purpose or for any purpose other than to defray expenses incurred in carrying on the presidential campaign with respect to which such funds are paid and in conformity with paragraph (5) of such section, to repay loans the proceeds of which were used to defray such expenses, or to restore its funds used to defray such expenses.

"(2) Any person who violates paragraph (1) shall be fined not more than $10,000 or imprisoned not more than five years, or both. No person shall be subject to any penalty under paragraph (1) for the commission of any act prohibited thereby if such person, for the commission of that act, has been convicted under section 1001 of title 18 of the United States Code, or any other provision of such title.

"(b) For purposes of applying section 609 of title 18 of the United States Code, payments received by a political party under section 303(c) of this Act shall not be considered to be contributions, and expenditures made by a political party with respect to which a payment is received under such section shall not be taken into account."

(b) Section 303(c)(4) of such Act is amended by striking out the last sentence thereof.

[S. 1547, 90th Cong., first sess.]

A BILL To amend the Internal Revenue Code of 1954 to allow an income tax credit for certain political contributions made by individuals, and to repeal the Presidential Election Campaign Fund Act of 1966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. POLITICAL CONTRIBUTIONS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of so much of the political contributions as does not exceed $40, payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(2) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITION OF POLITICAL CONTRIBUTION.—For purposes of this section the term 'political contribution' means a gift or donation to—

"(1) any committee, association, or organization (whether incorporated or not) organized and operated exclusively for the purpose of influencing or attempting to influence the election of one or more individuals to any Federal, State, or local elective public office; or

"(2) an individual who is a candidate for any Federal, State, or local elective public office in any general, special, or primary election, or in any convention of an organization described in subparagraph (1), for use by such individual to further his candidacy.

"(d) CROSS REFERENCE.—

"For disallowance of credit to estates and trusts, see section 642(a)(4)."

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Political contributions.
"Sec. 41. Overpayments of tax."

(c) Section 642(a) of the Internal Revenue Code of 1954 (relating to credits against tax for estates and trusts) is amended by adding at the end thereof the following new paragraph:

"(4) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 40."

(d) The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act but only with respect to political contributions, payment of which is made after such date.

SEC. 2. (a) The Presidential Election Campaign Fund Act of 1966 is repealed.

(b)(1) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended by striking out part VIII (relating to designation of income tax payments to Presidential Election Campaign Fund).

(2) The table of parts for such subchapter is amended by striking out the item relating to part VIII.

(3) The amendments made by this subsection shall apply with respect to income tax liability for taxable years beginning after December 31, 1966.

SEC. 3. This Act may be cited as "The Fair Campaign Finance Act of 1967."

[S. 1698, 90th Cong., first sess.]

A BILL To provide for financial assistance to presidential candidates in primary and general elections

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 101. SHORT TITLE.

This Act may be cited as the "Presidential Election Campaign Assistance Act of 1967".

SEC. 102. PRESIDENTIAL ELECTION CAMPAIGN CERTIFICATES.

(a) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to returns and records) is amended by adding at the end thereof the following new part:

"PART IX—PRESIDENTIAL ELECTION CAMPAIGN CERTIFICATES

"Sec. 6098. Furnishing of certificates to individuals.

"SEC. 6098. FURNISHING OF CERTIFICATES TO INDIVIDUALS.

"(a) IN GENERAL.—

"(1) INDIVIDUALS FILING INCOME TAX RETURNS.—The Secretary or his delegate shall furnish to each individual (other than a nonresident alien) who files an income tax return for a taxable year immediately preceding a presidential election year a Presidential Election Campaign Certificate for such presidential election year.

"(2) OTHER INDIVIDUALS.—The Secretary or his delegate shall, at the request of any individual (other than a nonresident alien) who does not file an income tax return for a taxable year immediately preceding a presidential election year and who furnishes the Secretary with his identifying number, furnish to such individual a Presidential Election Campaign Certificate for such presidential election year.

"(3) ENDORSEMENT.—An individual may endorse a Presidential Election Campaign Certificate furnished him under paragraph (1) or (2) in favor of a presidential candidate as provided in section 104 of the Presidential Election Campaign Assistance Act of 1967. The Secretary shall furnish to each individual to whom a Presidential Election Campaign Certificate is furnished under paragraph (1) or (2) an envelope with postage prepaid in which to return such certificate under section 104 of such Act.

"(b) CERTIFICATES.—

"(1) IN GENERAL.—Subject to the provisions of paragraph (2), the Secretary or his delegate shall prescribe the form and contents of Presidential Election Campaign Certificates.

"(2) SPECIFICATIONS.—The Presidential Election Campaign Certificate for each presidential election year shall—

"(A) be distinctive in design and be printed on distinctive paper,

"(B) show the name and identifying number of the individual to whom furnished,

"(C) contain spaces for the individual to write the name of a presidential candidate and for the signature of the individual, and

"(D) show the presidential election year for which such certificate may be endorsed by such individual.

"(c) DEFINITIONS.—For purposes of this section, the terms 'presidential candidate' and 'presidential election year' shall have the meanings assigned to them by section 103 of the Presidential Election Campaign Assistance Act of 1967."

(b) The table of parts for such subchapter A is amended by adding at the end thereof the following new item:

"Part IX. Presidential Election Campaign Certificates."

(c) The amendments made by this section shall apply with respect to taxable years ending after July 31, 1967.

SEC. 103. DEFINITIONS.

For purposes of this title—

(1) The term "certificate" means a Presidential Election Campaign Certificate furnished under section 6098 of the Internal Revenue Code of 1954.

(2) The term "Comptroller General" means the Comptroller General of the United States.

(3) The term "Secretary" means the Secretary of the Treasury.

(4) The term "presidential campaign" means the political campaign held every fourth year for the election of presidential and vice presidential electors.

(5) The term "presidential election" means the election of presidential and vice presidential electors.

(6) The term "presidential election year" means a calendar year in which a presidential election is held.

(7) The term "presidential candidate" means an eligible presidential candidate and an eligible presidential primary candidate.

(8) The term "presidential primary campaign" means a political campaign for nomination as the candidate of a political party for election to the office of President of the United States in a presidential primary election.

(9) The term "presidential primary election" means an election in a State in which the voters express their preference (whether or not binding) for the candidate of a political party for election to the office of President of the United States.

(10) The term "eligible presidential candidate" means an individual—

(A) who is a candidate for election to the office of President or Vice President of the United States in a presidential election, and

(B) who receives 2,000,000 or more popular votes for the office of President or Vice President of the United States in such election.

(11) The term "eligible presidential primary candidate" means an individual—

(A) who seeks the nomination as the candidate of a political party for election to the office of President or Vice President of the United States;

(B) whose name is presented to the voters of a State in a presidential primary election; and

(C) who receives 10 percent or more of the popular votes cast in such presidential primary election for all individuals who receive votes for nomination as the candidate of the same political party for the office of President of the United States.

(12) The term "qualified presidential campaign expenses" means only the following expenses incurred in carrying a presidential campaign by, or on behalf of, an eligible presidential candidate:

(A) Traveling and related expenses of an eligible presidential candidate and his campaign personnel;

(B) Radio, television, and motion picture production and time expenses;

(C) Newspaper and periodical advertising expenses;

(D) Expenses for the preparation, printing, and distribution of campaign literature, including posters and billboards;

(E) Expenses for postage, telegraph, telephone, and expressage; and

(F) Expenses for research and analysis, including contracts for polls, surveys, and data processing.

An expense shall be considered as being incurred on behalf of an eligible presidential candidate only if it is incurred by an individual or organization specifically authorized by such candidate for purposes of this title to assist him in carrying on his presidential campaign.

(13) The term "qualified primary campaign expenses" means only the following expenses incurred by, or on behalf of, an eligible presidential primary candidate in carrying on a presidential primary campaign in a preidential primary election in which such candidate is an eligible presidential primary candidate;

(A) Traveling and related expenses of an eligible presidential primary candidate and his campaign personnel; and

(B) Expenses described in subparagraphs (B) through (F) of paragraph (12).

An expense shall be considered as incurred on behalf of an eligible presidential primary canadidate only if it is incurred by an individual or organization specifically authorized by such candidate for purposes of this title to assist him in carrying on his presidential primary campaign.

SEC. 104. ENDORSEMENT AND RETURN OF CERTIFICATES BY INDIVIDUALS; TABULATION BY CERTIFIED PUBLIC ACCOUNTANTS.

(a) An individual who has been furnished a Presidential Election Campaign Certificate for a presidential election year under section 6098 of the Internal Revenue Code of 1954 may, at any time during such year, endorse such certificate in favor of an individual who is or may become a presidential candidate and return such certificate to the Secretary or his delegate.

(b) The Secretary or his delegate shall, without examination or inspection other than verification of the identifying number, place each certificate received by him during a presidential election year in the custody of two or more certified public accountants designated by the Comptroller General. A certificate received by the Secretary or his delegate through the United States mail shall be considered as received during a presidential election year if the date contained in the postmark made by the United States Post Office is a day within such year.

(c) The certified public accountants into whose custody certificates are placed under subsection (b) shall, from time to time, tabulate and report to the Comptroller General the number of valid certificates bearing the name of each individual who is or may become a presidential candidate. For purposes of this subsection, a certificate shall be a valid certificate if—

(1) it is signed by the individual to whom it was furnished under section 6098 of the Internal Revenue Code of 1954, and

(2) bears the name of an individual who is or may become a presidential candidate.

For purposes of paragraph (2), the misspelling of the name of an individual who is or may become a presidential candidate, or the failure to give the full name of such individual, shall be disregarded if the identity of such individual is clear.

(d) Certifications by the certified public accountants under subsection (c) shall be final and conclusive. Each certified public accountant who accepts custody of any certificates under this section shall give a bond, in such amount as the Comptroller General may prescribe, for the full and faithful performance of his functions under this section.

(e) The certified public accountants into whose custody certificates are placed under subsection (b) shall, after tabulating such certificates, mark them in a distinctive manner to show that they have been tabulated and shall, at such time as the Comptroller General may prescribe, return them to the Secretary or his delegate. The Secretary or his delegate shall thereupon, without examination or inspection other than to secure the names of the individuals from whom they were received, return them to such individuals. Such certificates shall, while in the custody of the certified public accountants or in the possession of the Secretary or his delegate, not be open to inspection by any individual or organization (including any political party), other than the Comptroller General.

(f) The Comptroller General is authorized to retain the services of such number of certified public accountants, by written contract or otherwise, as may be necessary for purposes of this section. Such certified public accountants shall not be officers or employees of the United States or any State, or be performing services, whether as an employee or otherwise, for any presidential candidate or any organization (including a political party) supporting any presidential candidate.

SEC. 105. CONDITIONS FOR PAYMENTS; CERTIFICATION BY COMPTROLLER GENERAL.

(a) In order to receive any payment under section 106, a presidential candidate shall—

(1) furnish to the Comptroller General such evidence as he may request of the qualified presidential campaign expenses or qualified primary campaign expenses with respect to which payment is sought,

(2) furnish to the Comptroller General such records and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 107, and

(4) give a bond, in such amount as the Comptroller General deems necessary, for the repayment of any amount which is required to be repaid under section 107.

(b) On the basis of the evidence, records, and information furnished under subsection (a) and prior to examination and audit under section 107, the Comptroller General shall, subject to the provisions of subsection (c), certify from time

to time to the Secretary for payment to presidential candidates under section 106—

(1) the amount of qualified presidential campaign expenses incurred by or on behalf of a presidential candidate who is an eligible presidential candidate in carrying on his presidential campaign, and

(2) the amount of qualified primary campaign expenses incurred by or on behalf of a presidential candidate who is an eligible presidential primary candidate in carrying on a presidential primary campaign.

(c) The Comptroller General shall in no event certify for payment under section 106 to any presidential candidate an amount which (when added to amounts previously certified for payment to such candidate under such section) exceeds $1 multiplied by the number of valid certificates which have been certified to him under section 104, prior to the date of his certification, as bearing the name of such presidential candidate.

(d) For purposes of this section and section 106, a candidate for the office of President or Vice President of the United States of a political party whose candidate for President in the immediately preceding presidential election received 15,000,000 or more popular votes as the candidate of such political party shall, subject to the provisions of section 107(c), be considered to be an eligible presidential candidate.

(e) Certifications shall be made under subsection (b) at such times as the Comptroller General may prescribe by regulations, except that no certification may be made with respect to qualified presidential campaign expenses before September 1 of the year in which the election is being held.

(f) Certifications by the Comptroller General under subsection (b), and all determinations made by him in making such certifications, shall, except as provided in section 107, be final and conclusive.

SEC. 106 PAYMENTS BY SECRETARY; APPROPRIATIONS.

(a) Upon receipt of a certification from the Comptroller General under section 105 for a payment to a presidential candidate, the Secretary shall pay to such presidential candidate the amount certified by the Comptroller General.

(b) There are hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as are necessary to enable the Secretary to make payments under subsection (a) to presidential candidates.

SEC. 107. AUDITS; REPAYMENTS.

(a) After each presidential election, the Comptroller General shall conduct a thorough examination and audit of the expenses incurred by each eligible presidential candidate in carrying on his presidential campaign. After each presidential primary election, the Comptroller General shall conduct a thorough examination and audit of the expenses incurred by each eligible presidential primary candidate in carrying on his presidential primary campaign in such election.

(b) If, as a result of the examination and audit under subsection (a), the Comptroller General determines that the payments made to an eligible presidential candidate under section 106 with respect to the presidential campaign exceed the amount of qualified presidential campaign expenditures incurred by such candidate in carrying on such presidential campaign, he shall notify such candidate of the amount of such excess. If, as a result of the examination and audit under subsection (a), the Comptroller General determines that the payments made under section 106 to an eligible presidential primary candidate with respect to any presidential primary campaign exceed the qualified presidential primary campaign expenses incurred by such candidate in carrying on such presidential primary campaign, he shall notify such candidate of the amount of such excess. If the Comptroller General determines that the payments to any presidential candidate under section 106 exceed an amount equal to $1 multiplied by the total number of valid certificates which have been certified to him under section 104 as bearing the name of such candidate, he shall notify such candidate of the amount of such excess.

(c) If the Comptroller General determines that any amount of any payment made to an eligible presidential candidate or to an eligible presidential primary candidate under section 106 was used for any personal purpose, or for any other purpose other than—

(1) to defray the qualified presidential campaign expenses or the qualified presidential primary campaign expenses with respect to which such payment was made, or

(2) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray expenses described in paragraph (1),

he shall notify such candidate of the amount so determined.

(d) Any eligible presidential candidate or eligible presidential primary candidate who receives notice from the Comptroller General under subsection (b) or (c) shall pay to the Secretary, for deposit in the general fund of the Treasury, the amount specified in such notice. In the case of a notice under subsection (c), unless such candidate shows that the misuse of the payment received was due to reasonable cause and not to willful neglect, such candidate shall also pay to the Secretary, for deposit in the general fund of the Treasury, and additional amount equal to 25 percent of the amount specified in such notice.

(e) If the Comptroller General determines that payments were made under section 106 with respect to qualified presidential campaign expenses to an individual who was considered as an eligible presidential candidate by reason of the application of section 105(d) and that such individual is not an eligible presidential candidate, he shall so notify such individual. Such individual shall pay to the Secretary, for deposit in the general fund of the Treasury, an amount equal to the payments made to him under section 106 with respect to qualified presidential campaign expenses.

SEC. 108. REPORTS TO CONGRESS; REGULATIONS.

(a) The Comptroller General shall, as soon as practicable after each presidential election, submit a full report to the Senate and the House of Representatives setting forth—

(1) the number of certificates certified to him under section 104 which bore the name of each individual who was a presidential candidate, and the number of certificates certified to him under such section which bore the names of individuals who were not presidential candidates;

(2) the amounts certified by him under section 105 for payment to each eligible presidential candidate and each eligible presidential primary candidate;

(3) the qualified presidential campaign expenses and the qualified presidential primary campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by each such candidate;

(4) the amount of payments, if any, required from each such candidate under section 107, and the reasons for each payment required; and

(5) the use of air transportation furnished to candidates under section 110, as reported to the Comptroller General by the Secretary of the Air Force under subsection (d) of such section.

Each report submitted pursuant to this section shall be printed as a Senate document.

(b) The Comptroller General is authorized to prescribe such rules and regulations as he deems necessary to carry out the functions and duties imposed on him by this Act.

SEC. 109. COORDINATION WITH TITLE 18 OF UNITED STATES CODE AND CORRUPT PRACTICES ACT.

For purposes of applying section 600 of title 18 of the United States Code and for purposes of applying the Federal Corrupt Practices Act, 1925 (2 U.S.C. 241–256), expenditures which are qualified presidential campaign expenses or qualified presidential primary campaign expenses and which are made or incurred by any person on behalf of an eligible presidential candidate or an eligible presidential primary candidate, as the case may be, shall not be taken into account to the extent of the amounts certified with respect to such expenses for payment under section 106.

SEC. 110. FURNISHING OF AIR TRANSPORTATION TO CERTAIN PRESIDENTIAL CANDIDATES.

(a) The Secretary of the Air Force shall furnish air transportation to each candidate in a presidential election for the office of President or Vice President of the United States who is the candidate for such office of a political party whose candidate for President in the immediately preceding presidential election received 15,000,000 or more popular votes as the candidate of such political party, at the request of such candidate. The air transportation so furnished shall be solely for use by such candidate, and personnel accompanying him, in carrying on his presidential campaign.

(b) The air transportation furnished under subsection (a) to each candidate for the office of President shall be comparable, and the air transportation furnished under subsection (a) to each candidate for the office of Vice President shall be comparable.

(c) The cost of furnishing air transportation under subsection (a) shall be defrayed from appropriations made for the office of the Secretary of the Air Force, but each candidate to whom air transportation is so furnished shall pay to the Secretary of the Treasury an amount equal to the cost, as determined by the Secretary of the Air Force, incurred in furnishing such transportation to him. The amounts so paid shall be deposited in the Treasury to the credit of the appropriation for the office of the Secretary of the Air Force.

(d) The Secretary of the Air Force shall submit a detailed report to the Comptroller General on the use by each candidate of the air transportation furnished to such candidate under subsection (a).

SEC. 111. CRIMINAL PENALTIES.

(a) It shall be unlawful for any person to counterfeit, forge, or alter a Presidential Election Campaign Certificate provided for in section 6098 of the Internal Revenue Code of 1954, or to have possession of any counterfeited, forged, or altered certificate, with intent that such certificate be used for the purposes described in section 104 of this Act.

(b) It shall be unlawful for any individual who receives a Presidential Election Campaign Certificate under section 6098 of the Internal Revenue Code of 1954 to transfer such certificate to any person other than to the Secretary of the Treasury, with intent that such certificate be used for the purposes described in section 104 of this Act.

(c) It shall be unlawful for any person who receives any payment under section 106 of this Act knowingly and willfully to use, or authorize the use of, such payment for any personal purpose, or for any other purpose, other than—

(1) to defray the qualified presidential campaign expenses or the qualified presidential primary campaign expenses with respect to which such payment was made, or

(2) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray expenses described in paragraph (1).

(d) It shall be unlawful for any person knowingly and willfully—

(1) to sell, or offer to sell, or to purchase, or offer to purchase, any Presidential Election Campaign Certificate furnished under section 6098 of the Internal Revenue Code of 1954;

(2) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under section 105 of this Act, or to include in any evidence, books, or information furnished under such section any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General under such section or an examination and audit by the Comptroller General under section 107 of this Act;

(3) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of section 105 or 107 of this Act; or

(4) to fail to pay to the Secretary any amount required to be paid under section 107 of this Act.

(e) Any person who violates any provision of subsection (a), (b), (c), or (d) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

SEC. 112. EFFECTIVE DATE.

This Act (other than section 102) shall take effect on August 1, 1967, except that section 108(b) (relating to authority of the Comptroller General to prescribe rules and regulations) shall take effect on the date of the enactment of this Act.

[S. 1794, 90th Cong., first sess.]

A BILL To provide for an income tax credit or deduction for certain political contributions, to revise the laws relating to corrupt election practices, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Campaign Finance Act of 1967".

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TITLE I—TAX TREATMENT OF POLITICAL CONTRIBUTIONS

TAX CREDIT

SEC. 101. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 40 as section 41, and by inserting after section 39 the following new section:

"SEC. 40. POLITICAL CONTRIBUTIONS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of the political contributions (as defined in subsection (c)) payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) AMOUNT.—The credit allowed by subsection (a) shall not exceed $5 for any taxable year, except that in the case of a husband and wife who file a joint return under section 6013 for the taxable year, the credit shall not exceed an aggregate of $10.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(3) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITIONS.—For purposes of this section and section 218—

"(1) POLITICAL CONTRIBUTION.—The term 'political contribution' means a contribution or gift to—

"(A) the national committee of a qualified political party;

"(B) the senatorial or congressional campaign committee of a qualified political party, not to exceed one committee for each House of the Congress, as designated by the national committee of such party;

"(C) the State committee of a qualified political party as designated by the national committee of such party;

"(D) a local committee of a qualified political party as designated by the State political committee of such party; or

"(E) an individual who is a candidate for President or Vice President of the United States or Senator or Representative in or Resident Commissioner to the Congress of the United States in any general, special, or primary election in any State, or in any national, State, or local convention of a qualified political party, for use by such individual to further his candidacy for such office.

"(2) QUALIFIED POLITICAL PARTY.—The term 'qualified political party' means—

"(A) in the case of contributions made during the taxable year of the taxpayer in which the electors of President and Vice President are chosen,

a political party presenting candidates or electors for such offices on the official election ballot of ten or more States, or

"(B) in the case of contributions made during any other taxable year of the taxpayer, a political party which met the qualifications described in subparagraph (A) of this paragraph in the last preceding election of a President and Vice President.

"(3) STATE.—The term 'State' includes the Commonwealth of Puerto Rico, any territory or possession of the United States, and the District of Columbia.

"(d) ELECTION TO TAKE DEDUCTION IN LIEU OF CREDIT.—This section shall not apply in the case of any taxpayer who, for the taxable year, elects to take the deduction provided by section 218 (relating to deductions for political contributions). Such election shall be made in such manner and at such time as the Secretary or his delegate shall prescribe by regulations.

"(e) CROSS REFERENCES.—

"For disallowance of credits to estates and trusts, see section 642(a)(3)."

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof

"Sec. 40. Political contributions.
"Sec. 41. Overpayments of tax."

(c) Section 642(a) of the Internal Revenue Code of 1954 (relating to credits against tax for estates and trusts) is amended by adding at the end thereof the following new paragraph:

"(3) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 40."

DEDUCTION FROM GROSS INCOME

SEC. 102. (a) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 218 as section 219 and by inserting after section 217 the following new section:

"SEC. 218. POLITICAL CONTRIBUTIONS.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction any political contribution (as defined in section 40) payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) AMOUNT.—The deduction under subsection (a) shall not exceed $500 for any taxable year.

"(2) VERIFICATION.—The deduction under subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) ELECTION TO TAKE CREDIT IN LIEU OF DEDUCTION.—This section shall not apply in the case of any taxpayer who, for the taxable year, elects to take the credit against tax provided by section 40 (relating to credit against tax for political contributions). Such election shall be made in such manner and at such time as the Secretary or his delegate shall prescribe by regulations.

"(d) CROSS REFERENCE.—

"For disallowance of deduction to estates and trusts, see section 642(i)."

(b) The table of sections for such part VII is amended by striking out the last item and inserting in lieu thereof

"Sec. 218. Political contributions.
"Sec. 219. Cross references."

(c) Section 642 of the Internal Revenue Code of 1954 (relating to special rules for credits and deductions for estates and trusts) is amended by redesignating subsection (i) as subsection (j), and by inserting after subsection (h) the following new subsection:

"(i) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the deduction for political contributions provided by section 218."

EFFECTIVE DATE

SEC. 103. The amendments made by this title shall apply only to taxable years beginning after December 31, 1967.

TITLE II—AMENDMENTS TO CRIMINAL CODE

DEFINITIONS

SEC. 201. Section 591 of title 18 of the United States Code is amended to read as follows:

"§ 591. Definitions

"When used in sections 597, 599, 602, 608, and 610 of this title—

"(a) The term 'election' means (1) a primary or run-off primary election, or a convention, or a caucus of a political party, held to nominate a candidate, and (2) a general or special election.

"(b) The term 'candidate' means—

"(1) an individual who has taken the action necessary under the law of a State to qualify him for nomination for election, or for election, to the office of Senator or Representative in, or Resident Commissioner to, the Congress of the United States, or, if the State has no such law, an individual who has received contributions or made expenditures, or who has knowledge that any other person has received contributions or made expenditures, with a view to bringing about such individual's nomination for election, or election, to such office;

or

"(2) an individual who has received contributions or made expenditures, or who has knowledge that any other person has received contributions or made expenditures, with a view to bringing about such individual's nomination for election, or election, to the office of President or Vice President.

"(c) The term 'political committee' includes any national, senatorial, congressional, State, or local committee, association, or organization or any branch or subsidiary of such a committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence in any manner whatsoever the result of an election of a candidate or candidates, and which receives contributions or makes expenditures in the aggregate of $100 or more.

"(d) The term 'contribution' includes a gift, subscription, loan, advance, or deposit of money, or anything of value, or any transfer of funds between committees, and includes a contract, promise, or agreement to make a contribution, whether or not legally enforcible and includes a donation of services of a person employed by the donor if the value of such services exceeds $100.

"(e) The term 'qualified contributor' means any person other than a person who is prohibited by any statute of the United States from making contributions.

"(f) The term 'expenditure' includes a payment, distribution, loan, advance, deposit, or gift of money, or anything of value, or transfer of funds between committees, and includes a contract, promise, or agreement to make an expenditure, whether or not legally enforcible.

"(g) The term 'person' includes an individual, partnership, committee, association, corporation, and any organization or group of such persons.

"(h) The term 'State' includes the Commonwealth of Puerto Rico, any territory or possession of the United States, and the District of Columbia."

SEC. 202. Section 608 of title 18 of the United States Code is amended to read as follows:

"§ 608. Limitations on political purchases

"(a) Whoever, being a candidate, political committee, or national political committee, sells to anyone other than a candidate, political committee, national political committee, or qualified contributor, any goods, commodities, advertising, or articles of any kind of any services, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(b) Whoever, other than a candidate, political committee, national political committee, or qualified contributor, buys from a candidate, political committee, or national political committee any goods, commodities, advertising, or articles of any kind or any services, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(c) Subsections (a) and (b) shall not interfere with the usual and known business, trade, or profession of any candidate.

"(d) In all cases of violations of this section by a partnership, committee, association, corporation, or other organization or group of persons, the officers, directors, or managing heads thereof who knowingly and willfully participate in such violation shall be punished as herein provided."

REPEAL

SEC. 203. Section 609 of title 18 of the United States Code is repealed.

CONTRIBUTIONS BY CONTRACTORS

SEC. 204. Section 611 of title 18 of the United States Code is amended to read as follows:

"§ 611. Contributions by corporations, firms, or individuals contracting with the United States

"Whoever, including a corporation, enters into any contract with the United States or any department or agency thereof, either for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof, or selling any land or building to the United States or any department or agency thereof, if payment for the performance of such contract or payment for such material, supplies, equipment, land, or building is to be made in whole or in part from funds appropriated by the Congress, during the period of negotiation for, or performance under such contract or furnishing of material, supplies, equipment, land, or buildings, directly or indirectly makes any contribution of money or any other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

"Whoever knowingly solicits any such contribution from any such person, for any such purpose during any such period—

"Shall be fined not more than $5,000 or imprisoned not more than five years, or both."

CONFORMING AMENDMENT

SEC. 205. So much of the sectional analysis at the beginning of chapter 29 of title 18 of the United States Code as relates to section 609 and 611 is amended to read:

"609. Repealed.
"611. Contributions by corporations, firms, or individuals contracting with the United States."

TITLE III—CORRUPT FEDERAL ELECTION PRACTICES

DEFINITIONS

SEC. 301. As used in this title—

(a) The term "election" means (1) a primary or runoff primary election, or a convention, or a caucus of a political party, held to nominate a candidate, and (2) a general or special election.

(b) The term "candidate" means—

(1) an individual who has taken the action necessary under the law of a State to qualify him for nomination for election, or for election, to the office of Senator or Representative in, or Resident Commissioner to, the Congress of the United States, or, if the State has no such law, an individual who has received contributions or made expenditures, or who has knowledge that any other person has received contributions or made expenditures, with a view to bringing about such individual's nomination for election, or election, to such office; or

(2) an individual who has received contributions or made expenditures, or who has knowledge that any other person has received contributions or made expenditures, with a veiw to bringing about such individual's nomination for election, or election, to the office of President or Vice President.

(c) The term "political committee" includes any National, State, senatorial, congressional, or local committee, association, or organization or any branch or subsidiary of such a committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence in any manner whatsoever the result of an election of a candidate or candidates, and which receives contributions or makes expenditures in the aggregate of $100 or more.

(d) The term "contribution" includes a gift, subscription, loan, advance, or deposit of money, or anything of value, or any transfer of funds between committees, and includes a contract, promise, or agreement to make a contribution, whether or not legally enforcible and includes a donation of services of a person employed by the donor if the value of such services exceeds $100.

(e) The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift of money, or anything of value, or transfer of funds between committees, and includes a contract, promise, or agreement to make an expenditure, whether or not legally enforcible.

(f) The term "person" includes an individual, partnership, committee, association, corporation, and any organization or group of such persons.

(g) The term "State" includes the Commonwealth of Puerto Rico, any territory or possession of the United States, and the District of Columbia.

REGISTRY OF ELECTION FINANCE

SEC. 302. (a) There is created in the General Accounting Office a Registry of Election Finance, hereafter referred to as the "Registry".

(b) The Registry shall be headed by a Registrar of Election Finance, hereafter referred to as the "Registrar", who shall be appointed by the Comptroller General of the United States without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and may be removed by him at will.

(c) The Registrar shall perform such ditues as may be delegated or assigned to him by regulations or orders of the Comptroller General. The Comptroller General may designate an employee of the General Accounting Office to act as Registrar during the absence or incapacity of, or during a vacancy in the office of the Registrar.

(d) All officers and employees of the General Accounting Office serving in the Registry other than the Registrar, shall be appointed under the provisions of title 5, United States Code, governing appointments in the competitive service and shall be compensated in conformity with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(e) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(78) Registrar of Election Finance, General Accounting Office."

ORGANIZATION OF POLITICAL COMMITTEES

SEC. 303. (a) Every political committee shall have a chairman and a treasurer. No contribution and no expenditure for the purpose of influencing a nomination or an election shall be accepted or made by or on behalf of a political committee at a time when there is a vacancy in the office of chairman or treasurer thereof. No expenditure shall be made for or on behalf of a political committee without the authorization of its chairman or treasurer, or their designated agents.

(b) Every person who receives a contribution for a political committee shall, on demand of the treasurer, and in any event within five days after the receipt of such contribution, render to the treasurer a detailed account thereof, including the amount, the name and address of the person making such contribution, and the date on which received.

(c) All funds of a political committee shall be kept separate from other funds.

(d) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of—

(1) all contributions made to or for such committee;

(2) the name and address of every person making any contribution, and the date and amount thereof;

(3) all expenditures made by or on behalf of such committee; and

(4) the name and address of every person to whom any expenditure is made, and the date and amount thereof.

(e) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee of $100 or more in amount and for any such expenditure in a less amount, if the aggregate of expenditures to the same person in any year exceeds $100. The treasurer shall preserve all receipted bills and accounts required to be kept by this section for periods of time to be determined by the Comptroller General in accordance with published regulations.

REGISTRATION AND STATEMENTS OF POLITICAL COMMITTEES

SEC. 304. (a) Each political committee which anticipates receiving contributions or making expenditures in the aggregate of $100 or more in any calendar year for the purpose of influencing or attempting to influence in any manner whatsoever the nomination or election of a candidate or candidates shall, within ten days after its organization, file with the Registry a statement of organization. Each such political committee in existence at the date of enactment hereof shall file a statement of organization with the Registry at such time as prescribed by the Comptroller General.

(b) The statement or organization shall include—

(1) the name and address of the political committee;

(2) the names, addresses, and relationships of affiliated or connected organizations;

(3) the area, scope, or jurisdiction of the political committee;

(4) the name, address, and position of the custodian of books and accounts;

(5) the name, address, and position of other principal officers, including officers and members of the finance committee, if any;

(6) the name, office sought, and party affiliation of each candidate whom the political committee is supporting; or, if the political committee is supporting the entire ticket of any party, the name of the party;

(7) a statement whether the organization is a continuing one;

(8) what disposition of residual funds will be made in the event of dissolution;

(9) a listing of all banks, safety deposit boxes, or other repositories used;

(10) a statement whether the political committee is required by law to file reports with State or local officers, and, if so, the names, addresses, and positions of such persons; and

(11) such other information as shall be required by the Comptroller General by published regulation.

(c) Any change in information previously submitted in a statement of organization shall be reported to the Registry within a ten-day period following the change.

(d) Any political committee which, after having filed one or more statements of organization, disbands or determines it will no longer receive contributions or make expenditures shall so notify the Registry.

REPORTS BY POLITICAL COMMITTEES

SEC. 305. (a) At the times specified below, the treasurer of a political committee shall file with the Registry, on forms prescribed by the Comptroller General, a report containing the information required by subsection (b):

(1) Between the 10th and 20th days of June and September in each year;

(2) On the fifteenth day and on the fifth day, next preceding the date on which is held an election with respect to which such political committee has made expenditures; and

(3) On the 1st day of January of each year.

Such statements shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous statement during such year, only the amount need be carried forward. The statement filed on the 1st day of January shall cover the preceding calendar year. Where no contributions or expenditures have been accepted or made within a calendar year, the treasurer of a political committee need not file a statement with respect to such year.

(b) Each report under this section shall disclose, complete as of the day next preceding the date of filing—

(1) the amount of cash on hand at the beginning of the reporting period;

(2) the name and address of each person who has made one or more contributions to or for such committee (including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events), in the aggregate amount or value, within the calendar year, of $100 or more, together with the amount and date of such contributions;

(3) the total sum of individual contributions (as defined in section 301(d)) made to or for such committee during the reporting period and not reported under paragraph (2);

(4) the name and address of each political committee or candidate from which the reporting committee received, or to which that committee made, any transfer of funds, together with the amounts and dates of all such transfers;

(5) each loan to or from any person, together with the names and addresses of the lender and endorsers, if any, and the date and amount of such loan;

(6) the total amount of proceeds from (A) the sale of tickets to each dinner, luncheon, rally, and other fundraising event; (B) mass collections made at each such event; and (C) sales of items such as campaign pins, buttons, hats, ties, literature, and similar materials;

(7) each contribution, rebate, refund, or other receipt not otherwise listed under paragraphs (2) through (6);

(8) the total sum of all receipts by or for such committee during the reporting period;

(9) the name and address of each person to whom an expenditure or expenditures have been made by such committee within the calendar year in the aggregate amount or value of $100 or more, and the amount, date, and purpose of each such expenditure;

(10) the name and address of each person to whom an expenditure for personal services, salaries, and reimbursed expenses of $100 or more has been made, and which is not otherwise reported, including the amount, date, and purpose of such expenditure;

(11) the total sum of expenditures made by such committee during the calendar year; and

(12) such other information as shall be required by the Comptroller General by published regulation.

(c) No contribution or expenditure need be reported under this section which is made solely for the purpose of influencing the election of a person or persons seeking State or local office and from which no benefit will accrue to any candidate as herein defined.

(d) Debts or unpaid bills in the single amount or value of $100 or more which are incurred during a campaign for election, by or on behalf of the candidate, and which remain unpaid at the end of forty-five days following the date of the election, shall be listed separately on the first postelection report and shall be kept current on all subsequent reports until the debt is retired. There shall also be listed the total amount of debts and unpaid bills of less than $100.

(e) A national, senatorial, congressional, State, or county committee of a national political party, of which there shall not be designated more than one for each party for each such political unit, need not file separate reports for candidates supported, but may file the information required by this section at one time with respect to its entire activities for the period covered by the report.

REPORTS BY CONTRIBUTORS

SEC. 306. Every person (other than a political committee) who, singly or together with the members of his immediate family, makes contributions to a political committee, or makes other contributions or expenditures for the purpose of influencing the nomination or election of a candidate, aggregating in all more than $2,500 within a calendar year, shall file with the Registry, at such times and in such form as shall be prescribed by the Comptroller General, a report of such contributions and expenditures. For the purposes of this section the term "members of his immediate family" includes his spouse and a child, parent, grandparent, brother, or sister of the candidate and any of their spouses.

REPORTS BY CANDIDATES

SEC. 307. (a) Every candidate, during the period he receives or expends funds on behalf of his candidacy, shall file with the Registry, on a form to be prescribed by the Comptroller General, reports of his receipts and expenditures made for the purpose of influencing his election. Such reports shall be filed on the same date as are specified for political committees to file. Such reports shall contain a correct and itemized detailed report of contributions received and expenditures made by him in aid or support of his activities as a candidate, or for the purpose of influencing his election, in the same manner as required of the treasurer of a political committee by section 305, and shall include amounts expended from his own funds and amounts received or expended by his immediate family (as defined in section 306).

(b) The reports required to be filed by subsection (a) shall be cumulative, but where there has been no change in an item reported in a previous report, only the amount need be carried forward.

REQUIREMENTS AND REGULATIONS

SEC. 308. (a) A report or statement required by this title to be filed by a treasurer of a political committee, by a candidate, or by any other person, shall be verified by the oath or affirmation of the person filing such report or statement, taken before any officer authorized to administer oaths.

(b) A copy of a report or statement shall be preserved by the person filing it for a period of time to be designated by the Comptroller General in a published regulation.

(c) The Comptroller General shall prescribe and publish such regulations as he shall determine to be required to carry into effect the provisions of this Act.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 309. It shall be the duty of the Comptroller General—

(1) to develop prescribed forms for the making of the reports and statements required by this title;

(2) to prepare and publish a manual setting forth recommended uniform methods of bookkeeping and reporting for use by persons required to make reports and statements required by this title;

(3) to develop a filing, coding, and cross-indexing system consonant with the purposes of this title;

(4) to make the reports and statements filed with him available for public inspection and copying during regular office hours, and to make copying facilities available;

(5) to preserve such reports and statements for a period of ten years from date of receipt;

(6) to prepare and publish, within ten working days after the 20th day of June and September, and after the 1st day of January, of each year, and within three calendar days after the due dates of the preelection reports, summaries of the respective reports received; such summaries shall contain, in addition to such other information as the Comptroller General may determine, compilations disclosing the total receipts and expenditures appearing in each report by categories of amounts as he shall determine, and shall also include the name and address, and amount of contribution of each person listed alphabetically, shown to have contributed the sum of $100 or more; and such summaries shall be grouped according to candidates and parties;

(7) to prepare and publish an annual report including compilations of (A) total reported contributions and expenditures for all candidates, political committees, and other persons during the year; (B) total ammounts expended according to such categories as the Comptroller General shall determine and broken down into candidate, party, and nonparty expenditures; (C) total amounts contributed according to such categories of amounts as the Comptroller General shall determine; and (D) aggregate amounts contributed by any contributor shown to have contributed the sum of $100 or more during any calendar year;

(8) to prepare and publish from time to time special reports comparing the various totals and categories of contributions and expenditures made with respect to preceding elections;

(9) to prepare and publish such other reports as he may deem appropriate;

(10 to assure wide dissemination of summaries and reports;

(11) to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of this title and with respect to alleged failures to file any report or statement required under the provisions of this title;

(12) to report suspected violations of law to the appropriate law enforcement authorities; and

(13) to prescribe rules and regulations to carry out the provisions of this title.

ADVISORY BOARD

SEC. 310. (a) There is hereby established a bipartisan advisory board to be known as the Advisory Board of the Registry of Election Finance, hereafter referred to as the "Board". The Board shall be composed of twelve members at least half of whom shall not be in the employ of the United States. The President and the Comptroller General shall each nominate two members; the majority leader of the Senate, the minority leader of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives

shall each nominate two members, one of whom shall be a Member of Congress. The Comptroller General shall receive such nominations and shall appoint the members of the Board. The Board shall select a Chairman from among its members. A member of the Board shall serve for a term of two years and may serve for more than one term. If for any reason a member of the Board shall fail to serve a complete term, his successor shall be nominated by the official who nominated such member and the successor shall be appointed by the Comptroller General to serve the unexpired term.

(b) The Board herein established shall be constituted not later than ninety days following the appointment of the Registrar.

(c) The Board shall advise and make recommendations to the Comptroller General and to the Congress with respect to (1) the means for effectively publicizing the information submitted in the reports and statements required by this title, (2) any need for legislation, and (3) such other matters as the Comptroller General or the Board may determine.

(d) Members of the Board, while attending meetings or conferences of the Board or otherwise serving at the request of the Comptroller General, shall be entitled to receive compensation at a rate to be fixed by him but not exceeding $75 per diem, including traveltime, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

PENALTY

SEC. 311. (a) Except as provided by subsection (b), whoever violates any provision of this title shall be fined not more than $1,000, or imprisoned not more than one year, or both.

(b) Whoever willfully violates any provision of this title shall be fined not more than $10,000 and imprisoned not more than two years.

SAVING PROVISION

SEC. 312. This title shall not be construed to annul the laws of any State relating to the nomination or election of candidates, unless directly inconsistent with the provisions of this part, or to exempt any candidate from complying with such State laws.

REPEAL

SEC. 313. The Federal Corrupt Practices Act of 1925 (2 U.S.C. 241 et seq.) is repealed.

[S. 1827, 90th Cong., first sess.]

A BILL To revise the Federal election laws to prevent corrupt practices in Federal elections, to establish a method for the public financing of campaigns of candidates for Federal office, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Elections Act of 1967."

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TITLE I—PREVENTION OF CORRUPT PRACTICES

PART A—SHORT TITLE; DEFINITIONS

SHORT TITLE

SEC. 101. This title may be cited as the "Federal Elections Campaign Practices Act of 1967".

DEFINITIONS

SEC. 102. For purposes of this title—

(1) The term "election" includes a general, special, or primary election, including a preferential primary, and a convention of a political party or a caucus held for the purpose of nominating candidates.

(2) The term "candidate" means an individual who has publicly announced that he is a candidate for, or whose name is presented for, nomination or election in an election for nomination for or election as President or Vice President of the United States, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, and who meets the qualifications prescribed by the applicable laws to hold the office for which he is a candidate, so that he may be voted for by the electorate directly or by means of delegates or electors, whether or not such individual is nominated or elected.

(3) The term "political committee" includes any committee, association, or organization which accepts contributions or makes expenditures in an aggregate amount exceeding $500 in any calendar year for the purpose of influencing, or attempting to influence, in any manner whatsoever, the nomination or election of a candidate or candidates.

(4) The term "national political committee" means a political committee which accepts contributions or makes expenditures in an aggregate amount exceeding $500 in any calendar year for the purpose of influencing, or attempting to in-

fluence, in any manner whatsoever, the nomination or election of a candidate or candidates in two or more States.

(5) The term "contribution" includes a gift, subscription, loan (other than a loan made in the regular course of the banking business), advance, or deposit of money, or anything of value, or transfer of funds between committees, and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution.

(6) The term "expenditure" includes a payment, distribution. loan (other than a loan made in the regular course of the banking business), advance, deposit, or gift of money, or anything of value, transfer of funds between committees, or absorption of cost, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure.

(7) The term "person" includes an individual, partnership, committee, association, corporation, labor organization, and any other organization or group of persons.

(8) The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

(9) The term "Comptroller General" means the Comptroller General of the United States.

(10) The term "Attorney General" means the Attorney General of the United States.

Part B—Campaign Practices

ORGANIZATION OF POLITICAL COMMITTEES

Sec. 111. (a) Every political committee shall have a chairman and a treasurer. No contribution shall be accepted, and no expenditure shall be made, by or on behalf of a political committee for the purpose of influencing an election until such chairman and treasurer have been chosen. No person other than the chairman or the treasurer, or someone designated in writing by the chairman, shall make an expenditure for or on behalf of a political committee.

(b) Every person who receives a contribution in an amount exceeding $20 for a political committee shall, on demand of the treasurer, and in any event within five days after the receipt of such contribution, render to the treasurer a detailed account thereof, including the name and address of the person making such contribution, and the date on which received.

(c) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of—

(1) all contributions made to or for such committee;

(2) the name and address of every person making a contribution in an amount exceeding $20, and the date thereof;

(3) all expenditures made by or on behalf of such committee and the purpose thereof;

(4) the name and address of every person to whom any such expenditure is made, and the date thereof.

(d) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure by or on behalf of a political committee exceeding $100 in amount. The treasure shall preserve all receipted bills and accounts required to be kept by this section for a period of at least five years from the date of the filing of the statement containing such items.

AUTHORIZATION OF POLITICAL COMMITTEES

Sec. 112. (a) A candidate for Senator or Representative in, or Resident Commissioner to, the Congress of the United States, may authorize in writing one or more political committees to support his candidacy. Such authorization shall be addressed to the chairman of the authorized political committee and a copy of such authorization shall be filed by the candidate with the Comptroller General, the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, and the clerk of the United States district court in which the candidate resides. Any withdrawal of such authorization shall also be in writing and addressed and filed in the same manner as was the original authorization.

(b) Candidates for election as President and Vice President seeking election as nominees of a political party may jointly authorize in writing one or more national political committees to support their candidacy in the same manner as provided in subsection (a). Such candidates for election as President and Vice President may also jointly authorize in writing not more than two political committees within each State to support their candidacy, and may further authorize the chairmen

of such political committees, as their political agents, to authorize other political committees within that State to support their candidacy. Copies of all such authorizations shall be filed with the Comptroller General as above provided.

(c) A candidate for nomination for the office of President or Vice President may authorize one or more national political committees to support his candidacy in the same manner as provided in subsection (a). Such a candidate for nomination for the office of President or Vice President may also authorize in writing not more than two political committees within each State to support his candidacy, and may further authorize the chairman of such political committees, as his political agents, to authorize other political committees within that State to support his candidacy. Copies of all such authorizations shall be filed with the Comptroller General as above provided.

(d) Whenever a candidate authorizes a political committee to support his candidacy for nomination or election, he shall specify the maximum amount of expenditures such committee may make in his behalf. Any such authorization may be modified from time to time by filing an amended authorization, to be filed in the same manner as prescribed for original authorizations, except that the amount specified in any amended authorization shall not be less than the expenditures made on behalf of such candidate by such committee prior to the time at which the amended authorization is effective.

(e) No political committee shall make expenditures for or on behalf of a candidate in excess of the amount specified in the written authorization to such committee last filed by such candidate.

(f) No political committee shall print or publish any card, pamphlet, circular, poster, dodger, sticker, advertisement, book, writing or other statement in support of any specific candidate who has not authorized such committee to support his candidacy, without stating thereon in letters of such size as to be easily legible that such committee has not been authorized by such candidate to support his candidacy.

(g) No political committee shall sponsor or pay any portion of the cost of any speech or radio or television broadcast in support of any candidate who has not authorized such committee to support his candidacy, without declaring, both at the beginning and at the end of such speech or broadcast, that such committee has not been authorized by such candidate to support his candidacy.

(h) A political committee not authorized by a candidate to support his candidacy shall not make contributions to such candidate or expenditures on behalf of such such candidate aggregating more than $1,000 in the calendar year, nor shall any political committee make expenditures in excess of $1,000 in a calendar year for the purpose of furthering, advancing, or advocating any person for any elective Federal office if such person is not a candidate.

(i) No political committee shall make expenditures in excess of $1,000 in a calendar year for the purpose of defeating any candidate, unless such committee has been authorized to support the candidacy of a candidate for the same office.

LIMITATION UPON AMOUNT OF EXPENDITURES BY CANDIDATES FOR SENATOR, REPRESENTATIVE, OR RESIDENT COMMISSIONER

SEC. 113. (a) A candidate for Senator or Representative in, or Resident Commissioner to, the Congress of the United States, in his campaign for nomination or election, shall not make expenditures in excess of the amount which he may lawfully make under the provisions of this section, nor shall more than 10 percent of such amount be expended from the personal funds of a candidate and his spouse. For the purpose of the limitation prescribed in this section, there shall be included in the total of expenditures made by a candidate the expenditures made on behalf of the candidate by all political committees authorized by him to support his candidacy.

(b) A candidate, in his campaign for nomination or election (treating primary elections or nominating conventions or caucuses and special or general elections as separate elections for the purpose of this limitation), may make expenditures up to the larger of—

(1) the sum of $75,000 if a candidate for Senator or Representative at Large, or the sum of $20,000 if a candidate for Representative or Resident Commissioner;

or

(2) in the case of an election other than a nominating convention or caucus, an amount equal to the amount obtained by multiplying 20 cents by the total number of votes cast in either the last primary election or the last general election for all candidates for the office which the candidate seeks.

(c) The Comptroller shall prescribe regulations providing for the application of paragraph (2) of subsection (b) in the case of an election for office of Representative with respect to which there was no election to such office in the last primary election or the last general election. The regulations so prescribed shall provide limitations of expenditures under such paragraph in an amount not less than the amount of payments to which an eligible candidate of a major party is entitled in such election under section 204(c)(1) of this Act (determined with the application of section 204(d)).

(d) In the case of a political committee supporting more than one candidate (including State and local candidates) which makes expenditures in support of such candidates which are not specifically in support of the candidacy of any one candidate, the expenditures so made shall, for purposes of this title, be treated as having been made in support of the candidacy of each such candidate (including State and local candidates) in the same ratio as the expenditures specifically made in support of the candidacy of such candidate bears to the sum of the expenditures specifically made in support of the candidacy of all such candidates.

LIMITATION UPON AMOUNT OF EXPENDITURES BY CANDIDATES FOR ELECTION AS PRESIDENT AND VICE PRESIDENT—NATIONAL POLITICAL COMMITTEES

SEC. 114. Candidates for election as President and Vice President, who are the nominees of a political party, in their campaign for election, shall not make expenditures in excess of an amount equal to the amount obtained by multiplying 10 cents by the total number of popular votes cast for President in the preceding presidential election. For the purpose of the limitation prescribed in this section, there shall be included the expenditures made by or on behalf of either or both candidates and there shall be included in the total of expenditures made by such candidates, the expenditures made on their behalf by all national political committees authorized by them to support their candidacy, pursuant to section 112.

LIMITATION UPON AMOUNT OF EXPENDITURES ON BEHALF OF CANDIDATES FOR PRESIDENT AND VICE PRESIDENT—STATE POLITICAL COMMITTEES

SEC. 115. Whenever candidates for President and Vice President have authorized a political committee within a State to accept contributions and make expenditures in support of their candidacy pursuant to section 112, such political committee, together with all other political committees within the State, authorized by the candidates and by the chairmen of the committees so authorized, shall not make aggregate expenditures in support of such candidates in excess of an amount equal to the amount obtained by multiplying 10 cents by the total number of popular votes cast for President in such State in the preceding presidential election.

LIMITATION UPON AMOUNT OF EXPENDITURES BY CANDIDATES FOR NOMINATION FOR THE OFFICE OF PRESIDENT OR VICE PRESIDENT—NATIONAL POLITICAL COMMITTEES

SEC. 116. A candidate for nomination for the office of President or Vice President, in his campaign for such nomination, shall not make expenditures in an amount in excess of 50 percent of the limitation prescribed in section 114. For the purpose of the limitation prescribed in this section, there shall be included in the total of expenditures made by a candidate for such nomination the expenditures made on his behalf by all national political committees authorized by him to support his candidacy. Not more than 10 per centum of such amount shall be expended from the personal funds of the candidate and his spouse.

LIMITATION UPON AMOUNT OF EXPENDITURES ON BEHALF OF CANDIDATES FOR NOMINATION FOR THE OFFICE OF PRESIDENT OR VICE PRESIDENT—STATE POLITICAL COMMITTEES

SEC. 117. Whenever a candidate for nomination for the office of President or Vice President has authorized a political committee within a State to support his candidacy for such nomination pursuant to section 112, such political committee, together with all other political committees within the State authorized by the candidate and by the chairmen of the committees so authorized, shall not make expenditures on behalf of such candidates in excess of the limitation prescribed in section 115.

REPORTS BY POLITICAL COMMITTEES

SEC. 118. (a) The treasurer of a political committee shall file reports of receipts and expenditures with the Comptroller General, on forms to be prescribed by him, and shall transmit a copy of such reports to the clerk of the United States district court for the district in which the principal office of the committee is located. Such reports shall be filed, complete as of June 30 and December 31 of each year, and as of the thirtieth and tenth days next preceding the date on which an election is to be held, and as of the twentieth day following an election, with respect to which contributions were received or expenditures made by such committee. In each instance reports shall be filed not later than the fourth day following the reporting date as above provided. Each report shall contain—

(1) amount of cash on hand at the beginning of the reporting period;

(2) the name and address of each person who has made a contribution to or for such committee in one or more items of the aggregate amount or value, within the calendar year, of $500 or more, together with the amount and date of such contribution, with the names of the contributors arranged alphabetically;

(3) the total sum of individual contributions made to or for such committee during the calendar year and not stated under paragraph (2);

(4) the name and address of each political committee or candidate from which the committee received any transfer of funds, together with the amounts and dates of all such transfers;

(5) the total sum of all contributions made to or for such committee during the calendar year;

(6) the name and address of each person to whom an expenditure has been made by such committee during the calendar year in one or more items of the aggregate amount or value of $100 or more, and the amount, date, and purpose of such expenditure;

(7) the total sum of all expenditures made by such committee during the calendar year and not stated under paragraph (6);

(8) the name and address of each political committee or candidate to which the committee made any transfer of funds, together with the amounts and dates of all such transfers; and

(9) the total sum of expenditures made by such committee during the calendar year.

(b)(1) Each item of expenditure shall be described in sufficient detail to identify it accurately, including, in the case of printed cards, pamphlets, circulars, posters, dodgers, booklets, or other such advertisement, writings or other statements (such as reprints from periodicals, books, newspapers, or other publications), the title and number of each; in the case of newspaper advertisements, the names of the newspapers; and in the case of radio and television items, the names of the stations.

(2) Each expenditure shall also be described by general category, including (i) personal services and reimbursed expenses (salaries, commissions, fees, traveling, and subsistence); (ii) printing, purchase, and distribution of literature; (iii) newspaper, periodical, and billboard advertising; (iv) radio; (v) television; (vi) office overhead; (vii) election day expenses; (viii) transfer to other political committees and contributions to candidates; and (ix) miscellaneous; and the total expenditure for such category shall be listed.

(c) The reports required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous report only the amount need be carried forward.

(d) The report required to be filed as of December 31 shall cover the entire calendar year.

(e) The reports required to be filed by subsection (a) shall also contain a list of the names of candidates in whose behalf contributions were received or expenditures made, listing separately those candidates who have authorized the committee to support their candidacy. In the case of committees supporting more than one candidate (including State and local candidates) the amount of expenditures made in support of the candidacy of each candidate (including expenditures allocable to each candidate as computed under subsection 113(d)) shall be stated.

REPORTS BY CANDIDATES FOR SENATOR, REPRESENTATIVE, AND RESIDENT COMMISSIONER

SEC. 119. (a) Each candidate for Senator or Representative in, or Resident Commissioner to, the Congress of the United States shall file with the Comptroller

General, on a form to be prescribed by him, reports of receipts and expenditures and shall transmit a copy thereof to the Secretary of the Senate if a candidate for Senator, or to the Clerk of the House of Representatives if a candidate for Representative or Resident Commissioner, and to the clerk of the United States district court for the district in which the candidate resides. Such reports shall be complete as of the thirtieth and tenth days next preceding the date on which an election for the office for which he is a candidate is to be held, and as of the twentieth day following such election, and in each instance shall be filed not later than the fourth day following the reporting date. Such reports shall contain—

(1) a correct and itemized detailed report of contributions received and expenditures made by him in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, in the same manner as required of the treasurer of a political committee by section 118, including amounts expended from his own funds and total amounts received and expended by political committees authorized by him pursuant to section 112 to support his candidacy;

(2) a list of the names and addresses of each political committee he has authorized to support his candidacy; and

(3) a statement of every promise or pledge made by him or by any person for him with his consent, prior to the closing of the polls on the day of election, relative to the appointment or recommendation for appointment of any person to any public or private position or employment for the purpose of procuring support of his candidacy, and the name, address and occupation of every person to whom any such promise or pledge has been made, together with the description of any such position. If no such promise or pledge has been made, that fact shall be specifically stated.

(b) The reports required to be filed by subsection (a)(1) shall be cumulative, but where there has been no change in an item reported in a previous report only the amount need be carried forward.

(c) Every candidate shall enclose with his first report a statement, based upon the records of the proper State official, giving the total number of votes cast for all candidates for the office which the candidate seeks at the election used as a basis for the computation made under subsection 113(b).

REPORTS BY CANDIDATES FOR ELECTION AS PRESIDENT AND VICE PRESIDENT

SEC. 120. Candidates for election as President and Vice President who are nominees of a political party shall jointly file reports of receipts and expenditures with the Comptroller General, on forms to be prescribed by him. Such reports shall be complete as of the corresponding dates, shall be filed within the same time limitations, and shall contain the same information as that prescribed in section 119 for candidates for the Senate and House of Representatives.

REPORTS BY CANDIDATES FOR NOMINATION FOR THE OFFICE OF PRESIDENT OR VICE PRESIDENT

SEC. 121. Candidates for nomination for the office of President or Vice President shall file reports of receipts and expenditures with the Comptroller General, on forms to be prescribed by him. Such reports shall be complete as of the corresponding dates, shall be filed within the same time limitations, and shall contain the same information as that prescribed in section 119 for candidates for the Senate and House of Representatives.

REPORTS BY POLITICAL AGENTS

SEC. 122. (a) The chairman of a political committee which has been authorized by candidates for election as President and Vice President to support their candidacy within a State pursuant to subsection 112(b) shall file with the Comptroller General, on a form to be prescribed by him, a consolidated report of receipts and expenditures on behalf of such candidates for President and Vice President. Such reports shall contain the receipts and expenditures of the political committee of which he is chairman and the receipts and expenditures of other political committees within the State authorized by him to support such candidates. A copy of such reports shall be filed with the clerk of the United States district court for the district in which is located the principal office of the political committee of which he is chairman. Such reports shall be filed complete as of the corresponding dates, and within the same time limitations as prescribed in section 119(a).

The report required to be filed by this subsection shall be cumulative, but where there has been no change in an item reported in a previous report, only the amount need be carried forward.

(b) The chairman of a political committee which has been authorized by a candidate for nomination for the office of President or Vice President to support his candidacy within a State pursuant to subsection 112(e) shall file with the Comptroller General, on a form to be prescribed by him, a consolidated report of receipts and expenditures on behalf of such candidate for nomination. Such reports shall contain the receipts and expenditures of the political committee of which he is chairman and the receipts and expenditures of other political committees within the State authorized by him to support such candidate. A copy of such reports shall be filed with the clerk of the United States district court for the district in which is located the principal office of the political committee of which he is chairman. Such reports shall be filed complete as of the corresponding dates, and within the same time limitations as prescribed in section 119(a). The report required to be filed by this subsection shall be cumulative, but where there has been no change in an item reported in a previous report, only the amount need be carried forward.

REPORTS BY OTHER PERSONS

SEC. 123. (a) Every person (other than those filing reports pursuant to sections 118 through 122) who makes an expenditure in one or more items aggregating $500 or more within a calendar year, other than by contribution to a candidate or or political committee, for the purpose of influencing the election of a candidate or candidates, shall file with the Comptroller General, on a form to be prescribed by him, an itemized detailed report of such expenditures, and shall file a copy thereof with the clerk of the United States district court for the district in which such expenditures are made. The first report shall be filed within four days after the making of any expenditure which, when added to previous expenditures within the calendar year, aggregates $500 or more. Subsequent reports shall be filed at the times specified in section 118, and shall be cumulative. In all cases, such reports shall indicate the date or dates and the amount of the expenditures, the purpose, and the candidate or candidates in whose behalf such expenditures were made.

(b) Any person who makes contributions aggregating $500 or more in any calendar year to one or more candidates or political committees shall file with the Comptroller General, on a form to be prescribed by him, a report of all such contributions, giving names and addresses of each candidate and political committee, together with the amounts and dates of such contributions. This report shall be prepared as of December 31, and shall be filed within four days thereafter. A copy of the report shall also be filed with the clerk of the United States district court for the district in which such person has his legal residence.

REQUIREMENTS FOR FILING REPORTS

SEC. 124. The reports required by this title to be filed by a candidate, a chairman of a political committee, a treasurer of a political committee, or by any other person with the Comptroller General and the copies thereof required to be filed with the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, and with the clerk of the United States district court—

(1) shall be verified by the oath or affirmation of the person filing such report, taken before any officer authorized to administer oaths;

(2) shall be deemed properly filed when delivered to the specified recipient, or when deposited in an established post office within the prescribed time, duly stamped, registered, and properly addressed, but in the event it is not received, a duplicate of such report shall be promptly filed upon notice of its nonreceipt by the officer with whom it is required to be filed; and

(3) a copy shall be preserved by the person filing it for a period of one year from the date of filing.

PROHIBITION OF CERTAIN CONTRIBUTIONS

SEC. 125. (a) It is unlawful for any person to make a contribution or expenditure in connection with any election of candidates in any name other than his own, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this subsection.

(b) It is unlawful for any individual under the age of eighteen years to make a contribution or expenditure in connection with any election of candidates or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this subsection.

DUTIES OF COMPTROLLER GENERAL

SEC. 126. It shall be the duty of the Comptroller General—

(1) to develop uniform methods of accounting and develop and prescribe forms for the making of the reports and statements required under this title;

(2) to make the reports filed under this title available for public inspection within twenty-four hours of their receipt by him;

(3) to preserve such reports for a period of five years from the date of receipt, during which time they shall be available for public inspection;

(4) to make such reports available for public inspection during normal office hours, except that such reports shall be made available for at least eight hours per day for seven consecutive calendar days next preceding any election;

(5) to permit copying by hand, by machine, or by photographic means, as requested by any person;

(6) to ascertain whether candidates, political committees, or others have failed to file reports or have filed defective reports and to give notice to delinquents directing them to file such reports or to correct defective reports;

(7) to report violations of this title to the Committee on Rules and Administration of the Senate and the Committee on House Administration of the House of Representatives and to the Attorney General;

(8) to provide for the preparation and the publication, not later than ten days before an election and not later than sixty days after an election, of compilations containing summaries indicating the total contributions and expenditures and the total for each category of expenditure in the reports filed with him, and the name, address and the amount contributed by each contributor shown to have contributed the sum of $500 or more;

(9) to make annual reports, and such other reports as may be requested, to the Committee on Rules and Administration of the Senate and the Committee on House Administration of the House of Representatives, of political practices of candidates and political committees, including analyses of receipts and expenditures, and of his supervision of this title; and

(10) to adopt rules and regulations for the discharge of the duties imposed by this section.

DUTIES OF CLERKS OF UNITED STATES DISTRICT COURTS

SEC. 127. It shall be the duty of the clerks of United States district courts—

(1) to receive and maintain in an orderly manner all reports required by this title to be filed with such clerks;

(2) to make available for public inspection each report within twenty-four hours of its receipt;

(3) to make such reports available for public inspection during normal office hours, except that such reports shall be made available for at least eight hours per day for seven consecutive calendar days next preceding any election;

(4) to maintain such reports for public inspection for a period of five years from the date of receipt; and

(5) to permit copying by hand, by machine, or by photographic means, as requested by any person.

SUPERVISION OF THE ADMINISTRATION OF THIS ACT

SEC. 128. To assist the Congress in appraising the administration of this title and in developing such amendments or legislation related thereto as it may deem necessary, the Committee on Rules and Administration of the Senate, in the case of candidates for President, Vice President, or Senator, and political committees supporting such candidates, and the Committee on House Administration of the House of Representatives, in the case of candidates for President, Vice President, Representative, or Resident Commissioner, and political committees supporting such candidates, shall exercise continuous watchfulness of the administration of this title by the agencies concerned. It shall be the duty of these committees—

(1) to study all pertinent reports and summaries submitted to them by the Comptroller General, and such other materials as may be necessary;

(2) to ascertain from the Comptroller General whether candidates, political committees, or others have failed to file statements as required by this title, or have filed defective statements;

(3) to review such reports at regular intervals to ascertain the action taken by those agencies. Any department, official, or agency administering any of the provisions of this title shall, at the request of either of the committees, consult with the committee, from time to time, with respect to its activities under this title;

(4) to take such other action as shall be necessary and proper to supervise the administration of this title; and

(5) to report to the Senate or the House of Representatives, respectively, from time to time, on their activities under this title.

PART C—AMENDMENTS TO CRIMINAL CODE

DEFINITIONS

SEC. 141. Section 591 of title 18 of the United States Code is amended to read as follows:

"§ 591. Definitions

"When used in sections 597, 599, 602, 608, and 610 of this title—

"(1) The term 'election' includes a general, special, or primary election, including a preferential primary, and a convention of a political party or a caucus held for the purpose of nominating candidates.

"(2) The term 'candidate' means an individual who has publicly announced that he is a candidate for, or whose name is presented for nomination or election in an election for nomination for or election as President or Vice President of the United States, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, and who meets the qualifications prescribed by the applicable laws to hold the office for which he is a candidate, so that he may be voted for by the electorate directly or by means of delegates or electors, whether or not such individual is elected or nominated.

"(3) The term 'political committee' includes any committee, association, or organization which accepts contributions or makes expenditures in an aggregate amount exceeding $500 in any calendar year for the purpose of influencing or attempting to influence in any manner whatsoever the nomination or election of a candidate or candidates.

"(4) The term 'national political committee' means a political committee which makes expenditures in an aggregate amount exceeding $500 in any calendar year for the purpose of influencing, or attempting to influence, in any manner whatsoever, the nomination or election of a candidate or candidates in two or more States.

"(5) The term 'contribution' includes a gift, subscription, loan (other than a loan made in the ordinary course of the banking business), advance, or deposit of money, or anything of value, or transfer of funds between committees, and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution.

"(6) The term 'expenditure' includes a payment, distribution, loan (other than a loan made in the ordinary course of the banking business), advance, deposit, or gift of money, or anything of value, or transfer of funds between committees, or absorption of cost, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure.

"(7) The term 'person' or the term 'whoever' includes an individual, partnership, committee, association, corporation, labor organization, and any other organization or group of persons.

"(8) The term 'labor organization' includes any union or organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work, or any association or federation of such unions or organizations.

"(9) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States."

LIMITATIONS ON FINANCIAL AID

SEC. 142. Section 608 of title 18 of the United States Code is amended to read as follows:

"§ 608. Limitations on political contributions and expenditures

"(a) It is unlawful for any person, other than a political committee, to make, directly or indirectly, contributions to, or expenditures on behalf of, candidates

and political committees in a total aggregate amount in excess of $1,000 during any calendar year.

"(b) It is unlawful for any person, other than a political committee, to make contributions or expenditures in excess of a total aggregate amount of $250 in any calendar year to or on behalf of any candidate or candidates for the Senate or the House of Representatives seeking election in any State or States other than the State in which such contributor has his legal residence.

"(c) It is unlawful for any political committee, other than a national political committee, to make, directly or indirectly, contributions to, or expenditures on behalf of, candidates and political committees in any State or States other than the State in which such political committee maintains its office, and it is unlawful for any candidate or political committee to accept or receive any contribution or to authorize or permit an expenditure prohibited by this section: *Provided however*, That nothing in this title or in the Federal Elections Campaign Practices Act of 1967 shall be construed to prohibit any political committee from transferring funds in any amount to a national political committee, up to the maximum limitations placed upon such national political committee.

"(d) It is unlawful for a national political committee to make contributions to, or expenditures on behalf of, candidates and their authorized political committees, for the Senate or the House of Representatives, in excess of the following sums in any calendar year:

"(1) $10,000 in the case of a candidate for Senator, and

"(2) $3,000 in the case of a candidate for Representative or Resident Commissioner.

"(e) It is unlawful for a candidate for Senator or Representative in, or Resident Commissioner to, the Congress of the United States, to receive contributions from or authorize expenditures by national political committees aggregating in excess of the following:

"(1) $10,000 in the case of a candidate for Senator, or

"(2) $3,000 in the case of a candidate for Representative or Resident Commissioner.

For the purpose of the limitations prescribed in this subsection, there shall be included in the aggregate contributions received by a candidate all contributions on behalf of such candidate made by national political committees to all political committees authorized by such candidate to support his candidacy.

"(f) It is unlawful for any person to purchase or buy any goods, commodities, advertising or articles of any kind or description, the proceeds of which, or any portion thereof, directly or indirectly inures to the benefit of or for any candidate or any political committee: *Provided, however*, That this subsection shall not apply to the purchase and sale by candidates and committees of campaign pins, buttons, and similar materials for prices not exceeding $5 per article. This subsection shall not interfere with the usual and known business, trade, or profession of any candidate.

"(g) In all cases of violations of this section by any person other than an individual, any officer, director, or managing head thereof who consents to such violation, shall be punished as herein provided.

"(h) Whoever violates any provision of this section shall be fined not more than $5,000 or imprisoned not more than five years, or both."

AID BY NATIONAL BANKS, CORPORATIONS, AND LABOR ORGANIZATIONS

SEC. 143. Section 610 of title 18 of the United States Code is amended to read as follows:

"§ 610. Contributions or expenditures by national banks, corporations, or labor organizations

"It is unlawful for any national bank or any corporation organized by authority of any law of Congress to make a contribution or expenditure in connection with any election to any political office, or for any corporation whatever or any labor organization to make a contribution or expenditure in connection with any election of candidates as defined in section 591, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section. Every national bank, corporation, or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than $5,000; and every officer or director of any national bank, corporation, or labor organization, who consents to any contribution or expenditure by a national bank, corporation or labor organization, as the case may be, in violation of this section shall be fined not more than $5,000 or imprisoned not more than five years, or both."

PART D—MISCELLANEOUS

GENERAL PENALTIES FOR VIOLATIONS

SEC. 151. Any person who violates any of the provisions of this title, except a provision for which a specific penalty is provided, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

EXPENSES OF ELECTION CONTESTS

SEC. 152. This title shall not limit or affect the right of any person to make expenditures for proper legal expenses in contesting the results of an election.

EFFECT ON STATE LAWS

SEC. 153. This title shall not be construed to annul, or to exempt any candidate from complying with, the laws of any State relating to the nomination or election of candidates, unless such laws are directly inconsistent with the provisions of this title except that the limitations on expenditures prescribed in section 113 shall supersede any such limitations prescribed in State laws which differ therefrom.

PARTIAL INVALIDITY

SEC. 154. If any provisions of this title, or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the title and the application of such provisions to other persons and circumstances shall not be affected thereby.

REPEALING CLAUSE

SEC. 155. The Federal Corrupt Practices Act, 1925, as amended; section 609 of title 18, United States Code; and all Acts or parts of Acts inconsistent herewith are hereby repealed.

EFFECTIVE DATE

SEC. 156. This title shall take effect on January 1, 1968.

TITLE II—FINANCING OF FEDERAL ELECTIONS CAMPAIGNS

PART A—FINANCING OF CAMPAIGNS FROM APPROPRIATED FUNDS

SHORT TITLE

SEC. 201. This title may be cited as the "Federal Elections Campaign Fina cing Act of 1967".

DEFINITIONS

SEC. 202. For purposes of this title—

(1) The term "authorized political committee" means, with respect to any candidate, a political committee which is authorized under section 112 of this Act to support the candidacy of such candidate for election to the office for which he is a candidate.

(2) The term "candidate" means—

(A) with respect to the office of President or Vice President of the United States, an individual who (i) has been nominated for election to such office by a major party, or (ii) has qualified to have his name on the election ballot (or to have the names of electors pledged to him on the election ballot) as a candidate for election to such office in a number of States whose combined electoral vote is sufficient to elect such individual to such office; and

(B) with respect to the office of Senator or Representative, an individual who (i) has been nominated for election to such office by a major party, or (ii) has qualified under the laws of the State in which he seeks election to have his name on the election ballot as a candidate for election to such office.

(3) The term "Comptroller General" means the Comptroller General of the United States.

(4) The term "eligible candidate" means a candidate who has met all applicable conditions for eligibility to receive payments under this title set forth in section 203. A candidate of a political party for President shall not be an eligible candidate unless the candidate of such party for Vice President is an eligible candidate. A candidate of a political party for Vice President shall not be an eligible candidate unless the candidate of such party for President is an eligible candidate.

(5) The term "major party" means—

(A) with respect to an election for the office of President, Vice President, Senator, or Representative, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 20 per centum or more of the total number of popular votes cast for all candidates for President;

(B) with respect to an election for an office of Senator, a political party whose candidate for an office of Senator in the last general election in the State in which there was an election to the office of Senator received, as the candidate of such party, 20 per centum or more of the total votes cast for all candidates for such office; and

(C) with respect to an election for an office of Representative, a political party whose candidate for such office in the preceding general election received, as the candidate of such party, 20 per centum or more of the total votes cast for all candidates for such office.

(6) The term "minor party" means—

(A) with respect to an election for the office of President, Vice President, Senator, or Representative, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 5 per centum or more but less than 20 per centum of the total number of popular votes cast for all candidates for President;

(B) with respect to an election for an office of Senator, a political party whose candidate for an office of Senator in the last general election in the State in which there was an election to the office of Senator received, as the candidate of such party, 5 per centum or more but less than 20 per centum of the total votes cast for all candidates for such office; and

(C) with respect to an election for an office of Representative, a political party whose candidate for such office in the preceding general election received, as the candidate of such party, 5 per centum or more but less than 20 per centum of the total votes cast for all candidates for such office.

(7) The term "qualified campaign expense" means an expense—

(A) incurred by a candidate to further his election to the office for which he is a candidate, or incurred by an authorized political committee of such candidate to further the election of such candidate to the office for which he is a candidate,

(B) incurred not less than seventy-five days before the day of the election in which such candidate seeks election to office, and not more than thirty days after such day, and

(C) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which such expense is incurred or paid.

An expense shall be considered as incurred by a candidate or an authorized political committee if it is incurred by a person authorized by such candidate or such committee, as the case may be, to incur such expense on behalf of such candidate or such committee.

(8) The term "Representative" includes the office of Resident Commissioner from Puerto Rico, and, with respect to an election to such office, the term "State" includes the Commonwealth of Puerto Rico.

(9) The term "Secretary" means the Secretary of the Treasury.

CONDITIONS FOR ELIGIBILITY FOR PAYMENTS

SEC. 203. (a) In order to be eligible to receive any payments under section 206, a candidate shall—

(1) agree to furnish to the Comptroller General such evidence as he may request of the qualified campaign expenses with respect to which payment is sought,

(2) agree to furnish to the Comptroller General such records, books, and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 207, and

(4) give a bond, in such amount as the Comptroller General deems necessary, for the repayment of any amount which is required to be repaid under section 207.

(b) In order to be eligible to receive any payments under section 206, a candidate of a major party shall certify to the Comptroller General that no contributions will be accepted or expended by him or by any of his authorized political commit-

tees to defray qualified campaign expenses incurred by him or incurred by any such authorized political committee in support of his candidacy. Such certification shall be made within such time prior to the day of the election in which such candidate seeks election to office as the Comptroller General may prescribe by regulations.

(c) In order to be eligible to receive any payments under section 206, a candidate (other than a candidate of a major party) shall certify to the Comptroller General that he and his authorized political committees will not incur qualified campaign expenses in excess of the amount of qualified campaign expenses for which an eligible candidate of a major party for the office for which he is a candidate is entitled to payment under section 204. Such certification shall be made within such time prior to the day of the election in which such candidate seeks election to office as the Comptroller General may prescribe by regulations.

ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS

SEC. 204. (a) Subject to the provisions of this title—

(1) The eligible candidates of a major party for the offices of President and Vice President in an election shall jointly be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to 20 cents multiplied by the total number of popular votes cast for all candidates for President in the preceding presidential election.

(2) The eligible candidates of a minor party for the offices of President and Vice President in an election shall jointly be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to (A) 40 cents multiplied by the number of popular votes received in the preceding presidential election by the candidate of such party for President as such candidate, or (B) if higher, the amount computed under paragraph (3).

(3) The eligible candidates of a political party (other than a major party) for the offices of President and Vice President in an election whose candidate for President received, as the candidate of such party, 5 percent or more of the total number of popular votes cast for all candidates for President in such election shall jointly be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to 40 cents multiplied by the number of popular votes so received by such candidate in such election, except that such payments shall not exceed the aggregate amount of payments to which eligible candidates are entitled under paragraph (1).

(b) Subject to the provisions of this title—

(1) An eligible candidate of a major party for Senator in an election shall be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to 20 cents multiplied by the total number of votes cast for all candidates for the office of Senator in the last preceding general election in which there was an election for Senator held in the State. In any case in which elections were held for both seats of such State in the Senate in such last preceding general election, only the votes cast for the candidates for the office of Senator the candidates for which received the combined larger number of votes shall be taken into account for purposes of this paragraph.

(2) An eligible candidate of a minor party for Senator in an election shall be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to (A) 40 cents multiplied by the number of votes received by the candidate for Senator of such party, as such candidate, in the last preceding general election in which there was an election for Senator held in the State, or (B) if higher, the amount computed under paragraph (3). In any case in which an election was held for both seats of such State in the Senate in such last preceding general election, only the votes received by the candidate for Senator of such party, as such candidate, who received the larger number of votes shall be taken into account for purposes of this paragraph.

(3) An eligible candidate for Senator (other than a candidate of a major party) in an election who receives 5 per centum or more of the total votes cast for all candidates for the office of Senator for which such eligible candidate is a candidate shall be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to 40 cents multiplied by the number of votes received by such eligible candidate in such election, except that such payments shall not exceed the aggregate amount of payments to which an eligible candidate is entitled under paragraph (1)

(c) Subject to the provisions of this title—

(1) An eligible candidate of a major party for Representative in an election shall be entitled to payments under section 206 to defray qualified campaign

expenses equal in the aggregate to 20 cents multiplied by the total number of votes cast in the preceding general election for all candidates for the office of Representative for which he is a candidate.

(2) An eligible candidate of a minor party for Representative in an election shall be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to (A) 40 cents multiplied by the number of votes received in the preceding general election by the candidate of such party, as such candidate, for the office of Representative for which such eligible candidate is a candidate, or (B) if higher, the amount computed under paragraph (3).

(3) An eligible candidate for Representative (other than a candidate of a major party) in an election who receives 5 per centum or more of the total votes cast for all candidates for the office of Representative for which such eligible candidate is a candidate shall be entitled to payments under section 206 to defray qualified campaign expenses equal in the aggregate to 40 cents multiplied by the number of votes received by such eligible candidate in such election, except that such payments shall not exceed the aggregate amount of payments to which an eligible candidate is entitled under paragraph (1).

(d) For purposes of applying subsection (c)—

(1) if the number of offices of Representatives from a State is increased, the computations under paragraphs (1) and (2) of such subsection for each new office of Representative for the first general election following such increase shall, under regulations prescribed by the Comptroller General, be based on the average number of votes cast for the offices of Representatives from such State in the preceding general election;

(2) if the Representatives from a State are elected at large in an election, but were not so elected in the preceding general election, the computations under paragraphs (1) and (2) of such subsection for such election shall, under regulations prescribed by the Comptroller General, be based on the number of votes cast for the offices of Representatives from such State in the preceding general election; and

(3) if the Representatives from a State are not elected at large in an election, but were so elected in the preceding general election, the computations under paragraphs (1) and (2) of such subsection for such elections shall, under regulations prescribed by the Comptroller General, be based on the last preceding general election in which the Representatives from such States were not elected at large, or shall be computed in such other manner as the Comptroller General determines to be fair and equitable.

CERTIFICATION BY COMPTROLLER GENERAL

SEC. 205. (a) On the basis of the evidence, books, records, and information furnished by an eligible candidate and prior to examination and audit under section 207, the Comptroller General shall, subject to the provisions of subsections (b) and (c), certify from time to time to the Secretary for payment to such candidate under section 206 the amount of qualified campaign expenses incurred by such candidate and incurred by his authorized political committees in support of his candidacy.

(b) The Comptroller General shall not certify for payment under section 206 to any eligible candidate an amount which (when added to amounts previously certified for payment to such candidate under such section) exceeds the amount to which such candidate is entitled under section 204.

(c) Certifications by the Comptroller General under subsection (a), and all determinations made by him in making such certifications, shall, except as provided in section 207, be final and conclusive.

PAYMENTS TO ELIGIBLE CANDIDATES

SEC. 206. (a) Upon receipt of a certification from the Comptroller General under section 205 for payment to an eligible candidate, the Secretary shall pay to such candidate the amount certified by the Comptroller General.

(b) There are hereby authorized to be appropriated to the Secretary such sums as are necessary to enable him to make payments under subsection (a) to eligible candidates.

EXAMINATIONS AND AUDITS; REPAYMENTS

SEC. 207. (a) After each election, the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses incurred by each eligible candidate to whom payments have been made under section 206.

(b)(1) If, after examination and audit under subsection (a), the Comptroller General determines that any portion of the payments made to an eligible candidate under section 206 was erroneously made, he shall so notify such candidate, and such candidate shall pay to the Secretary an amount equal to such portion.

(2) If the Comptroller General determines that any eligible candidate of a major party accepted or expended contributions to defray qualified campaign expenses incurred by him, or that any authorized political committee of such candidate accepted or expended contributions to defray qualified campaign expenses incurred by it in support of his candidacy, he shall notify such candidate of the amount of the contributions so accepted or expended, and such candidate shall pay to the Secretary an amount equal to such amount (but not in excess of the amount of payments received by such candidate under section 206).

(3) If the Comptroller General determines that the amount of contributions accepted or expended by an eligible candidate (other than an eligible candidate of a major party), and by the authorized political committees of such candidate, to defray qualified campaign expenses incurred by such candidate or incurred by such committees in support of the candidacy of such candidate, when added to the amount of payments made to such candidate under section 206, exceeds the amount of payments which an eligible candidate of a major party for the office for which such candidate was a candidate is entitled to receive under section 204, he shall notify such candidate of such excess, and such candidate shall pay to the Secretary an amount equal to such excess (but not in excess of the amount of payments received by such candidate under section 206).

(4) If the Comptroller General determines that any amount of any payment made to a candidate under section 206 was used by such candidate for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray such qualified campaign expenses,

he shall notify such candidate of the amount so used, and such candidate shall pay to the Secretary an amount equal to such amount.

(5) All payments received by the Secretary under this subsection shall be deposited by him in the Treasury to the credit of the appropriations made under the authority of section 206(b).

REPORTS TO CONGRESS; REGULATIONS

SEC. 208. (a) The Comptroller General shall, as soon as practicable after each election, submit a full report to the Senate and the House of Representatives, setting forth—

(1) the amounts certified by him under section 206 for payment to each eligible candidate;

(2) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by each such candidate and by his authorized political committees in support of his candidacy; and

(3) the amount of payments, if any, required from each such candidate under section 207, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

(b) The Comptroller General is authorized to prescribe such rules and regulations, to conduct such examinations and investigations, and to require the submission of such books, records, and information, as he deems necessary to carry out the functions and duties imposed on him by this title.

CRIMINAL PENALTIES

SEC. 209. (a) It shall be unlawful for any person who receives any payment under section 206 knowingly and willfully to use, or authorize the use of, such payment for any purpose other than—

(1) to defray the qualified campaign expenses, with respect to which such payment was made, or

(2) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray such qualified campaign expenses.

(b) It shall be unlawful for any person knowingly and willfully—

(1) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this title, or to include in any evidence, books, or information so furnished any misrepresentation of a

material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this title;

(2) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this title; or

(3) to fail to pay to the Secretary any amount required to be paid under section 207(b).

(c) Any person who violates any provision of subsection (a) or (b) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

PART B—INCOME TAX DEDUCTION FOR CONTRIBUTIONS TO FEDERAL CANDIDATES

ALLOWANCE FOR DEDUCTION

SEC. 221. (a) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 218 as 219, and by inserting after section 217 the following new section:

"SEC. 218. POLITICAL CONTRIBUTIONS TO FEDERAL CANDIDATES.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction an amount equal to one-half of so much of the contributions as does not exceed $100, payment of which is made by the taxpayer within the taxable year, to—

"(1) an individual who is a candidate (within the meaning of section 102(2) of the Federal Elections Campaign Practices Act of 1967) for nomination or election to the office of President or Vice President of the United States, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, for use by such individual to further his candidacy for nomination or election to such office; or

"(2) a political committee authorized under section 112 of such Act to support the candidacy of such individual, for use by such political committee to support the candidacy of such individual for nomination or election to the office for which he is a candidate.

"(b) VERIFICATION.—The deduction under subsection (a) shall be allowed, with respect to any contribution, only if such contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) CROSS REFERENCE.—

"For disallowance of the deduction provided by subsection (a) to estates and trusts, see section 642(i)."

(b) The table of sections for such part VII is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 218. Political contributions to Federal candidates.
"Sec. 219. Cross references."

DEDUCTION FROM GROSS INCOME

SEC. 222. Section 62 of the Internal Revenue Code of 1954 (relating to definition of adjusted gross income) is amended by inserting after paragraph (8) the following paragraph:

"(9) POLITICAL CONTRIBUTIONS TO FEDERAL CANDIDATES.—The deduction allowed by section 218."

TECHNICAL AMENDMENTS

SEC. 223. (a) Section 276(a) of the Internal Revenue Code of 1954 (relating to certain indirect contributions to political parties) is amended by striking out "No deduction otherwise allowable under this chapter" and inserting in lieu thereof "Except as provided in section 218, no deduction otherwise allowable under this chapter".

(b) Section 642 of such Code (relating to special rules for credits and deductions for estates and trusts) is amended by redesignating subsection (i) as (j), and by inserting after subsection (h) the following new subsection:

"(i) POLITICAL CONTRIBUTIONS TO FEDERAL CANDIDATES.—An estate or trust shall not be allowed the deduction for political contributions to Federal candidates provided by section 218."

EFFECTIVE DATE

SEC. 224. The amendments made by this title shall apply to taxable years ending after December 31, 1967, but only with respect to contributions payment of which is made after such date.

TITLE III—FURNISHING OF FREE RADIO AND TELEVISION BROADCAST TIME TO FEDERAL CANDIDATES

AMENDMENT TO COMMUNICATIONS ACT OF 1934

SEC. 301. Section 315 of the Communications Act of 1934 (47 U.S.C. 315) is amended—

(1) by striking out "No obligation" in the second sentence of subsection (a) and inserting in lieu thereof "Except as provided in subsection (c), no obligation", and

(2) by redesignating subsection (c) as (d), and by inserting after subsection (b) the following new subsection:

"(c) After notice and hearing, the Commission shall prescribe appropriate rules and regulations requiring, as a condition of each license for a broadcasting station, that, to the extent provided in such rules and regulations, the licensee permit the use of such broadcasting station without charge by any person who (1) is a legally qualified candidate for election to the office of President or Vice President of the United States or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, and (2) satisfies such requirements with respect to candidates for the office for which he is a candidate as such rules and regulations may provide. The first sentence of subsection (a) (other than the proviso contained therein) shall not apply with respect to the use of a broadcasting station by a candidate pursuant to the rules and regulations prescribed under this subsection.".

[S. 1882, 90th Cong., 1st sess.]

A BILL To provide for deductions of political contributions, to amend the Federal Corrupt Practices Act, and to prohibit solicitation of Federal employees by political committees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Election Reform Act of 1967".

DEDUCTION OF POLITICAL CONTRIBUTIONS

SEC. 2. (a) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 218 as 219, and by inserting after section 217 the following new section:

"SEC. 218. POLITICAL CONTRIBUTIONS.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction an amount equal to so much of the political contributions as does not exceed $100, payment of which is made by the taxpayer within the taxable year, but only if, at the time the deduction is claimed, the committee or individual who received the contribution has complied with all provisions of Federal, State, or local law which require the reporting of the receipt of such contribution. In the case of a joint return of a husband and wife under section 6013 the deductions shall not exceed $100, and in the case of a separate return by a married individual the deduction shall not exceed $50.

"(b) VERIFICATION.—The deduction under subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITION OF POLITICAL CONTRIBUTION.—For purposes of this section the term 'political contribution' means a contribution or donation of money to—

"(1) an individual who is a candidate for any Federal, State, or local elective public office in any general, special, or primary election, or in any convention of a political party described in paragraph (2), for use by such individual to further his candidacy; or

"(2) any National, State, or local committee of a political party which had a candidate for the Presidency at the last election of presidential electors, or has a candidate for the Presidency if there is an election of presidential electors during the current taxable year, and such candidate received or

receives, as the case may be, more than 10 per centum of the popular vote cast in such election, if such committee accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the selection, nomination, or election of any candidate described in paragraph (1).

"(d) CROSS REFERENCE.—

"For disallowance of deduction to estates and trusts, see section 642(i)."

(b) The table of sections for such part VII is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 218. Political contributions.
"Sec. 219. Cross references."

(c) Section 62 of such Code (relating to definition of adjusted gross income) is amended by inserting after paragraph (8) the following paragraph:

"(9) POLITICAL CONTRIBUTIONS.—The deduction allowed by section 218."

(d) Section 276(a) of such Code (relating to certain indirect contributions to political parties) is amended by striking out "No deduction otherwise allowable under this chapter" and inserting in lieu thereof "Except as provided in section 218, no deduction otherwise allowable under this chapter."

(e) Section 642 of such Code (relating to special rules for credits and deductions for estates and trusts) is amended by redesignating subsection (i) as (j), and by inserting after subsection (h) the following new subsection:

"(i) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the deduction for political contributions provided by section 218."

(f) The amendments made by this section shall apply to taxable years ending after December 31, 1966, but only with respect to political contributions payment of which is made after such date.

REPORTS OF CONTRIBUTIONS AND EXPENDITURES

SEC. 3. (a) Section 302(e) of the Federal Corrupt Practices Act, 1925 (2 U.S.C. 241(e)) is amended to read as follows:

"(e) The term 'political committee' includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice-presidential electors."

(b) Section 306 of such Act (2 U.S.C. 245) is amended to read as follows:

"SEC. 306. Every person (other than a political committee) who makes an expenditure in one or more items, other than by contribution to a political committee, aggregating $50 or more within a calendar year for the purpose of influencing the election of candidates, shall file with the Clerk an itemized detailed statement of such expenditure in the same manner as required of the treasurer of a political committee by section 305."

(c) The amendments made by subsections (a) and (b) shall be applicable with respect to contributions and expenditures made on or after the date of enactment of this Act.

DEFINITION OF ELECTION

SEC. 4. (a) Subsections (a) and (b) of section 302 of the Federal Corrupt Practices Act, 1925 (2 U.S.C. 241) are amended to read as follows:

"(a) The term 'election' includes a general, special, or primary election, including a preferential primary, and a convention or caucus of a political party held for the purpose of nominating candidates;

"(b) The term 'candidate' means an individual whose name is presented at an election for nomination for, or election as President or Vice President, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, whether or not such individual is nominated or elected;".

(b) Subsection (c) of such section is amended by inserting immediately before the word "election" the words "nomination or".

(c) Section 305(a) of such Act (2 U.S.C. 244) is amended by striking out the words "a general election is to be held, at which candidates are to be elected in two or more States" and inserting in lieu thereof the following: "an election with respect to which contributions are accepted or expenditures made by such committee is to be held".

(d) Section 307(a) of such Act (2 U.S.C. 246) is amended by striking out the words "an election" and inserting in lieu thereof the following: "the election in which the candidate seeks nomination or election".

(e) Section 309 of such Act (2 U.S.C. 248) is amended by adding at the end thereof a new subsection as follows:

"(d) Subsections (a) and (b) of this section shall be applicable only with respect to expenditures by candidates for election as Senator or Representative in, or Resident Commissioner to, the Congress in a general or special election."

(f) Section 591 of title 18, United States Code is amended by striking out the paragraphs defining the terms "election" and "candidate" and inserting in lieu thereof the following:

"The term 'election' includes a general, special, or primary election, including a preferential primary, and a convention or caucus of a political party held for the purpose of nominating candidates;

"The term 'candidate' means an individual whose name is presented at an election for nomination for, or election as, President or Vice President, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, whether or not such individual is nominated or elected;".

PROHIBITION UPON SOLICITATION OF FEDERAL EMPLOYEES BY POLITICAL COMMITTEES

SEC. 5. (a) Section 602 of title 18 of the United States Code is amended—

(1) by inserting "(a)" before "Whoever", and

(2) by adding at the end thereof the following new subsection:

(b) Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than $5,000 or imprisoned not more than three years, or both.

[S. 1883, 90th Cong., 1st sess.]

A BILL To amend the Presidential Election Campaign Fund Act of 1966, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—

(a)(1) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended—

(A) by striking out part VIII (relating to designation of income tax payments to the Presidential Election Campaign Fund); and

(B) by striking out the item relating to such part VIII in the table of parts of such subchapter.

(2) The amendments made by paragraph (1) shall apply with respect to income tax liability for taxable years beginning after December 31, 1966.

(b)(1) Section 303 of the Presidential Election Campaign Fund Act of 1966 is amended—

(A) by striking out the second sentence of subsection (a) and inserting in lieu thereof "The fund shall consist of amounts appropriated to it under the authority of section 305 of this Act."; and

(B) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) TRANSFERS TO THE FUND.—The Secretary of the Treasury shall, from time to time, transfer from the general fund of the Treasury to the Fund the sums appropriated to it under the authority of section 305 of this Act."

(2) Section 305 of such Act is amended to read as follows:

"SEC. 305. APPROPRIATIONS AUTHORIZED.

"(a) MAJOR PARTIES.—

"(1) 1968 PRESIDENTIAL CAMPAIGN.—There is hereby authorized to be appropriated to the presidential election campaign fund, out of any monies in the Treasury not otherwise appropriated, an amount not to exceed $ to enable the Secretary of the Treasury to make the payments under section 303(c)(1)(A) of this Act with respect to the presidential campaign conducted in 1968, and subject to the provisions of section 303(d) of this Act, such sums may be made available for such purpose, until expended when so specified in an appropriation act.

"(2) PRESIDENTIAL CAMPAIGNS SUBSEQUENT TO 1968.—For each presidential campaign conducted subsequent to 1968, there is hereby authorized to be appropriated to the presidential election campaign fund, out of any monies

in the Treasury not otherwise appropriated, an amount not to exceed the amount authorized by law, to enable the Secretary of the Treasury to make the payments under section 303(c)(1)(A) of this Act, and subject to the provisions of section 303(d) of this Act, such sums may be made available for such purpose until expended when so specified in an appropriation act.

"(b) MINOR PARTIES.—There is hereby authorized to be appropriated to the presidential election campaign fund, out of any monies in the Treasury not otherwise appropriated, such amounts as may be necessary to enable the Secretary of the Treasury to make the payments described in section 303(c)(1)(B) of this Act, and subject to the provisions of section 303(d) of this Act, such sums may be made available for such purpose until expended when so specified in an appropriation act.

"(c) DECLARATION OF POLICY.—It is hereby declared to be the policy of the Congress that the appropriations authorized by this section to be made to the presidential election campaign fund shall be made in the calendar year preceding the year in which each presidential campaign is conducted."

SEC. 2. Subsection (c) of section 303 of the Presidential Election Campaign Fund Act of 1966 is amended to read as follows:

"(c) PAYMENTS FROM FUND.—

"(1) IN GENERAL.—The Secretary of the Treasury shall, with respect to each presidential campaign, pay out of the Fund into the treasury of each political party which has complied with the provisions of paragraph (2) amounts (subject to the limitations in paragraphs (2) (B) and (C)) determined as follows:

"(A) In the case of a political party which is a major party (as defined in paragraph (7)(B)) and equal share of the amount made available pursuant to appropriation acts for payment under this paragraph to all major parties.

"(B) In the case of a political party which is a minor party (as defined in paragraph (7)(C)) an amount equal to—

"(i) the number of votes received by the presidential candidate of such party, as such candidate, in the presidential election, multiplied by—

"(ii) the amount made available to all major parties under subparagraph (A) divided by the total number of votes cast in the preceding presidential election for the presidential candidates of such major parties, as the candidates of such parties.

"(2) LIMITATIONS.—

"(A) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount of qualified expenses incurred (prior to the date of the certification) by such party in carrying on such presidential campaign, and has furnished such records, books, and other information as may be requested by the Comptroller General.

"(B) No payment under paragraph (1)(A) shall be made into the treasury of a political party with respect to any presidential campaign in an amount which when added to previous payments made to such party, exceeds the amount of qualified expenses incurred by such party in carrying on such presidential campaign. No payment under paragraph (1)(A) shall be made into the treasury of any political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General that no contributions, direct or indirect, to defray (other than as an advance) qualified expenses incurred or to be incurred in carrying on such presidential campaign have been accepted or expended prior to the date of the certification by such party or the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by such party or either of such candidates, and that no such contributions will be accepted or expended on or after the date of the certification.

"(C) No payment under paragraph (1)(B) shall be made into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party and to—

"(i) the amount of contributions, direct or indirect, to defray qualified expenses incurred or to be incurred in carrying on such

presidential campaign accepted by such party or the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by such party or by either of such candidates, reduced by

"(ii) the amount which the treasurer of such party has certified has been or will be returned to the donors of the contributions described in clause (i),

exceeds the amount of qualified expenses incurred by such party in carrying on such presidential campaign, or the amount determined under paragraph (1)(A) for a major party, whichever amount is lower. No payment under paragraph (1)(B) shall be made into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount of the contributions described in clause (i) accepted prior to the date of the certification and the total amount which has been or will be returned to donors of such contributions.

"(D) Payments under paragraph (1) shall be made with respect to each presidential campaign at such times as the Secretary of the Treasury may prescribe by regulations, except that no payment with respect to any presidential campaign shall be made before September 1 of the year of the presidential election with respect to which such campaign is conducted.

"(3) CERTIFICATIONS BY COMPTROLLER GENERAL.—The Comptroller General shall certify to the Secretary of the Treasury the amounts payable to any political party under paragraph (1). The Comptroller General's determination of such amounts shall, except as provided in this subsection, be final and not subject to review by any other officer or any court.

"(4) RESTRICTIONS ON INCURRING QUALIFIED EXPENSES.—No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign for qualified expenses incurred in any State to the extent such expenses exceed an amount (A) which bears the same ratio to the total amount of qualified expenses incurred by such party in carrying on such presidential campaign in all the States for which payment may be made under this subsection as (B) 140 percent of the population of such State bears to the total population of all the States. In the case of any qualified expense which is attributable to carrying on such presidential campaign in more than one State, the portion of such expense which, for purposes of this paragraph, is considered as incurred in each State shall be determined under regulations prescribed by the Comptroller General.

"(5) AUDITS.—After each presidential campaign, the Comptroller General shall conduct a thorough examination and audit of the qualified expenses incurred in carrying on such presidential campaign by each political party to which payments have been made under paragraph (1) or which is entitled to payments under such paragraph.

"(6) REPAYMENTS BY POLITICAL PARTIES.—

"(A) If, after examination and audit under paragraph (5), the Comptroller General determines that any portion of the payments to a political party under paragraph (1) was erroneously made, he shall so notify such party, and such party shall pay to the Fund an amount equal to such portion.

"(B) If the Comptroller General determines that any political party which is a major party has defrayed (other than as an advance) qualified expenses in carrying on a presidential campaign from contributions received, directly or indirectly, by such party or the candidates of such party for the offices of President or Vice President, or by any organization controlled directly or indirectly by such party or either of such candidates, he shall notify such party of the amount of such expenses so defrayed, and such party shall pay to the Fund an amount equal to such amount (but not in excess of the amount of payments received by such party under paragraph (1)).

"(C) If the Comptroller General determines that the amount of contributions, direct or indirect, received and expanded to defray qualified expenses in carrying on a presidential campaign by any minor party or the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by either of such candidates, when added to the amount of payments to such party under paragraph (1) exceeds the amount of payments

which a major party is entitled to receive under such paragraph, he shall notify the party of such excess, and the party shall pay to the Fund an amount equal to such excess (but not in excess of the amount of payments received by such party under paragraph (1)).

"(D) If the Comptroller General determines that any amount of any payment made to a political party under paragraph (1) with respect to a presidential campaign was used by such party for any purpose other than—

"(i) to defray qualified expenses incurred in carrying on such presidential campaign, or

"(ii) to repay loans or advances, the proceeds of which were used, or otherwise to restore funds which were used, to defray such expenses,

he shall notify the party, and the party shall pay to the Fund an amount equal to the amount used for any purpose other than the purposes specified in clauses (i) and (ii), and, if it is shown that such use was willful or due to willful neglect, shall pay to the Fund an additional amount equal to 50 percent of the amounts so used.

"(E) If any political party which is required to make payments to the Fund under this paragraph with respect to a presidential campaign is entitled to payments under paragraph (1), the Comptroller General shall reduce such payments by an amount equal to the unpaid portion of any sum required to be paid by such party under this paragraph.

"(F) No determination or notification shall be made by the Comptroller General under this paragraph more than —— years following the date of the presidential election.

"(7) DEFINITIONS.—For purposes of this title—

"(A) The term 'Comptroller General' means the Comptroller General of the United States.

"(B) The term 'major party' means, with respect to any presidential election, a political party whose candidate for President in the preceding presidential election received, as the candidate of such party, 25 percent or more of the total popular vote cast for all candidates for President in such preceding presidential election.

"(C) The term 'minority party' means, with respect to any presidential election, a political party (other than a major party) whose candidate for President receives, as the candidate of such party, 5 percent or more of the total popular vote cast for all candidates for President in such presidential election.

"(D) The term 'political party' means any political party which presents candidates for election to the offices of President and Vice President of the United States.

"(E) The term 'presidential campaign' means the political campaign held every fourth year for the election of presidential and vice-presidential electors.

"(F) The term 'presidential election' means the election of presidential and vice-presidential electors.

"(G) The terms 'treasury of a political party' and 'treasurer of a political party' mean, with respect to any political party, the treasury and treasurer, respectively, of the national committee of such party, or, if such party does not have a national committee, the treasury and treasurer of the organization designated in writing to the Comptroller General by the candidates of such party for President and Vice President in the presidential campaign with respect to which such party is entitled to payments under paragraph (1).

"(H) The terms 'qualified expense' means only—

"(i) Radio and television production and time expenses;

"(ii) Traveling and related expenses of the presidential and vice-presidential candidates and their campaign personnel;

"(iii) Newspaper and periodical advertising expenses; and

"(iv) Expenses for the preparation, printing, and distribution of campaign literature, including posters and billboards,

incurred in connection with a presidential campaign subsequent to the date on which the political party has selected both its candidate for President and its candidate for Vice President in such presidential campaign.

"(I) The term 'State' includes the District of Columbia."

SEC. 3. (a) Subsection (b) of section 304 of the Presidential Election Campaign Fund Act of 1966 is amended to read as follows:

"(b) The Board shall be composed of the following members:

"(1) the majority leader and minority leader of the Senate and the Speaker and minority leader of the House of Representatives, who shall serve ex officio;

"(2) two members representing each political party which is a major party, which members shall be appointed by the Comptroller General from recommendations submitted by each such political party; and

"(3) three members selected by the members described in paragraphs (1) and (2).

The terms of the first members of the Board described in paragraphs (2) and (3) shall expire on the 60th day after the date of the first presidential election following the date of the enactment of this Act and the terms of subsequent members described in paragraphs (2) and (3) shall begin on the 61st day after the date of a presidential election and expire on the 60th day following the date of the subsequent presidential elections. The Board shall elect a Chairman from its members."

(b) Subsection (c) of such section is amended by inserting after "Members of the Board" the following: "(other than members described in subsection (b)(1))".

SEC. 4. The Presidential Election Campaign Fund Act of 1966 is amended by adding at the end thereof the following new sections:

"SEC. 306. REPORTS TO CONGRESS; REGULATIONS.

"(a) The Comptroller General shall, as soon as practicable after each presidential campaign, submit a full report to the Senate and the House of Representatives setting forth—

"(1) the amounts certified by him under section 303(c)(3) for payments to each political party entitled to payments under section 303(c) with respect to such presidential campaign,

"(2) the qualified expenses (shown by such categories, and in such detail, as the Comptroller General determines necessary) incurred by each political party to which payments were made under section 303(c) in carrying on such presidential campaign, and

"(3) the amount of payment, if any, required from each such political party under section 303(c)(6), and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Comptroller General is authorized to prescribe such rules and regulations, to conduct such examinations and investigations, and to require the submission of such books, records, and information as he deems necessary to carry out the functions and duties imposed on him by this title.

"SEC. 307. CRIMINAL PENALTIES.

"(a) It shall be unlawful for any person who has custody, or control of the use, of any funds paid into the treasury of a political party under section 303(c) knowingly and willfully to use, or authorize the use of such funds for any personal purpose, or for any other purpose, other than—

"(1) to defray the qualified expenses with respect to which such payment was made, or

"(2) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray such qualified expenses.

"(b) It shall be unlawful for any person knowingly and willfully—

"(1) to furnish any false, fictitious, or fradulent evidence, books or information to the Comptroller General under section 303(c), or to include in any evidence, books, or information furnished under such section any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certfication by the Comptroller General under such section;

"(2) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of section 303(c); or

"(3) to fail to pay to the Secretary of the Treasury any amount required to be paid under section 303(c)(6).

"(c) Any person who violates any provision of subsection (a) or (b) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both."

[S. 1890, 90th Cong., 1st sess.]

A BILL To amend the Presidential Election Campaign Fund Act of 1966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 303 of the Presidential Election Campaign Fund Act of 1966 is amended—

(1) by striking out the second sentence of subsection (a) and inserting in lieu thereof "The Fund shall consist of amounts appropriated to it by section 305 of this Act."; and

(2) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) TRANSFERS TO THE FUND.—The Secretary of the Treasury shall, from time to time, transfer from the general fund of the Treasury to the Presidential Election Campaign Fund the sums appropriated by section 305. Such transfers may be made on the basis of estimates by the Secretary of payments to be made by him under subsection (c)."

(b) Section 305 of such Act is amended to read as follows:

"SEC. 305. APPROPRIATIONS.

"There are hereby appropriated to the Presidential Election Campaign Fund, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year beginning July 1, 1967, and succeeding fiscal years, such sums as may be necessary to enable the Secretary of the Treasury to make payments under section 303(c) of this Act with respect to presidential campaigns, beginning with the presidential campaign conducted in 1968. The amounts appropriated under this section for a fiscal year shall not exceed an amount equal to the amounts designated by individuals under section 6096 of the Internal Revenue Code of 1954 for payment into the Presidential Election Campaign Fund with respect to taxable years ending with or within such fiscal year."

SEC. 2. Subsection (c) of section 303 of the Presidential Election Campaign Fund Act of 1966 is amended to read as follows:

"(c) PAYMENTS FROM FUND.—

"(1) IN GENERAL.—The Secretary of the Treasury shall, with respect to each presidential campaign, pay out of the Fund into the treasury of each political party which has complied with the provisions of paragraph (3) an amount (subject to the limitations in subparagraphs (B) and (C) of paragraph (3)) determined under paragraph (2).

"(2) DETERMINATIONS OF AMOUNTS.—

"(A) Each political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to (i) 50 cents multiplied by the number of popular votes received by the candidate for Preisdent of such party in the presidential election in connection with which such campaign is conducted, or (ii) if greater at the time the amount of a payment is determined, the amount determined under subparagraph (B).

"(B) Each political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to 25 percent of the amount determined by multiplying 50 cents by the number of popular votes received by the candidate for President of such party, as such candidate, in the presidential election preceding the one in connection with which such campaign is conducted.

"(C) Payments under paragraph (1) shall be made with respect to each presidential campaign at such times as the Secretary of the Treasury may prescribe by regulations, except that no payment with respect to any presidential campaign shall be made—

"(i) prior to the presidential election with respect to which such campaign is conducted in the case of an amount determined under subparagraph (A), or

"(ii) prior to September 1 of the year of the presidential election with respect to which such campaign is conducted in the case of an amount determined under subparagraph (B).

If at the time so prescribed for any such payments, the moneys in the fund are insufficient for the Secretary to pay into the treasury of each political party which is entitled to a payment under paragraph (1) the amount to which such party is entitled, the payments to all such parties at such time shall be reduced prorata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the fund.

"(3) LIMITATIONS.—

"(A) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount of qualified expenses incurred (prior to the date of the certification) by such party in carrying on such presidential campaign, and the total amount of qualified contributions to such political party (prior to the date of the certification) in connection with such campaign, and has furnished such records, books, and other information as may be requested by the Comptroller General.

"(B) No payment determined under paragraph (2)(A) shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party, exceeds the lesser of—

"(i) 50 percent of the amount of qualified expenses incurred by such party in carrying on such presidential campaign, or

"(ii) the amount of qualified contributions to such political party in connection with such campaign,

prior to the date of the certification on which such payment is based.

"(C) No payment determined under paragraph (2)(B) shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party, exceeds 25 percent of the lesser of—

"(i) 50 percent of the amount of qualified expenses incurred by such party in carrying on such presidential campaign, or

"(ii) the amount of qualified contributions to such political party in connection with such campaign,

prior to the date of the certification on which such payment is based.

"(4) CERTIFICATIONS BY COMPTROLLER GENERAL.—The Comptroller General shall certify to the Secretary of the Treasury the amounts payable to any political party under paragraph (1). The Comptroller General's determination of such amounts shall, except as provided in this subsection, be final and not subject to review.

"(5) AUDITS.—After each presidential campaign, the Comptroller General shall conduct a thorough examination and audit of the qualified expenses incurred in carrying on such presidential campaign by each political party to which payments have been made under paragraph (1) or which is entitled to payments under such paragraph.

"(6) REPAYMENTS BY POLITICAL PARTIES.—

"(A) If, after examination and audit under paragraph (5), the Comptroller General determines that any portion of the payments to a political party under paragraph (1) was erroneously made, he shall so notify the party, and the party shall pay to the Fund an amount equal to such portion.

"(B) If the Comptroller General determines that any amount of any payment made to a political party under paragraph (1) with respect to a presidential campaign was used by such party for any purpose other than—

"(i) to defray qualified expenses incurred in carrying on such presidential campaign, or

"(ii) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray such expenses,

he shall notify such party, and such party shall pay to the Fund an amount equal to the amount used for any purpose other than the purposes specified in clauses (i) and (ii) and, if it is shown that such use was due to willful neglect, shall pay to the fund an additional amount equal to 25 percent of the amount so used.

"(C) If any political party which is required to make payments to the Fund under this paragraph with respect to a presidential campaign is entitled to further payments under paragraph (1) with respect to such presidential campaign, or if such party will be entitled to payments under paragraph (1) with respect to the next presidential campaign, any payment from a political party required under this paragraph may, with the approval of the Comptroller General, be effected by reduction of such payments to such party.

"(7) DEFINITIONS.—For purposes of this title—

"(A) The term 'Comptroller General' means the Comptroller General of the United States.

"(B) The term 'political party' means any political party which presents candidates for election to the offices of President and Vice President of the United States.

"(C) The term 'presidential campaign' means the political campaign held every fourth year for the election of presidential and vice-presidential electors.

"(D) The term 'presidential election' means the election of presidential and vice-presidential electors.

"(E) The terms 'treasury of a political party' and 'treasurer of a political party' mean, with respect to any political party, the treasury and treasurer, respectively, of the national committee of such party, or, if such party does not have a national committee, the treasury and treasurer of the organization designated in writing to the Comptroller General by the candidates of such party for President and Vice President in the presidential campaign with respect to which such party is entitled to payments under paragraph (1).

"(F) The term 'qualified expense' means only—

"(i) radio and television production and time expenses;

"(ii) newspaper and periodical advertising expenses; and

"(iii) expenses for the preparation, printing, and distribution of campaign literature, including posters and billboards;

"(G) The term 'qualified contribution to a political party' means a contribution, direct or indirect, to defray expenses incurred or to be incurred by such political party in carrying on a presidential campaign which is accepted by such party, by the candidates of such party for the offices of President and Vice President, or by any organization controlled directly or indirectly by such party or by either of such candidates."

SEC. 3. The Presidential Election Campaign Fund Act of 1966 is amended by adding at the end thereof the following new sections:

"SEC. 306. REPORTS TO CONGRESS; REGULATIONS.

"(a) The Comptroller General shall, as soon as practicable after each presidential campaign, submit a full report to the Senate and the House of Representatives setting forth—

"(1) the amounts certified by him under section 303(c)(4) for payments to each political party entitled to payments under section 303(c) with respect to such presidential campaign,

"(2) the qualified expenses (shown by such categories, and in such detail, as the Comptroller General determines necessary) incurred by each political party to which payments were made under section 303(c) in carrying on such presidential campaign, and

"(3) the amount of payments, if any, required from each such political party under section 303(c)(6), and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Comptroller General is authorized to prescribe such rules and regulations, to conduct such examinations and investigations, and to require the submission of such books, records, and information as he deems necessary to carry out the functions and duties imposed on him by this title.

"SEC. 307. CRIMINAL PENALTIES.

"(a) It shall be unlawful for any person who has custody, or control of the use, of any funds paid into the treasury of a political party under section 303(c) knowingly and willfully to use, or to authorize the use of, such funds for any personal purpose, or for any other purpose, other than—

"(1) to defray the qualified expenses with respect to which such payment was made, or

"(2) to repay loans the proceeds of which were used, or otherwise to restore funds which were used, to defray such qualified expenses.

"(b) It shall be unlawful for any person knowingly and willfully—

"(1) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under section 303(c), or to include in any evidence, books, or information furnished under such section any misrepresentation of a material fact, or to falsify or conceal any evidence,

books, or information relevant to a certification by the Comptroller General under such section;

"(2) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of section 303(c); or

"(3) to fail to pay to the Secretary of the Treasury any amount required to be paid under section 303(c)(6).

"(c) Any person who violates any provision of subsection (a) or (b) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both."

JUNE 1, 1967.

SUMMARY OF BILLS TO FINANCE POLITICAL CAMPAIGNS BEFORE SENATE FINANCE COMMITTEE

1. *S. 786 (Senator Scott)*.—Allows an income tax credit up to $100 (one-half of a political contribution up to $200). The political contribution may be made to the National committee or to a State committee of a political party on the ballot in 10 or more States in the last presidential election year.

2. *S. 1390 (Senator Metcalf)*.—Provides a Treasury voucher to a taxpayer which he can transfer to a Senate or House candidate or to a committee designated by the candidate and another voucher which he can transfer to a presidential or vice presidential candidate or to a committee designated by the candidate. The candidates and committees redeem such vouchers at the Treasury for $1 apiece to be spent only to defray campaign expenses. Candidates and committees receiving money for the vouchers must report how they use their money to the Comptroller General of the United States. He conducts audits of the use of the money and requires repayment of any money not used for a proper purpose. Criminal penalties are exacted for violations of the Act. The moneys received and spent under this Act do not count for purposes of the limitations imposed by other Federal laws.

3. *S. 1407 (Senator Smathers for Senator Long of Louisiana)*.—Substantially amends last year's Presidential Election Campaign Fund Act. The tax check-off is replaced by a permanent Congressional appropriation to pay the costs of presidential election campaigns. The $1 per vote formula with the $5 million floor in existing law is retained. A major party must elect to have all of its presidential campaign expenses paid either from the Presidential Election Campaign Fund or from private contributions. Seventy-five percent of the Fund payment received by a party must be used for: salaries of presidential campaign personnel; rent; television and radio; newspapers and periodicals: printing, postage and distribution of campaign literature; telephone, telegraph and data processing; travel and transportation. The remaining twenty-five percent can be used for any purpose, including the above, considered proper by the Comptroller General and his Advisory Board, but not for certain election day expenses. The Comptroller General audits presidential campaign expenses and requires repayment of any Fund money used for improper purposes. A civil penalty of 25 percent of the amount involved may be assessed against a party for improper use of the money and criminal penalties are exacted against individuals for violations of the Act. The Comptroller General discloses to Congress in a public report all Fund payments, purposes for which payments were made, and repayments. The moneys received and spent under this Act do not count for purposes of the limitations imposed by other Federal laws.

4. *S. 1547 (Senator Clark)*.—Allows an income tax credit up to $20 (one-half of a political contribution up to $40). The political contribution may be made to a committee on behalf of a candidate or to the candidate himself in a Federal, State, or local, general, special, or primary election or convention.

5. *S. 1698 (Senator Long of Louisiana)*.—Provides a special Treasury $1 certificate to every individual with a tax account number. He may fill in on the certificate the name of a presidential candidate—either in a primary election or in the general election—to whose campaign he wants $1 allocated and permanent appropriations are provided for. He endorses the certificate and mails it back to the Internal Revenue Service which immediately turns it over to private accountants who count the certificates designated for the various candidates, and report the totals to the Comptroller General. Each certificate is then cancelled and returned to the sender. An eligible candidate—one who receives 10 percent of the votes in a primary or 2 million votes in a general election—may receive payment of his campaign costs from the Federal Government based on the number of certificates designated in his behalf. A major party candidate, one whose party polled 15 million or more votes in the prior general election, is eligible for current reimburse-

ment of his general campaign expenses. Other candidates in the general election and all candidates in primary elections are reimbursed after the particular election. Payment is for only these expenses: television, radio and motion pictures: newspapers and periodicals; printing, postage and distribution of campaign literature; telephone, telegraph and data processing; travel and transportation. The Air Force furnishes air transportation to a major party candidate and is reimbursed out of his campaign funds. The Comptroller General audits presidential campaign expenses and requires repayment of any Fund money used for improper purposes. A civil penalty of 25 percent of the amount involved may be assessed against a party for improper use of the money and criminal penalties are exacted against individuals for violations of the Act. The Comptroller General discloses to Congress in a public report all Fund payments, purposes for which payments were made, and repayments. The moneys received and spent under this Act do not count for purposes of the limitations imposed by other Federal laws.

6. *S. 1794* (*Senator Pearson*).—Allows an income tax credit up to $5, $10 on a joint return, (one-half of a political contribution up to $10, $20 on a joint return). Instead of the tax credit, a taxpayer may take a tax deduction of any political contribution not to exceed $500. The political contribution may be made to a National committee, senatorial or congressional campaign committee, or State or local committee of a political party on the ballot in 10 or more States in the last presidential election year, or to a candidate of such a party for Federal office in a general, special, or primary election or in a party convention. In addition to the financing provisions, this Act: bars any political contributions by anyone contracting with the U.S.; prohibits sales between candidates or committees and others, such as for advertising in programs; extends reporting requirements to single State committees and enlarges reporting requirements for candidates to include contributions to (and expenditures by) persons whose participation in the campaign the candidates "have knowledge of;" establishes a "Registry of Election Finance" in the General Accounting Office to receive registration statements and financial reports from political committees, candidates and large contributors; requires financial reports to include names and addresses of donors (and payees) of $100 or more each year; provides for public disclosure of campaign spending by political committees and candidates; deletes limitation on political contributions and expenditures; and establishes a 12-man "Advisory Board of the Registry of Election Finance" to advise and make recommendations to the Comptroller General and to the Congress.

7. *S. 1827* (*Senator Gore*).—Provides an option for public or private financing of campaigns for Federal office. Support for private financing would be encouraged by allowing a tax deduction of one-half of political contribution up to $100. Public financing for presidential and congressional elections would be available through appropriations for candidates who elect to forego private contributions. A candidate of a major political party (whose candidate received at least 20 percent of the vote in the preceding election for the office in question) could receive an amount equal to 20 cents multiplied by the total number of votes cast for all candidates for the office in question in the preceding election. A candidate of a minor political party (whose candidate received as much as 5 percent but less than 20 percent of the vote in the preceding election for that office) may receive reimbursement for expenditures equal to 40 cents multiplied by the number of votes he receives in the current election, providing he receives at least 5 percent of the vote cast. Public funds would be available only for legitimate campaign expenditures for purposes not prohibited by either Federal or State law and incurred within 75 days before the election and 30 days after the election. Campaign expenditures for any Federal office would be limited to 20 cents per vote for all votes cast for that office in the prior election (or if larger, $75,000 for a Senator of $20,000 for a Representative). Candidates must designate committees they want to make expenditures in their behalf—other committees must limit their expenditures to $1,000. Presidential candidates and national parties may spend only one-half of the amount available; the remaining one-half must be expended by State and local committees. (Limits would be placed on the amount which could be spent by a candidate seeking nomination for President or Vice President.) Contributions by individuals to campaigns for Federal office would be limited to $1,000 per year and of this only $250 may be used in congressional campaigns outside the donor's State of residence. Reporting requirements are broadened to include single State committees, and financial reports must be submitted by committees and candidates to the Comptroller General with copies to be filed with the clerk of the U.S. District Court for the district in which the committee has its principal office or in which the candidate resides.

Candidates for the House of Representatives must also file a copy of their reports with the Clerk of the House, and Senatorial candidates must file a copy of their reports with the Secretary of the Senate. The Comptroller General must audit the use of the money and require repayment of any Fund money used for improper purposes. Criminal penalties are exacted against individuals for violations of the Act. He must also disclose to Congress in a public report all Fund payments, purposes for which payments were made, and repayments. The Federal Communications Commission must develop regulations to require that commercial radio and television stations extend free broadcast time to candidates for Federal office.

8. *S. 1882* (*Senator Williams of Delaware for himself and Senator Morton*).—Allows an income tax deduction from gross income (can be taken in addition to standard deduction) not to exceed $100 ($50 for a married individual filing a separate return) for a political contribution made to a National, State, or local committee of a political party whose presidential candidate received more than 10 percent of the popular vote in the last presidential election year, or to a candidate of such a party for Federal, State or local office in a general, special, or primary election or in a party convention; amends the Federal Corrupt Practices Act to extend reporting requirements to committees and individuals operating in only one State, and to apply the act to primary elections and party conventions; and prohibits solicitation of Federal employees by political committees.

9. *S. 1883* (*Senator Long of Louisiana—Recommendations of President*).—Substantially amends last year's Presidential Election Campaign Fund Act. The tax check-off is replaced by a Congressional appropriation to pay the costs of presidential election campaigns. Major parties, those receiving 25 percent or more of the popular vote in the preceding presidential election, share equally in an amount appropriated by Congress for payment from the Presidential Election Campaign Fund to major parties. A minor party, one receiving 5 percent or more of the popular vote in the current presidential election, is reimbursed from the Fund the same amount of money per vote for its candidate as is given to the major parties for each vote for their candidates. A major party has all of its qualified presidential campaign expenses paid either from the Fund or from private contributions. Payment for expenditures in any one State is limited. Only presidential campaign expenses of radio and television, travel and transportation, newspapers and periodicals, and the preparation, printing, and distribution of campaign literature, including posters and billboards, incurred after the party's candidates are selected can be paid. The Comptroller General audits presidential campaign expenses and requires repayment of any Fund money used for improper purposes. A civil penalty of 50 percent of the amount involved may be assessed against a party for improper use of the money and criminal penalties are exacted against individuals for violations of the Act. The Comptroller General discloses to Congress in a public report all Fund payments, purposes for which payments were made, and repayments. There is added to the Advisory Board to assist the Comptroller General the majority leader and minority leader of the Senate and the Speaker and the minority leader of the House. The President's recommendations for election reform with regard to disclosure of campaign contributions and expenses, limitations on contributions and expenditures, control of lobbying, and voter residency requirements are contained in bills referred to another Senate committee. The President also suggested that the Congress explore ways to finance elections other than presidential ones, but he has recommended no specific legislation in this area.

10. *S. 1890* (*Senator McCarthy*).—Retains the $1 tax check-off of last year's Presidential Election Campaign Fund Act, but provides a permanent Congressional appropriation. Substantial change is made in the payment formula and Fund payments are provided as a matching incentive for private contributions. There is no distinction between major and minor parties. Any political party receives from the Fund a payment equal to 50 cents per vote cast for its candidate in the current presidential election, or an advance payment equal to 12½ cents per vote cast for its candidate in the preceding presidential election. If the advance payment is greater than that to which the party is entitled after the election, the party need make no repayment. If the advance payment is less than that to which the party is entitled after the election, the party receives the difference after the election. Payment based on the vote in the current election is made after the election; advances based on the vote in the preceding election cannot be made prior to September 1 of the current election year. Payment based on the vote in a current election is limited to the lesser of presiden-

tial campaign contributions received by the party or 50 percent of a party's qualified expenses. Likewise, advances based on the vote in a preceding election is limited to the lesser of 25 percent of presidential campagin contributions received by a party in that election or 12½ percent of the party's qualified expenses in that election. Qualified expenses for which payment can be received are those of radio and television, newspapers and periodicals, and the preparation, printing, and distribution of campaign literature, including posters and billboards. The Comptroller General audits presidential campaign expenses and requires repayment of any Fund money used for improper purposes. A civil penalty of 25 percent of the amount involved may be assessed against a party for improper use of the money and criminal penalties are exacted against individuals for violations of the Act. The Comptroller General discloses to Congress in a public report all Fund payments, purposes for which payments are made, and repayments.

PRESIDENTIAL ELECTION CAMPAIGN FUND ACT (Title III of Public Law 89-809)

Sec. 301. SHORT TITLE.

This title may be cited as the "Presidential Election Campaign Fund Act of 1966."

Sec. 302. AUTHORITY FOR DESIGNATION OF $1 OF INCOME TAX PAYMENTS TO PRESIDENTIAL ELECTION CAMPAIGN FUND.

(a) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to returns and records) is amended by adding at the end thereof the following new part:

"Part VIII—Designation of Income Tax Payments to Presidential Election Campaign Fund

"SEC. 6096. Designation by individuals.

"Sec. 6096. DESIGNATION BY INDIVIDUALS.

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid into the Presidential Election Campaign Fund established by section 303 of the Presidential Election Campaign Fund Act of 1966.

"(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 32(2), 33, 35, 37, and 38.

"(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year, in such manner as the Secretary or his delegate may prescribe by regulations—

"(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

"(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate."

(b) The table of parts for subchapter A of chapter 61 of such Code is amended by adding at the end thereof the following new item:

"Part VIII. Designation of income tax payments to Presidential Election Campaign Fund."

(c) The amendments made by this section shall apply with respect to income tax liability for taxable years beginning after December 31, 1966.

Sec. 303. PRESIDENTIAL ELECTION CAMPAIGN FUND.

(a) ESTABLISHMENT.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund" (hereafter in this section referred to as the "Fund"). The Fund shall consist of amounts transferred to it as provided in this section.

(b) TRANSFERS TO THE FUND.—The Secretary of the Treasury shall, from time to time, transfer to the Fund an amount equal to the sum of the amounts desig-

nated by individuals under section 6096 of the Internal Revenue Code of 1954 for payment into the Fund.

(c) PAYMENTS FROM FUND.—

(1) IN GENERAL.—The Secretary of the Treasury shall, with respect to each presidential campaign, pay out of the Fund, as authorized by appropriation Acts, into the treasury of each political party which has complied with the provisions of paragraph (3) an amount (subject to the limitation in paragraph (3)(B)) determined under paragraph (2).

(2) DETERMINATION OF AMOUNTS.—

(A) Each political party whose candidate for President at the preceding presidential election received 15,000,000 or more popular votes as the candidate of such political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to the excess over $5,000,000 of—

(i) $1 multiplied by the total number of popular votes cast in the preceding presidential election for candiates of political parties whose candidates received 15,000,000 or more popular votes as the candidates of such political parties, divided by

(ii) the number of political parties whose candidates in the preceding presidential election received 15,000,000 or more popular votes as the candidates of such political parties.

(B) Each political party whose candidate for President at the preceding presidential election received more than 5,000,000, but less than 15,000,000, popular votes as the candidate of such political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to $1 multiplied by the number of popular votes in excess of 5,000,000 received by such candidate as the candidate of such political party in the preceding presidential election.

(C) Payments under paragraph (1) shall be made with respect to each presidential campaign at such times as the Secretary of the Treasury may prescribe by regulations, except that no payment with respect to any presidential campaign shall be made before September 1 of the year of the presidential election with respect to which such campaign is conducted. If at the time so prescribed for any such payments, the moneys in the Fund are insufficient for the Secretary to pay into the treasury of each political party which is entitled to a payment under paragraph (1) the amount to which such party is entitled, the payment to all such parties at such time shall be reduced pro rata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the Fund.

(3) LIMITATIONS.—

(A) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount spent or incurred (prior to the date of the certification) by such party in carrying on such presidential campaign, and has furnished such records and other information as may be requested by the Comptroller General.

(B) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party, exceeds the amount spent or incurred by such party in carrying on such presidential campaign.

(4) The Comptroller General shall certify to the Secretary of the Treasury the amounts payable to any political party under paragraph (1). The Comptroller General's determination as to the popular vote received by any candidate of any political party shall be final and not subject to review. The Comptroller General is authorized to prescribe such rules and regulations, and to conduct such examinations and investigations, as he determines necessary to carry out his duties and functions under this subsection.

(5) DEFINITIONS.—For purposes of this subsection—

(A) The term "political party" means any political party which presents a candidate for election to the office of President of the United States.

(B) The term "presidential campaign" means the political campaign held every fourth year for the election of presidential and vice presidential electors.

(C) The term "presidential election" means the election of presidential electors.

(d) TRANSFERS TO GENERAL FUND.—If, after any presidential campaign and after all political parties which are entitled to payments under subsection (c) with respect to such presidential campaign have been paid the amounts to which they are entitled under subsection (c), there are moneys remaining in the Fund, the Secretary of the Treasury shall transfer the moneys so remaining to the general fund of the Treasury.

Sec. 304. ESTABLISHMENT OF ADVISORY BOARD.

(a) There is hereby established an advisory board to be known as the Presidential Election Campaign Fund Advisory Board (hereafter in this section referred to as the "Board"). It shall be the duty and function of the Board to counsel and assist the Comptroller General in the performance of the duties imposed on him under section 303 of this Act.

(b) The Board shall be composed of two members representing each political party whose candidate for President at the last presidential election received 15,000,000 or more popular votes as the candidate of such political party, which members shall be appointed by the Comptroller General from recommendations submitted by each such political party, and of three additional members selected by the members so appointed by the Comptroller General. The term of the first members of the Board shall expire on the 60th day after the date of the first presidential election following the date of the enactment of this Act and the term of subsequent members of the Board shall begin on the 61st day after the date of a presidential election and expire on the 60th day following the date of the subsequent presidential election. The Board shall select a Chairman from among its members.

(c) Members of the Board shall receive compensation at the rate of $75 a day for each day they are engaged in performing duties and functions as such members, including travel time, and, while away from their homes or regular places of business, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

(d) Service by an individual as a member of the Board shall not, for purposes of any other law of the United States, be considered as service as an officer or employee of the United States.

Sec. 305. APPROPRIATIONS AUTHORIZED.

There are authorized to be appropriated, out of the Presidential Election Campaign Fund, such sums as may be necessary to enable the Secretary of the Treasury to make payments under section 303 of this Act.

The CHAIRMAN. The committee will hear testimony and receive statements on the bills and on any other recommendations on the subject that anyone cares to offer. I have directed to every Member of the Senate letters inviting them to express themselves on the issues involved. I extend that invitation to every Member of the House. In addition, the record on this matter will be open for the thoughts and opinions of anyone else. Within the time afforded us, this committee will spare no effort to delve thoroughly and objectively into this subject and to produce for the Senate and for the American people the very best thinking it can bring to bear.

The first witness of the hearings, who will present the position of the President and of his administration on this subject, is the Under Secretary of the Treasury, Joseph W. Barr. Secretary Barr testified last summer at the Finance Committee hearings on political campaign financing and his incisive and experienced views on the subject were of great help to the committee throughout the legislative process last year.

I know he will make a valuable contribution this year. Mr. Barr, you may proceed. We are proud to have you before us.

Senator GORE. Before the distinguished Secretary proceeds, will the chairman yield for a question?

The CHAIRMAN. Yes.

Senator GORE. I take it the very eloquent remarks to which the chairman has just made reference applies to candidates for the United States Senate as well as the Presidency.

The CHAIRMAN. That is before us, yes.

That was part of the President's message. It is also part of the measure introduced by Senator Gore. That is right.

STATEMENT OF HON. JOSEPH W. BARR, UNDER SECRETARY OF THE TREASURY, ACCOMPANIED BY JEROME KURTZ, TAX LEGISLATIVE COUNSEL

Mr. BARR. Mr. Chairman, members of the committee, I appreciate this opportunity to testify at this hearing, because the subject before you is of deep significance to our country and our democratic political system. Your deliberations can make an important contribution to the preservation and sound future development of our democracy.

At the outset, I think it important that the nature and character of the issues before us be put in perspective.

Our American system of government has weathered nearly two centuries of dynamic social, political, and economic change, and yet remains a stable instrument responsive to the will of a free people.

I do not believe that any of us is here to disrupt this system. Rather, I believe that our aim is to protect it against a threat.

That threat arises out of the great increases in campaign costs resulting from the changes in the size of our electorate and in the technology by which candidates for public office communicate with the electorate in our political campaigns. For example, in the election in 1900 between Mr. William McKinley and Mr. William Jennings Bryan, approximately 14 million votes were cast; in the 1964 election, just under 70 million votes were cast—or a fivefold increase in the number of people voting in this country. I need not remind you that in 1900, candidates did not have television, radio, jet aircraft, or even the automobile at their disposal for campaigning.

Political campaigns are a central feature of our democratic system. They are the occasion for serious debate and discussion of the great public issues our Nation faces—as well as the opportunity for our free people to choose their leaders.

Whether that discussion is meaningful, and whether that choice is intelligent, depend in large measure upon the opportunity and ability of the candidates to communicate with the electorate. In that basic context, we are fortunate indeed to have seen the development within the last generation of highly effective mass media—television, radio, and periodicals—and highly efficient nationwide transportation.

These developments have greatly enhanced the opportunities for the citizens of this country to express not only a free, but also an informed and intelligent choice among candidates and policies. Yet the cost of utilizing these new methods of communication is staggering.

Historically, men seeking public office have had to rely on private sources of wealth. Small groups of affluent persons typically have provided the greater part of campaign funds.

This is illustrated, Mr. Chairman, by some statistics compiled by Dr. Herbert Alexander in his book, "Responsibility and Party Finance." In 1952, contributions over $100 accounted for 88 percent

of Republican and 81 percent of Democratic money from individual contributions. In 1956, contributions over $100 accounted for 90 percent of Republican and 62 percent of Democratic money from individual contributions. In 1960, we do not have the records for the $100 benchmark that had been used in 1952 and 1956; they shifted the benchmark to $500 in 1960. In 1960, contributions over $500 accounted for 59 percent of Republican and 57 percent of Democratic money from individual contributions.

I think the record is clear, Mr. Chairman, that as recently as 1960, over half the money collected by both political parties came in contributions in excess of $500.

The innovations in technology, while opening new and unimagined means of communication, have increased the costs of campaigning beyond the safe limits of traditional financing. These innovations have intensified the need for candidates to seek out increasingly large contributions from a small minority of Americans, magnifying the possibility that too great a measure of influence can reside in the hands of too few.

Thus, the framework for action is twofold. We must infuse the system with new sources of support, and yet retain the existing structure of our political process.

If we look to the past for guidance, there is little to chart our way. As a matter of fact, it is only since last November that a Federal statute has existed with regard to this problem.

The enactment by the Congress of the Presidential Election Campaign Fund Act of 1966 was a breakthrough in a wall of inaction. Decades of talk and study had produced nothing tangible.

Of course, the act was not perfect. All recognized that there was room for improvement. We all knew we were embarking upon a new experience and that we would have to rely on enlightened dialog and the force of heightened public concern to lead us to the means of improvement.

The debate held in recent weeks in the Senate concerning this subject was an outstanding contribution. The Senate faced complex and difficult issues with frankness and candor. Its debate brought to the surface the areas of concern and divergent opinion. The administration relied heavily on the many alternative solutions offered during this debate in formulating the recommendations contained in the President's message of May 25 on the political process in America.

In the area of financing presidential campaigns, the President has offered recommendations which would build upon the breakthrough accomplished by the Presidential Campaign Fund Act.

His proposals are tempered by the realization that we lack experience in this area, and by an appreciation of the many uncertainties that are present. As he stated:

> I believe, however, that we are ready to make a beginning. We should proceed with all prudent speed to enact those parts of such a program which appear to be feasible at this time.

President Johnson has made 11 specific recommendations for strengthening and improving the 1966 act. His proposals are offered as guidelines for congressional action. I think these recommendations go a long way in meeting all the meritorious criticisms of the present law and will give new purpose and effectiveness to this measure.

First, it is recommended that the tax return checkoff be eliminated, and that the necessary funds to finance presidential campaigns be provided by direct congressional appropriation. This approach has two essential advantages. It gives the Congress the opportunity to make a realistic assessment of the amount of funds necessary to conduct these campaigns. Moreover, it adds a needed measure of certainty to the system. Advance determination of the amounts available to the major parties has great importance in the planning of effective and coordinated political campaigning.

Second, the Federal funds would be available only to reimburse parties for expenses which are needed to bring the issues before the public. Only the cost of radio and television, newspaper and periodical advertising, the preparation and distribution of campaign literature, and travel, would be covered. These expenses would qualify for reimbursement only if they are incurred after the party has selected its candidates for President and Vice President. For this purpose, an expense would be incurred when the services are furnished or the goods delivered. No item of qualified expense would include salaries paid to campaign workers.

Third, private contributions could not be accepted to defray the types of expenses which are reimbursable by the Government. However, private donations could continue to be accepted to defray other expenses, such as salaries, overhead, research, polls, and administrative expenses. This will permit local party fundraising activities and the utilization of strong local party structures.

Since our purpose is to reduce the reliance of candidates on small groups of wealthy contributors, we must be careful not to superimpose a layer of Federal moneys over a base of large private donations. We believe that we should move in the direction of prohibiting the receipt of private contributions under this approach.

Experience and testing will be required before we finally resolve this problem. This proposal constitutes an important but a prudent first step in that direction.

Fourth, a major party would be defined as one which received 25 percent or more of the popular votes cast in the last election. This would replace the 15-million-vote test of present law. It provides a more flexible standard upon which to judge the significance of a party's popular support and will not be tied to a fixed figure whose significance fluctuates with changes in the total votes cast in each election. Major parties would receive equal amounts of public support. This is in keeping with the stability afforded by our two-party system.

Fifth, a minor party would be defined as one which received 5 percent or more of the total votes in the current election. This is a modification of existing law which permits a minor party to qualify only if it received 5 million or more votes in the preceding election. A percentage-of-votes-cast test is a more meaningful standard by which to measure a party's impact.

The 5-percent test represents a liberalization in favor of minor parties. Reasonable standards for the qualification of third parties are necessary to insure that full opportunity for political expression and development will not be blunted. However, the public interest demands that appropriate limitations be provided to avoid the deflection of public moneys to groups lacking even a modest base of

popular support, and also to avoid providing an incentive for artificial opposition.

Determination of the equitable allocation of funds to minor parties presents questions of great difficulty. I believe that the proposal just discussed reaches a sound and fair adjustment between these conflicting pressures.

Sixth, a qualifying minor party would receive Federal funds immediately following a current election, rather than waiting 4 years until the next presidential campaign. In effect, this recommendation deletes the requirement in present law that a minor party's qualification be based on its showing in the prior election. The prompt availability of funds should minimize financial difficulties of emergent parties and thereby aid in the presentation of their policies and programs.

Seventh, the percentage of Federal funds which could be spent in any one State would be limited to 140 percent of the percentage which the population of the State bears to the total population of the country. For example, if 10 percent of the population resides in a given State, no more than 14 percent of the total Federal funds made available to a political party under this program could be expended in that State. This will prevent a party from concentrating large sums of the Federal moneys in one State. Yet it retains a much needed degree of flexibility. The party will be able to allocate its funds on a basis which takes account of the varying demands for the expenditure of moneys among the different States. In the case of expenditures of a national or regional character, the Comptroller General will be given specific authority to issue rules and standards for their allocation on a State-by-State basis.

Eighth, the Comptroller General would be required to make a full report to the Congress following each presidential election, setting forth the payments made to each party from the fund, the expenses incurred by each party, and any misuse of the funds. Full disclosure is necessary to maintain the integrity of this program. It is also essential to the continuing development and review of the public financing system.

Ninth, the Comptroller General will be biven specific and clear authority to conduct thorough audits and examinations of the expenses covered by the Federal payments. Moreover, provision would be made for the repayment of money erroneously paid, misused, or misappropriated, and for a penalty of up to 50 percent of the amount involved in the case of willful noncompliance.

Tenth, under the present law a special advisory board is provided to assist the Comptroller General in the performance of his duties under the act. The Board is composed of two members from each major political party and three additional members from the public at large. It is recommended that the membership of this Board be expanded to include the majority and minority leaders of the Senate, and the Speaker and minority leader of the House of Representatives. The congressional leadership of our major parties can bring great wisdom and practical experience to the Board, and will insure effective participation of the Congress in the supervision of this program. This should also serve to augment public confidence in the administration of the act.

Eleventh, specific recommendations are made for criminal penalties. They would apply in cases of willful misuse of funds, or the making of a false or fraudulent claim.

These recommendations set out a course for action which is consistent with our guiding purpose; that is, not to transform the system of presidential campaigns, but to fortify and strengthen it by reducing the reliance of candidates and parties on wealthy contributors.

Turning to congressional, State, and local elections, we believe that these elections equally are in need of changes in their methods of financing, looking to public support. However, the uncertainties and complexities that are involved in these elections are substantially greater than those we face when considering a presidential election. This becomes readily apparent when we consider the sheer number of electoral campaigns involved, and the diversity that exists in the size and political makeup of each State and district throught the Nation.

Moreover, the many issues involved in financing those campaigns have not been subjected to the public scrutiny and congressional debate which has been accorded presidential campaigns. While we urge full consideration and exploration of means to provide necessary assistance in congressional and State and local elections, we believe this is an area where one method does not immediately commend itself from among the many alternatives available.

The President has recommended that all alternatives be actively examined. Among these are various means of making direct appropriations, matching grants, and tax incentives, each of which involves an expenditure of public funds. Each plan should be considered, and the Treasury Department stands ready to furnish whatever assistance the Congress may desire.

Finally, I must emphasize that election reform and public financial support of political campaigns go hand in hand.

Indeed, if public support for campaign financing is provided at any level of the elective process, it is imperative that reforms in the regulation of the conduct and disclosure of those campaigns be enacted at the same time. As public funds and increased levels of financial resources become available, the need for these reforms correspondingly becomes more critical.

Our obligation to act is clear. We are at the threshold of a great opportunity to strengthen and invigorate the political process in the United States.

I am confident that this opportunity will be seized, and I urge the Congress to take prompt action in accordance with the President's program.

The CHAIRMAN. Thank you for your statement, Mr. Barr.

I think I should explain that there is a briefing session in an executive meeting of the Committee on Foreign Relations going on at the same time that we are conducting our hearing here.

At that session the Vice President and the Secretary of State and perhaps the Secretary of Defense are discussing with the members of the Foreign Relations Committee, which constitutes one-third of our committee, the serious situation of war and peace in the Middle East. We will be seeing some of our members arrive here at such time as the main presentation has been made before that group.

I am going to suggest that we proceed by a 10 minute rule here so every Senator will have a chance to ask questions in the morning session.

I think you have made a fine statement here, Mr. Barr. When I introduced a measure along this line last year, it, in some respects, was more parallel to the President's recommendations than what we finally enacted into law. For example, my original suggestion was that we have an appropriation and that we relate the appropriation to the number of votes that the various candidates received. When we reported from this committee, the tax checkoff seemed to be one way to assure that when we discussed this matter with the Committee on Ways and Means on the other side, it would not be subject to an objection that that committee did not have jurisdiction over the matter. I think now that we are in such shape that we can discuss this either on an appropriation basis or on a tax checkoff basis, anyway we want to take this matter to them.

Now, the main criticisms that have developed since we enacted the presidential election campaign law last year was that we ought to have some greater safeguards and that something more should be done to meet the third-party problem. Also, it has been suggested that the bill we passed last year would permit too great a concentration of funds in any one State. My thought is that if we had tried to meet all the detailed suggestions that you have in your statement here last year, we never would have enacted anything. We would have been bogged down in minutia.

I see from your statement that you feel that the discussion that took place in the 6 weeks' debate in the Senate was very helpful to the administration in arriving at its own recommendations.

Mr. BARR. That is correct, Mr. Chairman. After all, the great experts on this subject are resident in this body and the House of Representatives.

Frankly, as you know, Mr. Chairman, this is a subject that is not too often openly discussed. It is usually discussed in a corner or behind closed doors, and not too often brought out before the public. I can only repeat that we in the administration relied heavily on the discussion of all the experts in this area and relied on it very heavily in formulating these recommendations that are before you today.

The CHAIRMAN. There is an article in a current U.S. News & World Report discussing the problem of campaign contributions and of ethics in Government. It quotes a lot of Congressmen and Senators without identifying them. I imagine that most of those Senators and Congressmen would not want to be identified in connection with that.

My impression is that Government is more honest now than it was 10 years ago and was more honest then than it was 20 years ago, and more honest then than 30 years ago. People might be shocked in reading that article. I further gain the impression that the principles used or applied in the business world are lower than the ethics applied to politics. My impression is that the ethics we pursue in Government are substantially higher than what one finds in business generally.

But this matter of financing these campaigns is one of the real problems if you want to have Government that is responsive to the needs of the people. That is pretty much what you direct your statement here to.

Mr. BARR. That is correct, Mr. Chairman. The thrust of this statement is that we are not here today to try to change the political process of the United States. It has served us well for two centuries.

The only thing we are doing is trying to remove what we think is a threat to that process, a threat that has developed from the new technology—the technology of television, radio, the jet aircraft, the automobile—which has made it possible to do more effective campaigning, but to do it at staggering cost.

It is evident that the major source of funds for both parties is large contributors. As the costs go up, it is inevitable that the parties and the candidates are driven more and more to rely on a few very large contributors. I think there is a consensus that developed in the Senate debate that this does constitute a threat to the Republic, and that it is a threat that can be removed only by some use of public funds.

The CHAIRMAN. My impression about the matter has been that in raising campaign funds, many times you will get these contributions in terms of $100 and $200 contributions. I understand that that accounts for over 90 percent of the funds of both sides. Would you mind referring to that again?

Mr. BARR. Yes, Mr. Chairman; I have the record before me for 1952, 1956, and 1960. In 1952, contributions over $100 accounted for 88 percent of Republican and 81 percent of the Democratic money from individual contributions.

In 1956, contributions over $100 accounted for 90 percent of Republican and 62 percent of Democratic money from individual contributions.

You will remember that in 1956, Mr. Chairman, our Democratic vote slipped quite a bit.

In 1960, the benchmark changes. In 1960, the statistics we have are for contributions over $500. Contributions over $500 accounted for 59 percent of Republican and 57 percent of Democratic money from individual contributions.

You notice a rather interesting phenomenon there. In 1952, we had two new candidates running. The proportion of the large contributions to both parties were roughly equal. These statistics, I want to make very clear, are not the last word. The statistics in this area are difficult to come by, but they are the best we have.

The same thing happened, you will notice, in 1960. The Republicans collected 59 percent of their money in contributions of over $500, the Democrats collected 57 percent.

The CHAIRMAN. If you go back and get your $100 figure again and project that, I think you will find that both sides are getting 90 percent of their money in contributions of $100 and over. I contend that that is a misleading figure for this reason: The corporation is barred by law from contributing to an individual.

Mr. BARR. That is right.

The CHAIRMAN. That does not keep that corporation president or the chairman of that board from deciding that as between two parties, the candidate of one party is very much more favorable to the problems of that company than somebody else. He can pass the word that they ought to help that man and simply designate a junior executive to go around and pick up these checks and suggest that the contributions be $200 from every executive in that company. You are familiar with that kind of operation, are you not?

Mr. BARR. I am quite familiar with it, Mr. Chairman. You will remember when we were up here trying to tighten up on expense accounts, we alluded to the fact that sometimes around campaign

time, the number of out-of-town trips seems to go up quite a bit in some corporations.

I am familiar with that practice.

The CHAIRMAN. As one trying to raise money for Democratic campaigns for Governors, Senators, Presidents, I have many times had businessmen tell me, look, I would like to help you people, but can you tell me how I can pass that much money to help you people? I imagine you have had a parallel problem.

People say, How can we raise it? We are barred by the corporation law from doing it. I imagine people on the other side of the aisle have the same problem.

Some can say, well, here is how one company does it, here is how another does it. I suggest you consider their method.

Mr. BARR. In fairness, the statistics indicate that we are about as good as Republicans in this practice. So I do not think we are impuning anyone.

The CHAIRMAN. Both parties have the problem of trying to show someone how he can raise enough money to give substantial support to a candidate whom he wants to support, be it Democrat or Republican.

Mr. BARR. That is right.

The CHAIRMAN. What we are trying to do here is, to reduce the pressure of big campaign contributions and whatever effect they may have on Government, to make it, insofar as we can, a true democracy of the people, by the people, for the people. So what you are suggesting here is that you treat the two major parties the same, provide them with an equal amount of money for television, radio, newspaper advertising, transportation, and certain other expenses which are necessarily required to make an effective campaign for President and thereby make it unnecessary for them to seek large contributions.

Mr. BARR. That is correct, Mr. Chairman. In essence, we are saying that the costs which are clearly identifiable as needed to take the debate to the people are for a public service, and should be met out of public moneys. We are not going so far as to say that we should pay salaries of campaign workers. We think that money should be raised by private means. We are not saying that we should pay for polls from public moneys.

There are two real objections to moving beyond the clearly limited area of carrying the debate to the people. First, if you go beyond the area of radio, television, travel, newspaper and periodical advertising, then you get into the difficulty of auditing—making sure that public funds are being properly expended. I think the Comptroller General will be able to testify better on that, but this would give him difficult problems.

Second, if I read the debate in the Senate correctly, I do not believe that the American people—or the Senate, which is representative of the American people—are prepared to go further than that. I do not believe they are prepared to say that we should be paying, from public funds, the expenses of campaign workers in national headquarters or around the country.

The CHAIRMAN. Senator Anderson.

Senator ANDERSON. In this page 4, you say the funds necessary to finance presidential campaigns should be provided by direct congressional appropriation.

Would that be a sort of monopolistic fund?

Mr. BARR. Would you repeat the question, sir?

Senator ANDERSON. You said by direct congressional appropriation.

Mr. BARR. Yes, sir.

The CHAIRMAN. That would be the only way you could finance the campaign?

Mr. BARR. No, sir.

Senator ANDERSON. You cannot get funds from corporations?

Mr. BARR. No, sir.

Senator ANDERSON. Can you get them by entertainment?

Mr. BARR. By entertainment?

Senator ANDERSON. Yes.

Mr. BARR. Let me see if I——

Senator ANDERSON. Let me say that recently, there was a dinner given at which people paid $250 a ticket, one later on for $500 a ticket. Those tickets could be bought to entertain people, could they not?

Mr. BARR. That is right.

Senator ANDERSON. Does that not completely evade the law? If you can buy tickets for $500, is that not a political contribution?

Mr. BARR. That is right, sir.

Senator ANDERSON. That is not barred here, is it?

Mr. BARR. No, sir, that is not barred here. What is provided here, Senator Anderson, is that the money they raise at that dinner could not be spent in the areas in which we are going to use public moneys—television, travel, newspaper and periodical advertising, et cetera. They could not use the funds from that dinner in these areas where we provide public moneys.

Senator ANDERSON. Where do you prevent it? Where is the language that prevents it?

Mr. BARR. In the bill, Senator Anderson—and I will give you the specific reference in just a second—there is a definition of qualified expenditures. Those qualified expenditures, as I mentioned, are expenditures for radio, television, travel, newspaper, and periodical advertising. Now, that is what we are talking about.

The Comptroller General will disburse funds to the party on receipt of vouchers that they have paid out moneys for these purposes. If he finds that they are using private moneys in addition to the public funds that he has disbursed, he has several courses of action: If he finds it is willful, there is a criminal penalty of $10,000 or 5 years in jail. If he finds that it is an honest mistake, inadvertence, he can demand that they repay it. In other words, if he has disbursed $1 million and they have inadvertently used a half million dollars in private funds, he can demand repayment of that half million dollars. He can go further than that and levy a 50-percent penalty. We give him wide discretion, Senator Anderson, in controlling this particular area. That is one reason we limit it so narrowly. I think it would be extremely difficult to audit and control if we covered the whole gamut of political expenditures. I am advised by the Comptroller General that he sees no particular problem in holding the parties to this narrow area we are talking about—radio, television, travel, advertising.

Senator ANDERSON. But it is an entertainment.

Mr. BARR. Yes, sir.

Senator ANDERSON. $100, $200, $500?

Mr. BARR. Right.

Senator ANDERSON. Can the entertainment committee hand that over to a political worker?

Mr. BARR. They can hand it over to a political worker, but the political worker can't spend it, or the national committee can't spend it, on what we call the qualified expenditures, for which we are using public moneys. It could be used for polls, for salaries, for organizational expenditures, or for other costs that arise in a political campaign. The section I am referring to is section 6 of the bill, subsection (c).

The CHAIRMAN. Which one are you looking at?

Mr. BARR. This is S. 1883, Mr. Chairman.

Senator WILLIAMS. Is that the bill that is before the Senate Rules Committee?

Mr. BARR. That is the bill that was introduced, as I understand it, by Senator Long.

Senator WILLIAMS. Oh, yes.

Senator ANDERSON. Well, you are going to be able to have these benefits right along. Can you block them?

Mr. BARR. Can we block them?

Senator ANDERSON. Yes.

Mr. BARR. It is not our intention to block them, sir.

We have, Senator Anderson, a constitutional question here of free speech, and the right of people to organize, to give a dinner, to charge for the dinner, and to use the proceeds of the dinner as they see fit. I do not think we could, under the first amendment to the Constitution, block these activities. And as I said, Senator Anderson, the only thing we are trying to do here is to reduce the necessity for candidates to go to these big, wealthy contributors.

Now, if this legislation were enacted, I believe that roughly 65 percent of the costs of running a presidential campaign would be covered by public money. That means that they would only have to obtain private contributions for about 35 percent of the costs. We are not here to say that you cannot have political dinners and you cannot go door to door raising funds. The only thing we are saying is that we are going to put public moneys in certain areas and in those areas, you cannot use private funds.

Senator ANDERSON. I am trying to find out if this is a loophole—let us say they have a dinner of 500 people at $500 a head.

Mr. BARR. May I ask who is going to give the dinner? Is this the national committee?

Senator ANDERSON. Well, a State committee.

Mr. BARR. All right.

Senator ANDERSON. How do you take that money from the benefit and apply it to politics? Can you stop it or control it?

Mr. BARR. No, sir. Not under this bill.

Senator ANDERSON. Then how are you changing the law very much?

Mr. BARR. What we have done here, Senator Anderson, is reduce the necessity for a lot of these dinners, because as I have indicated, 65 percent of the present needs will be supplied by public moneys.

It can be argued, I would suppose, that this gives them more money for organization expenses. That might be so, but there is a limit to how much you can spend on organization.

The only thing we are doing here is moving in a very narrow area. As we look at this problem, Senator Anderson, this is a new and untried

path in the United States. We have never done anything like it. As I said in my statement, this is a short step, but it is as far as we think we can go at this time.

Senator Gore—I am sorry he is not here—but in his bill, he goes further. He says that you should put public moneys into this area and bar all private contributions for Federal candidates. We are not prepared to go that far.

Senator ANDERSON. Perhaps it is because I have watched the other process for quite a while. I was a State senator in 1928.

Mr. BARR. I am aware of that, sir. You hold the record around here.

Senator ANDERSON. Yes, sir. At that time, Mr. Raskoff was the saver of our party. He sent great funds of money. He has since adopted the practice of selling benefit tickets. How can you prevent that? Does the bill provide against that?

Mr. BARR. The bill does not prevent it. It just makes it less necessary and limits the purposes for which such funds could be used. If you had 100 benefits in the past, we would say you could probably cut that number of benefits down to 35 to get the money you need to operate.

Senator ANDERSON. I am not going to keep on asking the same question, but I still do not see how you can control it as long as you allow fundraising dinners.

Mr. BARR. Senator, as I have indicated, there is a real question as to whether or not, under the Constitution, you can prohibit people from joining together voluntarily and having a dinner. It is not the purpose of this bill to prohibit that sort of activity. The only thing I am saying is that it will not be as necessary as it has been in the past.

Senator ANDERSON. As long as they can still raise the money by benefits, you do not have much control on how they spend that money in the election.

Mr. BARR. We will have control of the amount that is spent on radio, television, travel, and newspaper and periodical advertising. We will not have control over the amount that they spend on salaries, polls, organizational expenses.

Senator ANDERSON. I think those are pretty important expenditures.

The CHAIRMAN. Mr. Williams?

Senator WILLIAMS. Mr. Secretary, you mention in justification of the need for this, the substantial change in the method of campaigning today as related to the campaigns 30, 40, or 50 years ago. As I understood it, that was one of the bases for the increased costs and need for such legislation?

Mr. BARR. Yes, sir.

Senator WILLIAMS. Do you not think it would be well for us to recognize officially that there has been a substantial change in the method of communications for candidates and that if we are going to enact legislation to make it easier to raise funds, the parties should also be required to shorten campaigns and take them out of the horse and buggy stage?

Mr. BARR. Senator Williams, I stated in my opening statement that as a representative of the U.S. Treasury, I was not here to change the political processes of the United States; I am only here to try to remove what I consider to be a financial threat. I have read your

proposal with interest. This, of course, follows the practice of many other great nations in the world. They have tried it and tried it successfully. It may or may not work in this country. I do not claim sufficient political expertise to say whether it is advisable or not, sir. I would defer to people with more experience than I.

Senator WILLIAMS. Well, a substantial part of the cost of the campaigns results from campaigns of 2 or 3 months, with television and radio and involving much repetition. You cannot speak as the administration. Would you care to speak as one who has had experience in this? What would be your recommendation as to the advisability of moving our convention dates and confining ourselves to campaigns of about 5 or 6 weeks?

Mr. BARR. As a candidate for political office, Senator Williams, I have heard the complaint voiced, as I am sure all Senators have, that sometimes, expecially in presidential elections, the campaigns go on much too long and that people are weary of them before they are over. They are tired of all the arguing. They say they have heard nothing new in the past 2 or 3 weeks. They wish they were shorter. From that standpoint, at least if my observations are correct, I think you would have support among the American people.

I have pondered this suggestion since I read it in the press not long ago, Senator Williams. It does seem to me if you are going to do this, it makes it more necessary to use some public money in this area, for this reason:

Let's assume that both parties have their nominating conventions in September. I am going to use your party as an example, if I may, sir.

Let us assume that you have two candidates for the nomination for President in your party. One candidate is a rather conservative gentleman who is beloved by people who have large sums to contribute to political campaigns. Another candidate is a gentleman who would not appeal to the people who have large sums of money available. We will call the man who could raise a lot of money candidate A, and the man who would not raise as much, candidate B. If they nominate candidate A in September, I suppose that they could raise a lot of money in a hurry to get their campaign going.

If they nominated candidate B—the man who does not have as much attraction for the people who have money to contribute—as late as September, they might have grave difficulties, I think, Senator Williams, in getting the money to support an adequate debate.

Senator WILLIAMS. And as I understand it, if we are going to enact a program where we would provide public moneys or some method of making it easier financially you would support shortening the campaigns?

Mr. BARR. Senator Williams, I want to disclaim being an expert in this area. I have never run for President of the United States. I know there are men in the Senate who have at least run for Vice President of the United States. I would like to hear their views. I can say that, from my own experience as a political candidate, I felt the campaigns are too long.

Senator WILLIAMS. I appreciate that. I realize this is a question that should be more properly directed and will be directed to the chairmen of the two political committees.

Mr. BARR. I would certainly say there is room for argument.

Senator WILLIAMS. As a rough estimate, what figures do you have as to the cost of running presidential campaigns in this country?

Mr. BARR. Senator, they are very, very rough.

Senator WILLIAMS. I realize that.

Mr. BARR. As you know, it is extremely hard to find adequate figures in this area. One of the great benefits that I think can come out of the legislation that is before you is that for the first time we can have adequate statistics available to the Congress and to the American people.

The best figures I have are from the Citizens Research Foundation Publication, "Financing the 1964 Election," by Dr. Herbert Alexander. He says he has pretty good figures from the Republican National Committee. They break down roughly this way: The Republican National Committee in 1964 spent, according to Mr. Alexander, about $14.4 million. Of that amount, for television and radio they spent $5.6 million; they spent $1.7 million for travel; they spent $0.5 million for printing; and $0.5 million for advertising.

In my colloquy with Senator Anderson, I was referring to these so-called qualified expenses—the area to which this bill is addressed. These are the items that would be supplied by public moneys under this legislation. They amounted to $8.3 million out of $14.4 million, or roughly 65 percent, of Republican expenditures reported for the 1964 presidential election.

I regret to say this, but Dr. Alexander says he does not have very adequate statistics from the Democrats for 1964, and he will not guess. Dr. Alexander, incidentally, is a professor at Princeton University.

Senator WILLIAMS. What amounts is the administration recommending that there be appropriated toward these costs?

Mr. BARR. Senator Williams, I recommend that what this committee do is to call before you the statutory committee which has been appointed under the Presidential Campaign Fund Act of 1966. This is an advisory committee to the Comptroller General of the United States, composed of two members from each political party and three public members. The membership at the moment is, on the Democratic side, Mr. Arthur Krim, who is the treasurer of the Democratic National Committee; and Mr. James Farley, who I understand has just this last week resigned and will have to be replaced.

On the Republican side, it is Mr. Fred Scribner, former Under Secretary of the Treasury, and general counsel of the Republican National Committee, and Mr. Donald Ross, who is vice president of the Republican National Committee.

My recommendation, sir, is that you get these gentlemen before you and, using 1964 as a starting point, say to them: How much television and radio time do you need? What do you think your travel expenditures, if you were running the campaign you would like to run, would be? How much do you think you should spend for printing and advertising in periodicals, and for billboards? In these qualified areas, what do you think you should spend? Adjust the 1964 base to any change in rates, and that would be the starting point from which you could determine what the size of the appropriation should be.

Senator WILLIAMS. I understand your recommendations are that once we arrive at that figure, all of those particular items would be taken care of by public appropriations?

Mr. BARR. That is our recommendation.

Senator WILLIAMS. Now, on the question of auditing, I notice that your proposal requires auditing after the election?

Mr. BARR. Yes, sir.

Senator WILLIAMS. Would it not be better, if we are going to do this, to have public disclosure as these expenditures are made? In other words, why not have payments reported as they are made and have the Comptroller General more or less conduct a continuing audit? Suppose we wait until after the election is over and the audit shows that there has been an abuse on the part of the man elected. Would not the Comptroller General be in a very embarassing position, levying a 50-percent penalty against the President of the United States? Particularly when we recognize that he is an appointee of the President.

Senator ANDERSON. As long as he understands that is the election outcome, that makes it all right.

Mr. BARR. I see your point, sir.

We see no substantive reason why disclosure cannot be made while the campaign is underway. I would defer to the Comptroller General as to the practical considerations—whether he thinks he can do it. I see no policy reason why he should not.

Senator WILLIAMS. The reason I ask that question is if we are going to confine it to these particular payments, there would seem to be no logical reason why the payments should not automatically be made known to the public. After all, it is public money we are going to put through here.

We are not talking about the salary of a highly paid publicity agent.

Another point is that assuming there is an abuse and the Comptroller General decides to levy a 50-percent penalty—I am just a layman, but is it proper to confer upon the Comptroller General the arbitrary authority to levy a 50-percent penalty at his discretion, or should we make it a mandatory 50-percent penalty if we are going to do this?

Mr. BARR. We pondered over this subject. There are two sets of sanctions in this bill against misuse of public funds. One is criminal. I do not think criminal penalties will often be invoked in this area. They are heavy penalties. I do not believe these are going to be invoked very often.

We did put in monetary sanctions against sloppy bookkeeping and willful misuse of funds. These are not criminal penalites. It would require a finding by the Comptroller General, however, before he could impose that 50-percent levy. It you would like to write in more specific guidelines as to when he should impose the 50-percent penalty, I think that would be appropriate.

It is still going to get down to the fact, however, that somebody—and we have placed the responsibility with the Comptroller General—is going to have to make a finding that there was not just a bookkeeping error, but a willful misuse of funds.

Senator WILLIAMS. I concede that.

My time has expired.

The CHAIRMAN. Senator McCarthy?

Senator MCCARTHY. Mr. Barr, on page 2, you say that these innovations of television and the like have intensified the need for candidates to seek out increasingly large contributions from the small minority of Americans. Is this minority smaller than it used to be, or is it just because you need more money, you have to get it from more people, but in larger amounts?

Mr. BARR. Senator McCarthy, I would say the number of people who can give $100 and the number of people who can give $500 have increased both actually and relatively in the last 20 years. So the minority is not shrinking, I would say that.

Senator MCCARTHY. So you would have a broader base of large contributors now than you had 10 or 20 years ago?

Mr. BARR. That is correct, because the average income of American people has gone up rather dramatically.

However, I would submit, Senator, that the number of people in the United States who are able to contribute $500 to a political candidate is not a very large percentage of the population.

Senator MCCARTHY. It is growing, though, is it not?

Mr. BARR. It is growing.

Senator MCCARTHY. A lot of architects have joined that group within the last 5 years.

Mr. BARR. A lot of architects?

Senator MCCARTHY. Architects. One of the great changes in American democracy in the last 10 or 15 years.

Mr. BARR. Is there great affluence among architects?

Senator MCCARTHY. I think it happened when they went on that cost-percentage basis, picking architects on merit instead of on the basis of the bid; it helped purify the process of democracy.

Mr. BARR. I would be delighted to try to supply for the record what the income of architects has been in the United States in the past 10 years.

Senator MCCARTHY. The change?

Mr. BARR. And the change; yes.

(The following information was subsequently supplied by the Department of the Treasury:)

INCOME OF ARCHITECTS

The only data which we have been able to find regarding architects are shown below.

Census data show that there were 23,000 architects in 1950 and 30,000 in 1960. According to Census data median earnings of architects in 1959 were $8,753. No other Census data seem to be available.

The American Institute of Architects informed us that in a small sample taken by the *Architectural and Engineering News* in January, 1966 showed the median earnings of the architect sample to be $14,747 while average earnings were $17,834. We are not sure how valid the sample is as a measure of the universe.

Senator MCCARTHY. I really raised this question because I am not satisfied that the case you make for this change in financing has been well made. The changes that have been taking place in American politics, if the chairman is right, have been by the way of improvement.

Mr. BARR. That is correct.

Senator MCCARTHY. This reform is presented as though we were on the verge of some kind of political or moral collapse in America, whereas all the evidence is that things are getting somewhat better.

Mr. BARR. That is correct.

Senator MCCARTHY. The question is whether or not the cure you recommend really gets at the problem. Do you want to prevent something or hasten the process of improvement?

Mr. BARR. Where I would differ a bit is this: It seems that the costs of campaigning—from every statistic that I can find, and from every politician to whom I can talk—had been moving along at a

fairly constant rate up until, say, roughly, 1951 or 1952. That was the advent of television. Since that date, the rate of increase has gone up in quantum jumps. It jumped from roughly $140 million as recently as 1952, from every figure we can get, to an estimated $200 million in 1964.

It is because of this rather staggering jump in the costs of campaigning that we are concerned. While I would agree with you that political morality in the United States has constantly improved, I do believe that the threat to political morality is becoming greater every day. The purpose of this bill is to reduce that threat if possible by taking a short but a prudent step toward meeting through public moneys the costs of carrying the debate to the people.

Senator McCARTHY. A Kansas poet has written that "if we purify the pond, all the lilies die."

Mr. BARR. I have heard that.

Senator McCARTHY. Are you sure that you are not going too far? I can see where you want to raise some money to help meet these costs. But when you say this public money will be spent for only these purposes and no other money—which is what you are trying to do——

Mr. BARR. Should or will be.

Senator McCARTHY. You do not have any way of preventing other moneys being spent for these purposes. But you say this is what you want to do. I question whether you should do that. I can see your going to the point where you say, look, we want to get $10 or $15 or $20 million into presidential campaigns and take the pressure off, but whether you really should put a limit of $20 or $30 million, or whatever figure may come to you, on that kind of expenditure, I think is a dangerous proposal.

Mr. BARR. Senator, there is a very real question as to whether or not we can ever limit effectively the amounts of money expended by groups of citizens who want to get together for this purpose. If there are groups of citizens in Minnesota who want to get together and buy television time or radio time or take a full page ad in the newspaper and say, "I want to vote for President Johnson," or "I want to vote for Senator Goldwater," then I do not think we can deny them that right. That is their right of free speech.

Senator McCARTHY. I don't think you can. But you indicate you would like to. I question whether you should even want to do that.

Mr. BARR. No, sir, that is not the problem I am getting to. I am getting to the problem Senator Anderson raised. Senator Anderson raised a point we wrestled with for a long time—that we were not covering the cost of organization expenses. Senator Anderson is probably the oldest county chairman up here and he knows how important county organization expenses are.

In a presidential campaign, it looks to us as though organization expenses are about 35 percent of the total. What we are doing is covering 65 percent of the total for two reasons: First of all, it is easier to audit the amounts I am talking about. Secondly, I think we have public support for that, and I doubt that we have public support for paying someone $60,000 to come out and organize the State of Minnesota.

Senator McCARTHY. I understand that. What I question is that you say you should like to put a limit on these additional expenditures

even though you don't know how to do it. My question is whether you should want to do it.

Mr. BARR. I will stand on my statement. I would like to move, frankly, in the direction of covering all these contributions. Senator Gore has moved completely in that direction. But I don't know the answers to it and I am not prepared to go that far until I know some of the answers.

Senator McCARTHY. Did you take a stand on Senator Williams' proposal to set a limit on the time allowed for campaigns?

Mr. BARR. Did I support that?

Senator McCARTHY. Yes.

Mr. BARR. I supported it as a candidate for political office, not as an administration official.

Senator McCARTHY. It is not a recommendation?

Mr. BARR. No, sir, it is not. I had just said that I have heard a lot of public grumbling on the length of political campaigns.

Senator McCARTHY. Do you have any precedent for the proposed distribution of funds in any other Federal program, with a 5- or 15-percent requirement before anybody gets any money, or would this be something entirely new?

Mr. BARR. There is no precedent that I know of.

Senator McCARTHY. Any other program?

Mr. BARR. We frankly did the best we could, and this was subject to great debate in the Senate and, I might add, within the administration. Where do you draw the line for a minor party? That is a very troublesome issue. If you draw it too low, you can very well encourage people to form minor parties just to get public money, without any real base of public support. If you draw it too high, you can interrupt a political process in the United States that has been valuable to our country. This we do not want to do.

Senator McCARTHY. Could you not do it by matching? In other words, contribute only 50 percent of these costs from Federal money provided that the other 50 percent came from your private funds?

Mr. BARR. Are you talking about minor parties or all parties?

Senator McCARTHY. I am talking about any party——

Mr. BARR. You are talking about Alexander Heard's proposal——

Senator McCARTHY. I don't know if it is his.

Mr. BARR (continuing). That if you give $10 to the Democratic candidate for President, the Government should match that $10?

Senator McCARTHY. No, I was taking pretty much your proposition. Let's assume that we appropriate the money, and say that it can be spent for these specific purposes, 50 percent of the cost up to a certain level, provided that the candidate or his committee provides the other 50 percent—or say give 50 cents on each dollar that is spent, but you would not give it unless the party, vegetarians or social workers or whatever they are, have proved that they raised and spent an equivalent amount. You have to prove how every dollar you raised was spent.

I think you also run into greater constitutional problems in what you recommend here, in requiring that unless you get 10 or 15 percent of the votes, you do not get anything. This certainly would not work in a farm subsidy program.

Mr. BARR. Senator McCarthy, we have examined the constitutional question as closely as we can here. I am advised by the

Attorney General that he thinks this proposal is constitutional. We have had to look at it very, very closely. It is quite obvious that, in any legislation we enact here, we have to be fair and equitable. We cannot close the door on third parties. All I can do, Senator McCarthy, is to assure you that we have tried as diligently as possible to make sure that third parties' constitutional rights are protected.

Frankly, as to your proposal, I thought we had examined every possible proposal for using public funds, but yours is a new one to me. I would like the opportunity to comment in writing on that.

Senator McCARTHY. I will put a bill in today and will give you an opportunity to comment on it.

I do not think you have closed the door, but you have boarded it up pretty high. Your plan would make it pretty difficult for a minority party to get in the door.

Mr. BARR. I would point out that in this century, there have been two occasions, at least—in 1912 and 1924—when minority parties would have qualified. In 1948, they got pretty close.

Senator McCARTHY. I have no more questions, Mr. Chairman.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Thank you, Mr. Chairman.

Mr. Barr, I have read your statement. I am sorry I was not here for all the discussion. I also received a communication from the distinguished chairman of this committee, with three enclosures, which I have read also.

In your statement on page 4, near the bottom, you say only the cost of radio and television, newspaper and periodical advertising, the preparation and distribution of campaign literature, and travel would be covered. That means, of course, covered by public funds?

Mr. BARR. That is correct, Senator Curtis.

Senator CURTIS. Then on page 5, you say private contributions could not be accepted to defray the types of expenses which are reimbursable by the Government.

Mr. BARR. That is right.

Senator CURTIS. Would this prohibit a group from raising some funds to buy newspaper ads to support or oppose a major candidate?

Mr. BARR. No, sir; it would not. We cannot see any way to do that without violating the first amendment to the Constitution.

Senator CURTIS. What, then, does this mean, private contributions could not be accepted to defray the types of expenses which are reimbursable by the Government?

Mr. BARR. We are speaking here, sir, of a candidate, of a solicitation by a national party for a national candidate; namely, a candidate for President of the United States.

Senator CURTIS. Then they can set up all the other committees they want to.

Mr. BARR. They can, Senator Curtis, in so long as they are not controlled by the national party.

Senator CURTIS. That is rather simple, isn't it? That is quite naive?

Mr. BARR. Well, I don't know.

Senator CURTIS. We should be rather frank, I think.

Mr. BARR. Senator Curtis, I have looked at a lot of these committees at one time or another. As a matter of fact, I have helped organize some committees. I have grave doubts whether these committees are very spontaneous. I think somebody is out prodding them to get them to come together.

Senator CURTIS. That is why I ask, what do you mean, private contributions cannot be accepted?

Mr. BARR. I mean they cannot be accepted by the national committees in support of their presidential candidate.

Senator CURTIS. But it does not mean that money cannot be raised and spent for newspaper, periodical, radio and television advertising to support or defeat a candidate for President?

Mr. BARR. That is right, by independent groups that are not controlled by the national committee. We see no way to bar it. I think it would take an amendment to the Constitution to deny that right.

Senator CURTIS. Did it ever occur to you that you are going to build in a pretty strong bureaucracy which is going to perpetuate itself with every election, which is going to get stronger if they can get their hand in the treasury?

Mr. BARR. Senator, that has occurred to us. It was part of a pretty intensive debate in the Senate. The question was raised, would not it give a national committee power over a State. Could they not take disproportionate amounts—say take $2 million or $3 million—and put it into a small State. Yours is not a small State——

Senator CURTIS. We would like to have the business out there. I don't think it would do them any good.

Mr. BARR. But the question was raised on the floor of the Senate and it was felt the national committee should not have this power. Consequently, we put in a limitation saying that of the monies available, no more than 140 percent of the ratio of that State's population to the Nation could be put into that State.

Senator CURTIS. If this is enacted, it is not going to stop the raising of funds by people to put into the presidential campaign?

Mr. BARR. Would you repeat the question?

Senator CURTIS. If this proposal is enacted, it is not going to put an end to private funds going into the presidential campaigns?

Mr. BARR. No, sir; because it could still be used for the organizational expenses.

Senator CURTIS. It could still be used for that?

Mr. BARR. Yes, sir.

Senator CURTIS. That is what I have just been asking you. How are you going to stop it?

Mr. BARR. In the local parties——

Senator CURTIS. That is not going to stop it. If these private funds are used to pay for Smith-for-President clubs.

Mr. BARR. We cannot stop that.

Senator CURTIS. And the donors will see to it that the fact that they contributed is known in the right places; would they not?

Mr. BARR. I would assume so.

Senator CURTIS. Yes.

Mr. BARR. As I pointed out, I think under the Constitution, there is no way to prohibit that activity. It is the free speech and free assembly right of the American citizen. What we are saying, and I have had a little experience in this, is that it won't be necessary, if this legislation is enacted, for the national committee to run around the country and organize Indiana lawyers for Johnson or Illinois architects for such and such. You won't have to have this sort of effort. That is as much as I am claiming for this legislation.

Senator CURTIS. At one time, did the administration recommend that political contributions be a deduction for tax purposes?

Mr. BARR. That is correct, sir, in last year's proposal.

Senator CURTIS. Is that still met with favor in the administration?

Mr. BARR. We say it is an alternative that the Congress should examine when they get to the more difficult issue of public support for congressional elections and State and local elections.

Senator CURTIS. Would you oppose it if we went to that entirely?

Mr. BARR. Senator Curtis, I think there are great disadvantages to the deduction route, for this reason: First, from the statistics which we have gathered carefully in the area of charitable contributions—and we ran them as far back as 1920 in connection with the 1964 Tax Act—we could not find that for people of, say, modest means, it made any difference whether a charitable contribution was deductible or not. When you get the very wealthy individual, it does make a great difference.

Senator CURTIS. How many individual taxpayers do we have?

Mr. BARR. Roughly 60 million, Senator Curtis.

Senator CURTIS. That is not the number—that is the number that pay something?

Mr. BARR. That is correct.

Senator CURTIS. How many of these file an itemized deduction?

Mr. BARR. Roughly half, Senator Curtis.

Senator CURTIS. So 30 million of them feel that deductions do count for something?

Mr. BARR. Well, whether or not they feel they count for something, it is advantageous to them to take deductions.

Senator CURTIS. But do you not think that that top 30 million should probably carry the burden of financing political campaigns anyway?

Mr. BARR. No, sir, I do not. I think the broader you make this base, the better.

Senator CURTIS. Who do you think should carry the responsibility?

Mr. BARR. I have made a proposal here, sir, that I think this is the responsibility of all the American people.

Senator CURTIS. When?

Mr. BARR. What, sir?

Senator CURTIS. When?

Mr. BARR. When is it the responsibility?

Senator CURTIS. Yes. You are proposing to do it by deficit financing. You are not proposing at all that the taxpayers in 1968 pay for the campaign. You have no intention of balancing the budget. You are going to do this by charging it to future generations. Is that not true?

Mr. BARR. If you say, will we balance the budget in 1968, the answer is that we have predicted that for 1968 we will have a budget deficit of approximately $11 billion.

Senator CURTIS. Yes. And this is a new item?

Mr. BARR. That is correct, sir.

Senator CURTIS. So we will add to that?

Mr. BARR. That is right, sir.

Senator CURTIS. So you are here today advocating, in lieu of a deduction that would reach 30 million people——

Mr. BARR. The deduction would cost the same amount. If it works, Senator Williams, it would cost the same.

Senator CURTIS. I don't have any objection to your calling me Senator Williams, but I think he might.

Mr. BARR. Excuse me, I am sorry, sir. I associate Senator Williams with the deduction.

Senator CURTIS. If you appropriate a dollar for a campaign, that costs the Treasury $1. If somebody takes their own money and gives a dollar, how much does it cost the Treasury?

Mr. BARR. As a tax deduction?

Senator CURTIS. Yes.

Mr. BARR. It depends on which bracket they are in.

Senator CURTIS. It may be as low as 14 cents.

Mr. BARR. It may be as high as 70 cents.

Senator CURTIS. It may be. But we give them a deduction for contributing to the animal rescue league?

Mr. BARR. That is correct, sir.

Senator CURTIS. Why not the politicians rescue league?

Mr. BARR. I certainly am not going to get into a comparison between animals and politicians, Senator Curtis. All I am trying to say, sir, is that either route is public money. Whether you are apppropriating that money, Senator Curtis, or letting them take it as a tax deduction, if the amounts are the same, it will have the same impact on our deficit next year.

Senator CURTIS. No, no; if somebody in the 14-percent bracket gives $1, 14 cents is added to the deficit.

Mr. BARR. That is right.

Senator CURTIS. 86 cents is taken out of his pocket?

Mr. BARR. That is right.

Senator CURTIS. And even the wealthiest taxpayer, he may even pay this out of capita gains?

Mr. BARR. That is right.

Senator CURTIS. So it is not true that the effect upon the Treasury and deficit is the same.

Mr. BARR. Senator Curtis, let's back up and define our terms, if we can, sir. I am saying that in 1964, your party spent on these qualified expenditures, roughly $8.3 million. Now, if we assume that we want to supply these funds, either through appropriation or through some sort of a tax device that would raise this amount of money, the effect on the deficit is precisely the same.

Senator CURTIS. Oh, no, a limited deduction is all we have been talking about, to deduct total political deductions up to $100 in order to give a wider base. Someone gives $5,000 to a presidential campaign and gets a deduction for $100. It costs the Treasury $70.

Mr. BARR. Well, there are three basic objections to the deduction route, Senator Curtis. No. 1, it does work greatly to the advantage of the higher income bracket; the higher it is, the more the deduction is worth to you.

Senator CURTIS. Right, assuming that he does not go beyond the amount of the deduction——

Mr. BARR. Of $100?

Senator CURTIS. Yes, or you can fix it to $200?

Mr. BARR. That certainly removes a lot of the objection, sir, there is no question about it.

You have the other considerable objection here, sir, that you are giving an advantage in the political process to a certain group of people. There are a third of the people in the United States, adults who can vote, who do not pay taxes at all, so in effect——

Senator CURTIS. You are going to charge it to the entire group that cannot vote?

Mr. BARR. I am charging it to every American citizen, sir.

Senator CURTIS. No, no, it won't be raised in 1968. You are going to borrow this money and charge it to people who cannot vote?

Mr. BARR. They can——

Senator CURTIS. You have no immediate plans for balancing the budget, do you?

Mr. BARR. I have indicated that Secretary Fowler has testified, and will testify before this committee, that he is anticipating a budget deficit in fiscal year 1968 of $11 billion.

Senator CURTIS. How about 1969?

Mr. BARR. We have no predictions yet for 1969.

Senator CURTIS. I imagine the press could make a prediction for us.

Mr. BARR. The press is welcome to, but we are not officially bound to.

Senator CURTIS. My point is if you take this out of the public treasury, you are taking it away from future taxpayers.

Mr. BARR. If you give taxpayers a deduction, you are reducing the revenues of the United States, and you are increasing the deficit.

Senator CURTIS. Not the full amount of the contribution?

Mr. BARR. Not the full amount, I agree. But let's go to the opposite extreme. What if your deduction were extremely successful. Let's say a deduction is worth 20 percent, say it raised a very large amount of money, so the revenue loss to the United States is $8.3 million, the same as the appropriation. All I am saying is that whether you appropriate that money or whether you give people an opportunity to deduct it from the money they owe the Government, you are still using public funds.

Senator CURTIS. Oh, no. Now, listen. Do you contend that the churches of our country are supported by public funds?

Mr. BARR. I make no such contention, sir. There are many who do. My church does, I might add, sir.

Senator CURTIS. A contribution to a church is deductible, is it not?

Mr. BARR. That is right, and there are many churches in the United States, national churches, sir, who say that they are supported by public funds. I would like to furnish that for the record.

(The Department of the Treasury subsequently submitted several recent articles containing comments by religious leaders on the question of public financial support of churches:)

[From the New York Times, Saturday, May 20, 1967]

A TAX ON PROFITS OF CHURCHES URGED BY EPISCOPAL GROUP

(By Edward B. Fiske)

An organization of Episcopal lawyers and clergymen here has urged that the income tax be imposed on real estate and other untaxed commercial interests owned by churches, but not used for religious purposes.

About half of the group, the Guild of St. Ives, recommended that churches also be taxed on income from stocks, savings accounts and other "passive" investments that are now tax-free.

In addition, the guild urged that churches be required to issue the same kind of periodic financial statements now required of other nonprofit organizations.

The recommendations are contained in "A Report on Churches and Taxation," which follows a 15-month study of the question by guild lawyers.

The guild was founded in 1965 to study church-related legal matters. Its 19 members many of whom are associates in Wall Street law firms, to assist Legal Aid Society lawyers by preparing briefs.

A number of Protestant leaders, including the Right Rev. James A. Pike, retired Episcopal Bishop of California, have taken similar positions recently on the taxation of church businesses and real estate investments. Most, however, have stopped short of advocating taxation of income from "passive" investments.

The St. Ives report says that churches have both practical and moral obligations to reexamine their tax-exempt status.

"The total wealth of organized religion and of other tax-exempt institutions is growing while the needs of government, particularly at the local level, are increasing," it said.

"With growing tax burdens producing increasing discomfort and discontent, it is not surprising that the tax shelters accorded organized religion (among others) by existing tax laws have already come under criticism."

The guild recommended that gifts to religious organizations continue to be tax-deductible and that "property owned by religious organizations which is used for religious purposes should remain exempt from taxation."

WOULD CHANGE LAW

However, the report urged a change in current laws pertaining to real estate and "unrelated businesses" not used for religious activities but owned and operated by churches for profit, including apartment buildings leased for income or church parking lots run on a commercial basis.

The guild said that such interests, operating "in actual or potential competition with secular businesses," should receive similar tax treatment.

Most nonprofit organizations now are exempt from the income tax on real estate investments. They pay realty taxes, however, and must pay an income tax if the properties are run for them by independent corporations.

Churches are also exempt from the income tax on "unrelated business" income. Certain other nonprofit organizations, such as universities, however, do not share in this exemption, and the guild urged an end to this special privilege for churches.

Interviews with a number of Episcopal officials in the Diocese of New York showed that several diocesan churches owned property leased to commercial and private parties for profit. Included are Trinity Parish and St. John's in the Village Church, 218 West 11th Street.

DIVIDEND ON INVESTMENT

Members of the guild were divided over whether religious organizations should pay an income tax on investments not directly operated by them, such as savings accounts, stocks and other securities.

The report said that "those who accept the principle of taxation of investment income do so because they recognize that this is the area in which the 'wealth' of organized religion is growing fastest, and which is subject to the most pervasive and persuasive criticism."

The guild said that intelligent discussion of church taxation was difficult because "reliable data" were not available on its effect. Churches are not required to issue financial statements, it said, and "few, if any, religious organizations voluntarily disclose data concerning their financial condition."

The Rev. Dean M. Kelly, director of religious liberty affairs for the National Council of Churches, said most Protestant churches published annual balance sheets, but did not go into detail on investment income.

St. Ives, or St. Ivo Hélory, was a 13th century French lawyer and priest who devoted himself to providing legal aid for the poor. He is the patron saint of lawyers.

[From the New York Times, Oct. 9, 1966]

On Taxing Churches

(By John Cogley)

Should churches pay taxes? The question, a many-sided one, is being heard with increasing frequency. The answers range from an enthusiastic yes, through an uncertain yes-and-no, to a flat rejection of the question as downright impious.

In its current issue Church & State, the monthly review of Protestants and Other Americans United for Separation of Church and State, a debate by two churchmen sums up the differences on the subject even between persons dedicated to the strictest interpretation of the First Amendment.

One writer, the Rev. Dennis G. Kuby, a Unitarian of Cleveland, Ohio, holds with a statement of the United Presbyterian Church in the United States that a favored tax position is a "hindrance to the fulfillment of the church's mission."

The other, the Rev. C. E. Colton, a Baptist pastor in Dallas, Tex., argues that the basic philosophy expressed in the First Amendment requires that the church, as such, must be free from taxation. "It is the only way we can maintain a free church in a free state," Dr. Colton argues.

Seven years ago, Dr. Eugene Carson Blake, who will soon take up his duties as Secretary-General of the World Council of Churches, suggested that the churches would be acting in their own best interests were they to accept taxation cheerfully.

"When one remembers that churches pay no inheritance tax . . . that churches may own and operate business and be exempt from the 52 percent corporate income tax, and that real property used for church purposes . . . is tax exempt, it is not unreasonable to prophesy that, with reasonable management, the churches ought to be able to control the whole economy of the nation within the predictable future," Dr. Blake wrote in Christianity Today.

ECONOMIC POWER

"A government with mounting tax problems cannot be expected to keep its hands off the wealth of a rich church forever. That such a revolution is always accompanied by anticlericalism and atheism should not be surprising," he added.

"The economic power that will increasingly be wielded by ever richer churches," he wrote, "threatens to produce not only envy, hatred, or resentment of non-members, but also to distort the purposes of the church members and leaders themselves."

In the current Church & State debate, Dr. Kuby states that tax-exempt church property in the United States has been valued at $80-billion. At 20 percent taxation, he argues, the Government could receive $16-billion annually in tax revenue.

Among those who take a yes-and-no position are churchmen like Dr. Colton, who says in Church & State that property actually used for purposes of worship and prayer should be tax exempt but that there should be no exemptions for property or for a business merely because it belongs to, or is operated by, a religious institution. Such exemption, he holds, is "a definite violation of the church-state relationship as expressed in our constitution."

The all-out supporters of the present exemptions have tradition on their side. Church property in the United States has never been subject to taxation.

The classical reason offered is that "the power to tax is the power to destroy" and that religious activity should be put beyond the reach of the State.

The question always arises, however, what is religious activity? For example, in 1958 the Fellowship of Reconciliation, an interfaith group opposed to war and weapons of mass destruction, had its tax-exempt status revoked by the Internal Revenue Service and did not get it back until 1964. The Internal Revenue decision was based on the fact that the F.O.R. held that getting certain legislation passed was the way for the organization to fulfill its religious goals. This, though, was decreed to be "political action" and consequently beyond the purview of religion.

Almost at the same time the decision came down, Pope John XXIII in his encyclical Pacem in Terris advocated setting up a juridical mechanism for peace—only one indicator among many that political and religious aspirations are not always seen as separable.

AGAINST TAXES

Also, in the 1950's a Unitarian Church in California was threatened with loss of tax exemption because it would not submit to a loyalty oath.

With these recent examples at hand, many are more convinced than ever that the tradition of exempting churches from taxation, in the interests of religious freedom, is well founded.

Taxation, the supporters of this position point out, has been used as a weapon against the churches wherever an anti-religious government gains power.

"It is true that the church has grown rich and corrupt when its seeking after wealth was not controlled," one supporter said. "But that is not the only lesson history has to teach us. If we look around, at some present totalitarian countries, a few more lessons may become obvious—for instance, we may see how the power to tax is actually being used today to undercut religion."

Upholders of the present system also argue that the churches serve the public welfare by conducting schools, orphanages, hospitals, social settlements, and old people's homes, and should not be required to pay the state for the privilege of doing what the state would have to do were it not being done by the religiously motivated.

An argument brought up from time to time is that tax exemption for religious organizations in effect means that nonbelievers are required to support religion at least indirectly, and that even the religious-minded are required to support religions they don't believe in.

Others claim that religion, like art, music, and general culture, are proper community concerns. It is no more unreasonable, they say, to withhold tax exemption from a museum of modern art because some people don't like modern art or don't believe it is even art than to withhold it from a church because some people do not believe in the doctrines or dogmas taught there.

Senator CURTIS. Do you say that?

Mr. BARR. No, sir, I do not say it. I am here as a Treasury official.

Senator CURTIS. How do you draw the distinction between the fact that churches, a contribution to which is deductible, are not supported by public funds, but that if you give to a political campaign and it is deductible, it is supported by public funds? Draw the distinction for me.

Mr. BARR. I am not going to talk about past actions, but whenever this committee permits people to take additional deductions, you are diverting funds from the revenues of the United States and in essence using public funds.

Senator CURTIS. What do you mean by additional deductions? What about present deductions?

Mr. BARR. I would call that public funds, sir.

Senator CURTIS. So it is your contention that churches are supported by public funds?

Mr. BARR. I guess you could argue that, sir.

Senator CURTIS. I am not arguing; I am asking you.

Mr. BARR. Public support.

Senator CURTIS. No, I feel whoever earns money, it belongs to him, and we have certain rules to follow to determine what the taxable net is. But the entire earnings belong to the person who earns it.

Mr. BARR. I do not dispute that, sir.

Senator CURTIS. I have run over my time. I beg your pardon, sir.

The CHAIRMAN. Senator Talmadge is not here at this moment, but he did request that I ask you this question. I am going to put it on Senator Talmadge's time. You may want to think about this before you answer it.

Suppose Governor George Wallace of Alabama runs as a third party candidate and the polls indicate that he would get more than 5 percent of the votes. And suppose, in the course of his campaign, he is accused by his opponents, and by certain newspapers that do not agree with him, of advocating in one fashion or another racial discriminations, which of course, he would deny.

Does that mean that his funds could be cut off on the grounds that he was advocating something that was not approved of and was unconstitutional?

Mr. BARR. Mr. Chairman, I think I am going to consult with the Attorney General on that. I will give, as my offhand opinion, that in a candidacy for President of the United States, the constitutional

right of free speech to advocate practically anything you want to advocate would prevail, and there would be no basis for cutting off his funds on that ground. This is my offhand opinion.

I would defer to the Attorney General of the United States, and I will supply that answer for the record.

The CHAIRMAN. I do not think, frankly, we have any right to tell the candidate what he can advocate and what he cannot. He has a right to advocate a constitutional amendment if he wants to. The Supreme Court has been very liberal in granting even the right of somebody advocating the forceful overthrow of the Government. But I think we ought to have an answer to that question.

Mr. BARR. I shall be glad to supply that for the record.

(The Department of the Treasury subsequently supplied the following information:)

AVAILABILITY OF FEDERAL FUNDS UNDER THE PRESIDENT'S PROPOSAL TO A PRESIDENTIAL CANDIDATE ADVOCATING RACIAL SEGREGATION

A question has been raised as to whether a presidential candidate advocating racial segregation would receive Federal funds if he otherwise qualified under the President's recommendations.

The Treasury Department has been advised by the Department of Justice that:

"There is no Federal statute which would prevent payments from the Presidential Election Campaign Fund to a candidate who advocates racial segregation. . . . [S]uch advocacy would clearly be an exercise of free speech and would thus be protected by the First Amendment of the Constitution."

The CHAIRMAN. As I understand it, what you are saying is that if you provide adequate funds for these items, which are about two-thirds of the cost of American campaigning for the Presidency, you tremendously reduce the pressure to do things that you feel most people would not want to do?

Mr. BARR. That is precisely the thrust of what we are trying to do, Mr. Chairman.

The CHAIRMAN. If we want to go further in this legislation, are there not certain ways in which we could further reduce the inclination of persons to use private funds to do things in a prohibited area? In other words, could we not, for example, legislate, tell television and radio stations that they would have to have the approval of the Presidential candidate before they could have programs advocating his candidacy?

In other words, we have the right to regulate them. They are not protected by the first amendment, are they?

Mr. BARR. I think this could be done. the constitutional question here is narrow, Mr. Chairman. We do believe, however, that it would be constitutional for any candidate to have the right to say to a group that was organized in support of him, either, "You are authorized to speak for me," or "you are not authorized to speak for me."

I do not think he can stop them from speaking, but they can be required to make their authority clear, as most States require today. When you are collecting funds or running an advertisement, that advertisement, in most States, at the bottom says, "This advertisement was paid for by such-and-such a group, and such-and-such a man is treasurer."

We believe that a candidate can be given the right to say, in the case of a group which has voluntarily gotten together and bought time or

run an ad, "They are speaking for me; they are authorized to speak for me," or he can say, "They are not authorized to speak for me." I do believe that can be done.

The CHAIRMAN. It occurs to me that if you keep in mind what we are trying to do with this bill, we can see how far it moves us toward that objective. Now, in the first instance, we want both major parties to have an adequate opportunity to make their presentations to the public, do we not?

Mr. BARR. That is correct.

The CHAIRMAN. This bill would provide all the funds that either party really needs to explain to the people what their candidate advocates, or what their party stands for, wouldn't it?

Mr. BARR. That is right; that is our objective.

The CHAIRMAN. So both sides would have an opportunity to make a pitch at the public.

Mr. BARR. That is right.

The CHAIRMAN. And you believe funds should be made available to provide whatever television or radio, newspaper advertising, is necessary, as well as whatever billboards are necessary to remind the public that this man is running for office and what he stands for?

Mr. BARR. That is the objective of our legislation.

The CHAIRMAN. You believe public funds should be provided for that purpose?

Mr. BARR. Yes.

The CHAIRMAN. When you go beyond that, it is possible that someone might want to guild the lily; there is no way you can see to prohibit somebody supporting a particular candidacy, saying that this is the greatest man in the world, he should be elected.

Mr. BARR. I see no way to stop that.

The CHAIRMAN. Under the freedom-of-speech guarantee of the Constitution, there is no way to get at that?

Mr. BARR. That is right.

The CHAIRMAN. You might have some limit as to what he can spend. Even that, I have some doubts about.

Mr. BARR. I have some doubts about that.

The CHAIRMAN. But nevertheless, when a candidate has adequate exposure anyway, the kind of commitments that can be expected or extracted from him are very minimal when he is adequately financed, anyway?

Mr. BARR. That is right. That is our objective.

The CHAIRMAN. That is what you are seeking to do here?

Mr. BARR. As I have indicated, Mr. Chairman, I do not think a lot of these groups that are coming together are purely spontaneous. I think somebody has come out from the national committee of one party or another and organized them. It looks spontaneous, more in appearance than in actuality. If you had more money to carry these campaigns forward, I think there would be less reason for these so-called voluntary organizations.

The CHAIRMAN. That leads to my next question. Cannot we say that anyone who is authorized to, or purports to be authorized to, be speaking for or on behalf of a candidate or employee comes under this law insofar as these prohibitions exist? In other words, if you claim to be authorized by the President or by the candidate running against the President to go out and raise money and spend money on

his behalf, cannot we bring you within the terms of this act by amendment?

Mr. BARR. Mr. Chairman, I am advised by counsel that "purports to be" might give us difficulty. If the organization says, "We are authorized by the candidate to speak for him," I think that that group could be brought within the limits of this legislation.

The CHAIRMAN. It seems to me that one who is raising money, one one who is soliciting or accepting money on behalf of the candidate, should be required to state whether he does or does not speak for that candidate or that party in any respect whatever.

Mr. BARR. We agree with that completely.

The CHAIRMAN. If he in any respect contends that he is for that party or that candidate, he comes within that act?

Mr. BARR. That is correct.

The CHAIRMAN. If he expressly denies that; if he says, "I am not speaking for the President," assuming he is a candidate, or if he says "I am not speaking for the Republican nominee; I am not speaking for the Republican Party; I am just speaking for myself—this is something we ought to do * * *."

Mr. BARR. Right.

The CHAIRMAN. You do not see any way in the world we can get at that?

Mr. BARR. No; I do not, without abridging the man's freedom of speech.

The CHAIRMAN. I am inclined to agree with you.

Does it occur to you that you might have difficulty in getting somebody to handle this money with these criminal penalties in here?

Mr. BARR. Mr. Chairman, as I stated last year when I testified before this committee, I have served at times as treasurer of a political party, and the law is so confused today that I was never so relieved as when the statute ran out on my tenure in office. You cannot honestly be sure that you are living up to the law in these areas. You are taking your life into your hands.

I do not believe in the narrow area covered by this bill we would have trouble. You are treasurer of your party; you are going out and buying television time, radio time, newspaper, periodical, and billboard advertising. You submit those bills to the Comptroller General of the United States. He submits those bills to the Secretary of the Treasury, and he pays them. That is a very narrow area.

As a man with experience in this area, I would not be reluctant to take that on, even with the criminal penalties.

What I cannot understand is how they get people to serve as political treasurers today.

The CHAIRMAN. You say you would not be reluctant?

Mr. BARR. I would not be reluctant under this bill. That is a risk a man would take in accordance with his belief in his political party in the United States.

The CHAIRMAN. Now, you indicated that it is difficult to know where all this money comes from, and where it goes. The best information you were able to cite is the Citizens Research Foundation, which was relying upon a statement used by the Republicans in the last campaign. My understanding is that you could not get information in similar detail from the Democratic Party, but even so, may I suggest to you that what you have is just cracking the surface?

Mr. BARR. That is right.

The CHAIRMAN. This is what Senator Gore came up with when he was investigating the matter back in 1956, trying to understand where campaign money came from. He found with regard to both Democrats and Republicans that, of the money that came in, about 40 percent of it fell under a category called, "Other".

Now, as a practical matter, does not this usually happen, that money is raised is two ways; some money is raised, reported, and scrupulously accounted for, but there is a great deal of fund raising and fund spending that goes outside this accounting. And that money is neither closely accounted for coming in, nor going out. So the money that is to be carefully accounted for in paying for radio time, television time, newspaper advertising, where your opposition can find it, is very closely and adequately accounted for?

Mr. BARR. Yes.

The CHAIRMAN. Then the money that is raised on the outside, possibly by cash, is raised with the understanding that it is not going to be reported. And in that area, we have very, very little information.

Mr. BARR. That is correct.

The Chairman. May I say, as one who has been involved in this area almost since birth, I have gained the impression that even the committee has no adequate idea of what has happened in this other area involving money which is not accounted for coming in, and not accounted for going out.

For example, when it is raised at the local level——

Mr. BARR. That is right.

The CHAIRMAN (continuing). The fellow who has raised it locally proceeds to spend it and half the time, you do not know where it came from or where it is going to. You may have no right to ask for an accounting from the local fellow.

Mr. BARR. There were times in my tenure as a political treasurer when I wondered whether a lot of the money raised for the party ever actually got to the party.

The CHAIRMAN. But the accounting that both parties give, if 40 percent of that falls under the category of "Other"——

Mr. BARR. That is right.

The CHAIRMAN. The people who put up the money wanted it used for that candidate, but they were powerless to supervise it, and the national people were powerless to supervise it. So when the campaign is over, the local fellow comes in and hands the national committee a big bill for the deficit, and the national committee says, "Wait a minute; we do not know the first thing about this; that is your problem; States rights; you are handling things down there, and you account for it."

Now, is not what you are proposing to do here, to say that communications with the public funds should be raised entirely in ways so that the public can see every nickel coming in and every nickel going out, and insofar as you can, you would like to see that made the sole means of communication for both political parties, and the third party?

Mr. BARR. That is right. I might add that Dr. Alexander probably would be the first to admit that his estimates may be grossly inadequate.

Mr. Chairman, if we get nothing else from this legislation—if none of it works as well as we hope—as we move into this new area, whether

by this route or other routes that the Senators might deem desirable, I do hope we can finally get some statistics so we will know what is going on in this area.

The CHAIRMAN. May I say that we just finished this bill for $1.8 billion on this investment tax credit. My impression was that that was not not 2 days' debate spent on the investment tax credit, but almost the entire 6 weeks was taken up debating this one item which accounted for only a very small percentage, less than 1 percent of the amount of money involved. Yet, because of the enormous importance of this issue, it consumed all the debate.

In conference, we yielded on $600 million, and the Treasury was objecting every step of the way, knowing about the deficit problem. But we yielded more than $600 million to the House.

Might I suggest to you, Mr. Barr, and I would invite your reaction to it, that it would be far cheaper to finance a campaign this way than to finance it by private contributions? And furthermore, it does occur to me that some of these campaign contributions have no right to claim a deduction.

Let us say that this is a campaign contribution of a banker who is interested in maintaining high interest rates, purely a self-seeking proposition. Why should he receive a deduction for that? He is expecting very great advantage out of that. Or take someone who feels that by contributing he can protect his monopoly rights on something where the public interest might dictate otherwise—why should he receive a deduction where he is expecting benefits out of it almost like bread cast upon the water? Why should he receive any special tax advantage from that, when other people do not receive any tax advantage for the contributions they make?

Mr. BARR. Mr. Chairman, I would turn that around just a bit and state it the other way. I would say that any man, no matter how selfish his motives, in a free country can go out and try to defend his point of view.

One of our basic objections to the deduction—and I am not saying that it is a completely bad proposal, I am saying that there are objections to it—is that, as you correctly pointed out, if you do adopt a deduction, a man who has a selfish motive, a personal gain, involved in the election of candidate X or candidate Y, would have an advantage, while a fellow who does not pay any taxes at all would be denied that advantage in the political process.

The CHAIRMAN. If you just take two situations—for example, I am very much for the oil industry. But suppose the oil industry says, "Here is a man who is one of ours; he fought for the depletion allowances, he fought for the intangible cost provision; we have to keep this man in office." So we contribute to keep our man in and we get a 70-percent deduction, let us say, speaking as a class of all people, many of them who are in the 70-percent bracket.

By contrast, here is old Grandma Jones. A candidate wants to increase her social security payment or her welfare payment. She does not pay any taxes, anyway. What advantage would that be to her?

Mr. BARR. That is a very graphic description, Mr. Chairman.

The CHAIRMAN. As between two people, how would you distinguish between the man in the 70-percent bracket and Grandma Jones?

Because she cannot afford to make a contribution in the first place, and even if she did, she would not get any benefit from it.

Senator ANDERSON. Mr. Chairman?

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. I just do not understand how he can get a deduction, the banker who makes a contribution, how can be get a deduction? If it is a contribution from his corporation, it is illegal; is it not?

Mr. BARR. That is correct.

Senator ANDERSON. How did he get it? You tell me, because I have not been able to get it.

Mr. BARR. It is currently illegal, Senator Anderson. Senator Williams and Senator Curtis have raised the point that perhaps the Congress should make a political contribution of up to a certain amount, a deductible item in addition to deductions currently in the tax law. That is their proposal.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. Mr. Secretary, you refer to the fact that I have advocated a deduction, and that is correct. Is it not also true that about a year ago President Johnson recommended the same thing, and you, as Under Secretary of the Treasury, endorsed it?

Mr. BARR. That is correct, sir.

Senator WILLIAMS. So it was not so bad at that time?

Mr. BARR. No, sir. Since that time, Senator Williams—we are not allwise, as I mentioned, in this area—we have had the benefit of extended debate in the Senate of the United States, extended debate in the United States of America. It has aroused wide public interest. We are not saying it is all bad, Senator. All we are saying is that we believe the appropriations route is better.

Senator WILLIAMS. Is it not a fact that you changed your mind before the debate ever started on this last repeal of the tax credit, and you were down before the committee in January and backtracked on the proposal?

Mr. BARR. We were becoming more disenchanted with it the longer we looked at the proposal.

Senator WILLIAMS. And once you got your eye on the public funds where you could get a few million dollars, it was so attractive, you lost your interest in the other?

Mr. BARR. No, sir; it was not that. It was that, as the debate unfolded, as we had Professor Neustadt, and Professor Heard, and Dr. Alexander, and other experts come in, it seemed to us that the advantages of the appropriations route were much greater. I am not saying that our proposal last year was wrong. I am merely saying we have benefited from the great debate you gentlemen had in the Senate.

Senator WILLIAMS. As one who took part in it, I appreciate that, and I thank you for your expression of commendation for the results we achieved in that, because it was a great step in the right direction.

Mr. BARR. Let us get the record straight, Senator Williams. I did not say that; you said that.

Senator WILLIAMS. I notice you have endorsed it, but we have had that debate.

Now, in all seriousness, I think we approach this with one thought in mind; that is, that something needs to be done.

Mr. BARR. Yes, sir.

Senator WILLIAMS. The questions I am asking are not to embarrass you, but if there are loopholes in what is being suggested, either by the administration or by ourselves, we want to raise them as we proceed.

Mr. BARR. That is correct.

Senator WILLIAMS. Now, in line with what Senator Curtis said before, if we adopted the administration proposal in its entirety, is there anything that would stop the setting up of a President's club, that would stop the organization of Friends for LBJ, or Friends for Goldwater if the groups were to say, "We are organizing our own and not in with the national committee"? Would there be anything in this that would stop that?

Mr. BARR. Senator, if they said, "We are on our own; we have no connection with the national committee, no connection with the candidate," and they could make it stick, there would be nothing in this legislation that would stop those organizations from forming.

Senator WILLIAMS. If they got to the question of organizing, rather than as Friends of John Smith, or Friends of Paul Jones, they could organize as Opponents of Mr. X and have the same purpose and work it in a negative situation, could they not?

That would still be permissible? We have not touched it under this proposal; isn't that correct?

Even if they went on television and bought the time in addition to this other time, and campaigned against Mr. So-and-So rather than for somebody it would not be covered under his proposal, would it?

Mr. BARR. That is correct, sir. I do not believe we can stop voluntary organizations that are clearly voluntary organizations, unless we amend the Constitution of the United States. I am not prepared to do that.

Senator WILLIAMS. As I understand it, the intent of the administration's proposal is to pay in its entirety the cost of television and radio—we will just use those two items.

Mr. BARR. Those are the largest, yes.

Senator WILLIAMS. Now, if the Comptroller General finds there has been abuse, he can impose a 50-percent penalty and require the refund of the money that has been spent—in other words, it would be a 50-percent penalty. He would have to pay back $750,000 if the Comptroller General ruled they had spent a half million dollars wrong; is that correct?

Mr. BARR. That is correct, sir.

Senator WILLIAMS. Now, I understand that the proposal also specifically bars either of the national committees from raising any money in any manner for either television or radio, or for certain other items; is that correct?

Mr. BARR. That is correct. They would take public funds.

Senator WILLIAMS. Assume that the political party is found by the Comptroller General to have violated and abused this and there is a refund due the Government of a half million dollars plus the 50-percent penalty, which would add up to $750,000 that they have to pay back—now, here is the committee which cannot raise any private funds from any source whatsoever.

Where do they get the money to pay the Treasury back if they cannot solicit from the outside? Do they use more Federal appropriations to pay the fine?

Mr. BARR. Senator, it is a troublesome question. You have put your finger on an issue that has troubled us. I would defer to the Comptroller General, but our answer to this would be that the practical way to approach this, the only thing we can see to do, is that that $750,000 would have to be deducted from the payment for the next election.

In other words, it would have to be counted as a qualified expense, and deducted from any moneys that were available in the next election.

Senator Williams. In other words, if candidate X in 1968 violates the law and spends too much candidate Y, of the same political party, in 1972 will pay the fine of the other——

Mr. BARR. That is right.

Senator WILLIAMS. And he could use up all the money he has and that for the next election?

Mr. BARR. That is correct, and this is a serious hole in this law, as I can only admit.

Senator WILLIAMS. So the taxpayers would be paying the fine, and Mr. X, running in 1968, could completely bankrupt his own political party for the next 4 years so that nobody—Bobby, Joe, Tom, Dick, or Harry—could put on a campaign?

Mr. BARR. Senator, I would assume——

Senator WILLIAMS. I am asking this question because these are questions that will be raised, and we should have answers beforehand.

Mr. BARR. It is a reasonable question. As I have indicated to you, I do not believe criminal sanctions are going to come into play in this area. I do not think we are going to send people to jail or fine them $10,000. I do believe we need political sanctions to make people be careful in this area.

One way to deal with the problem might be the suggestion that you made earlier. That would require disclosure by the Comptroller General, as he proceeded through the election. In other words, we could give him the authority to prevent anybody from following precisely that course, that is candidate X bankrupting candidate Y, who would be running 4 years later.

Senator WILLIAMS. We are raising these questions because they are questions that should be raised, and answered before we proceed. If we cannot get the answer properly, we should recognize it now.

Mr. BARR. Senator Williams, I might add that if the Comptroller General were aware that candidate X were following that course of action—and he would soon be aware of it, I assume—he could refuse to certify any more funds to that man.

Senator WILLIAMS. How would they get the bills paid if they stopped right in the midst of the campaign?

Mr. BARR. You posed a situation where candidate X was deliberately flouting the law and bankrupting the campaign of candidate Y. I said in that instance, that the Comptroller General could issue a warning, first of all, and then if necessary, stop certifying his funds.

Senator WILLIAMS. A full disclosure would help, you say?

Mr. BARR. That is correct, and disclosure during a campaign could get around that troublesome point.

Senator WILLIAMS. The question has been suggested that the various groups would—and the chairman mentioned men in the oil industry—contribute from selfish motives, or bankers would contribute to the administration which gives them the highest interest rates. Do you believe that all political contributions are selfishly motivated, or do you not think that a lot of people would contribute, or do contribute, from a patriotic standpoint, or from their philosophy of government?

Do you think that fact that today the interest rates are the highest they have ever been in the history of this country would cause bankers to contribute more to the present political party than they would to support their own political party? I do not think it would.

Mr. BARR. I will give you the best answer I can. I think the vast majority of contributions to political parties are made for patriotic reasons, as the people who make them see the issue. There are people who want the country run in a certain manner. They do not expect every Congressman or Senator or the President to act precisely the way they would act. Here again, I would defer to you gentlemen; you know more than I do about this. I believe, however, personally, that they contribute because candidate X, they think, will try to run the country in a way which they would generally approve of.

Senator WILLIAMS. I think it is fair that we should. We have abuses that we are trying to correct here but I do not think we should characterize all men who contribute to political parties as being motivated for strictly selfish purposes.

Mr. BARR. May I add there, Senator Williams, that I see nothing wrong in this. If you have a business, and you think your business is in jeopardy, and you have an opportunity to vote for a man who you think will protect your business, this is a free country, and I see nothing wrong with that vote, and I think it is done all the time.

Senator WILLIAMS. Now, under existing law, corporations under no circumstances are allowed to make political contributions; is that true?

Senator WILLIAMS. I am referring to bill, S. 1880, which is part of the administration's proposal. It was referred to the Senate Rules Committee. I think we have to consider those together. But first, I would like to raise this question.

You believe, do you not, that whatever this committee may see fit to report in the realm of financing, whether it be public financing, tax credits, tax deductions, or a combination thereof—whatever it may be—that any bill that is reported should also include a tightening of the loopholes in the Corrupt Practices Act or any of the existing laws? Do you agree with that?

Mr. BARR. I do not want to meander into the realm of jurisdiction within the United States Senate. I would agree, however, that if this committee is going to authorize the expenditure of public funds for the campaign for the Presidency, there should be adequate disclosure in that area. If you are going to go further and recommend public funds for the campaigns for Congress, I believe it is the responsibility of this committee and the Senate to guarantee full disclosure on any funds that are used.

In other words, if you are going to spend money on the Presidency, certainly no public money should be used unless there is full and absolute disclosure. I would agree with that.

Senator WILLIAMS. I am not asking you to get into a quarrel with the committees about jurisdiction. The Senate has already approved the fact that the Finance Committee can act in this field, and they have also approved the point that we can act in the Administrative Practices Act or the Hatch Act as we proceed in this direction. So, this is not a jurisdictional fight, and I hope it does not develop as such. But I am speaking only on the question that if there is going to be any legislation whatsoever in this field, either in the form of appropriations or tax credits, deductions, whatever it might be, it should at the same time plug all these loopholes, get the full disclosure, and tighten this legislation up in the manner that is satisfactory to the American people.

Mr. BARR. I would agree. If there is going to be public money used, there should be absolute and full disclosure of how they are expending these funds. This is a standard tenent.

I do want to make this caveat: There may be a dispute in the Senate. If you would elect to vote funds to the presidential candidates, I would say there must be disclosure on the presidential level. If the Senate would decide it does not want to go as far as Senator Gore would recommend and give funds to the Senators and the Congressmen, I would not see the same compulsion for public disclosure at the congressional level. I am speaking as a Treasury representative concerned with public moneys.

Senator WILLIAMS. I go partly with you, but I agree completely with Senator Gore that if we are going to go into this field, we have to have full and complete disclosure. If we have just half of it exposed, you are leaving the back door wide open and encouraging all these other funds to go in under another name.

Mr. BARR. That is right.

Senator WILLIAMS. I think we either have to do it or not.

Let me just ask this question: Corporations, under existing law, are completely barred from any contributions whatsoever. We are in complete agreement on that?

Mr. BARR. That is correct.

Senator WILLIAMS. To get back to this Senate bill 1880, which was introduced at the administration's request, but which is now before the Rules Committee, but which we are also considering, on page 7, section 601 reads: "Contributions by Government contractors. Whoever, including a corporation, enters into any contract with the United States or any department or agency thereof, either for the rendition of personal services or furnishing any material" and so forth, is barred from making contributions.

Now, is that necessary? If we enact that proposal, which specifically bars defense contractors from making contributions, are we not, in effect, saying that we do not think we have laws against corporations as a whole?

Mr. BARR. Senator Williams, this is a peculiar situation here, sir. Let us say that you, as an individual, had a contract with the United States of America. You are not incorporated; you are an individual proprietorship. Under Federal law, you would be barred from contributing to a Federal election in all States.

However, under some State laws, a corporation with a contract with the United States can legally, in that State, contribute to State and local elections. Not all States. In my State of Indiana, they cannot.

Senator WILLIAMS. That is the reason I bring this up. This is applicable only in those State elections where they are permitted?

Mr. BARR. That is correct.

Senator WILLIAMS. And does not in any way infer that we do not have already an ironclad law?

Mr. BARR. That is right. It is an extension into a peculiar area, and I can supply for the record the number of States where this applies. It is a limited number of States.

(The following information was subsequently supplied by the Department of the Treasury:)

I. States barring political contributions by all corporations (31):

Alabama—1958 Recompilation of Code of 1940, Title 17, § 286
Arizona—Revised Statutes Annotated § 16–471 (1956)
Connecticut—General Statutes § 9–339 (1958 Rev.)
Florida—Statutes Annotated § 104.091 (1960)
Georgia—Code Annotated § 22–724 (1964)
Hawaii—Revised Laws of 1955 § 270–1.
Indiana—Burns Annotated Statutes § 29–5712 (1949)
Iowa—Code Annotated § 491.69 (1949)
Kentucky—Revised Statutes §§ 123.010, 123.020 (1962)
Louisiana—West's Statutes Annotated of 1950, § 18:1483
Maryland—Annotated Code of 1957, Art. 33, § 229 (1965 Supp.)
Massachusetts—General Laws Annotated, ch. 55, § 7 (1958)
Michigan—Statutes Annotated § 6.1919 (1956)
Minnesota—Statutes Annotated §§ 210.21, 211.27 (1965)
Mississippi—Code Annotated § 2112 (1956 Recompilation)
Missouri—Vernon's Annotated Statutes § 129.070 (1952 ed.)
Nebraska—Statutes of 1943, §§ 32–1129, 53–182
New Hampshire—Revised Statutes Annotated § 70:2 (1965 Supp.)
New York—Penal Law § 671
North Carolina—General Statutes §§ 163–196 (14), 163–206 (1964)
North Dakota—Century Code Annotated § 16–20–08 (1960)
Ohio—Page's Revised Code Annotated § 3599.03 (1965)
Oklahoma—Statutes Annotated, 1951, Title 26, § 439 (1955 ed.).
Pennsylvania—Purdon's Statutes Annotated, Title 25, § 3225(b) (1964 ed.)
South Dakota—Code of 1939, § 16.2003 (1960 Supp.)
Tennessee—Code Annotated § 2–2234 (1955)
Texas—Election Code Art. 14.07(a) (1964 Supp.)
Utah—Code Annotated § 20–14–21 (1965 Supp.)
West Virginia—Code § 3–9–14 (1966)
Wisconsin—Statutes Annotated § 12.56 (1964 Supp.)
Wyoming—Statutes § 22–356 (1965 Supp.)

II. States barring political contributions by certain corporations only (5):

Delaware—Code Annotated, Title 18, § 552 (1964 Supp.)
Kansas—General Statutes Annotated § 25–1709 (1964 Rev.)
Montana—Revised Code of 1947, § 94–1444
New Jersey—Statutes Annotated §§ 19:34–32, 19:34–45 (1964 Rev.)
Oregon—Oregon Revised Statutes § 260.280

III. States not barring political contributions by corporations (14):

Alaska
Arkansas
California
Colorado
Idaho
Illinois
Maine
Nevada
New Mexico
Rhode Island
South Carolina
Vermont
Virginia
Washington

Senator WILLIAMS. Does the Federal law now preclude a corporation from contributing to a State committee in any of the States when that State committee is likewise supporting Federal candidates?

In other words, in Indiana, your State, or in Delaware, my State—the State committee supporting my candidacy or your candidacy for the Senate or Congress—can corporations under existing law make contributions to that State committee, and would the Attorney General interpret that as a violation of the existing law, or would he use the premise that maybe the State committees spent all that money on the State candidates and used somebody else's money on you election?

Mr. BARR. Senator Williams, may I supply that answer for the record? It is my impression that a corporation cannot contribute to a State committee if any portion of their funds are used to support a Federal candidate. I prefer to supply the answer for the record.

Senator WILLIAMS. You agree that that should be the answer?

Mr. BARR. I agree.

Senator WILLIAMS. I wish you would confer with the Attorney General, because I have a letter from him in which he said he could not distinguish such, and I was amazed. I would hope the present Attorney General would clarify that.

Mr. BARR. I will be delighted to supply it for the record.

(The following information was subsequently supplied by the Department of the Treasury:)

LEGALITY OF A CORPORATE CONTRIBUTION TO A STATE POLITICAL COMMITTEE SUPPORTING FEDERAL CANDIDATES

With respect to whether the Corrupt Practices Act prohibits a corporate contribution to a state political committee which expends money in support of candidates for Federal office, the Department of Justice has advised us as follows:

"18 U.S.C. 610 provides that 'It shall be unlawful . . . for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices . . . .' In interpreting this section, the Department of Justice has consistently taken the position that it is a violation of Section 610 for a corporation to make a contribution to a state political committee which expends money in support of a federal candidate

"In this connection, Senator Williams referred to a letter dated April 20, 1961, addressed to him by then Attorney General Kennedy concerning corporate contributions to the Democratic State Committee of Delaware. The Senator had written the Attorney General on this matter on April 11, 1961.

"This matter was investigated by the F.B.I. On the basis of that investigation it was concluded that there was no violation of section 610.

"No violation of Section 610 occurs when a contribution is made by a corporation in support of a candidate for State or local office, even though that candidate is on the same ballot with candidates for federal office. Although the language of the statute might be construed to the contrary, the legislative history makes it clear that the pertinent language concerning corporations is directed to contributions to federal candidates. In the absence of proof that a corporate contribution to a State or local committee has been made as a device to funnel money to a federal candidate, or that the committee is substantially supporting a federal candidate, there is no prosecutable violation.

"The most recent significant development concerning Section 610 is *United States* v. *Lewis Food Company, Inc.*, 366 F. 2d 710 (1966), in which the Court of Appeals held that corporate advertising in support of certain candidates for Congress was a violation of Section 610."

The CHAIRMAN. Senator Gore?

Senator GORE. Mr. Secretary, you state on the last page, "I must emphasize that election reform and public financial support of political campaigns go hand in hand."

I concur in that statement, but I would like to ask, do you not think that public financial support of campaigns for public office, is, in itself, a very basic and a very important political reform?

Mr. BARR. I do indeed, Senator Gore.

Senator GORE. What other kind of reform did you have in mind?

Mr. BARR. We are referring, sir, on page 10 of my prepared statement, to disclosure provisions that are also recommended in the Presidential message of May 25.

Senator GORE. But you did not intend to exclude, or did you, such other reforms to safeguard the honesty of elections as this committee might——

Mr. BARR. I do not, sir. I did not, indeed.

Senator GORE. A few moments ago, you said that you saw nothing wrong with a person wishing to vote and voting in such a way as to protect his business interests. You saw nothing wrong with that, said it was practiced all the time. You do not go so far as to include the right of a person, however, to spend large amounts of money to protect what he may consider his particular interest?

Mr. BARR. No, sir; I did not go that far. Under the law as it exists today, I believe that if I were a farmer and I believed that candidate Y would help me or help my particular branch of farming, I would have the right not only to vote for candidate Y, but to contribute to candidate Y and go out and try to raise money for candidate Y.

Senator GORE. There is one step further that you might go in your statement to—you say vote for, go out and support, work for, and seek to raise money for.

Mr. BARR. Right.

Senator GORE. There is an additional element. That is expenditure of your own funds in large amounts in support of the candidate.

Mr. BARR. That is correct.

Senator GORE. Would you include that in the comment you made, sir?

Mr. BARR. That is right.

Senator GORE. Now, what I am trying to get at is that one form of election reform is to prevent the amount of one's political influence being determined by the size of his pocketbook.

Mr. BARR. That is precisely what we are attempting in this legislation, Senator, so that you as a candidate would not have to be concerned either with the man you thought would support you or with the man who is opposed to you. As a presidential candidate, you would not have to concern yourself with either man; you could concern yourself with the overriding interests of the country. The present situation tends to give power to the man who has large resources at his command. That is the situation we are trying to erase.

Senator GORE. Is not the ideal of self-government equality of franchise?

Mr. BARR. That has been our tradition, Senator Gore. I think you and I have discussed that. In the early days of the Republic, there was a property qualification to meet before a man was allowed to vote, or before a man was allowed to hold public office. There was almost a parallel development in the United States and the United Kingdom.

We have come to the position today where these property qualifications have been abolished and every man is equal in his vote and his right to hold office.

Senator GORE. Now, a point has been made, and I think it merits consideration, that there is value in private contributions to political campaigns in that they encourage participation in the election process. Is there not another factor, however, that if there is a widespread feeling among the average citizens of the country that the elections are going to be determined by the size of political contributions from special interests anyway, will that not be a discouragement to participation, and thus discourage a large percentage turnout of voters?

Mr. BARR. I would think that may well be so, Senator.

Senator GORE. So this encouragement of participation is certainly two-sided.

Mr. BARR. That is correct, sir.

Senator GORE. It would seem to me that the greatest single encouragement to participation in an election would be confidence on the part of the American people that one man, one vote, was in practice Would you agree with that?

Mr. BARR. Yes, sir; I would.

Senator GORE. Now, you referred in the beginning to the advantages which the administration believes direct appropriation would have over other forms of providing public financial support. It seems to me that you left out one advantage, which may be the greatest; that is that it would maintain within the Congress, elected directly by the people, a major element of control—indeed, the final control—over this new venture in the body politic. Since that would be true, would it not, in many respects and to a large degree, mute this danger which many of us foresee that might come from vesting too much power in two political bosses in Washington?

Mr. BARR. That is a very good point, Senator Gore. I accept it. I think Senator Curtis asked me the question whether there was not concern about a bureaucracy arising in the national committees. Naturally, this gives us great concern, but the Congress, through its power to appropriate, could cut any bureaucracy off right at the knees if it decided it became overweening or demagogic or out of line. I think you are right, sir.

Senator GORE. I think some people might object to placing too much authority in the Congress over this matter, but the Congress is diffuse in its selection. It is truly dispersed in its make-up.

Mr. BARR. It is as representative as any body in the United States, Senator Gore.

Senator GORE. In dealing with this major reform, I believe that we have made considerable progress. I notice that in the various proposals that are before this committee, there are some similarities, some parallels, as well as differences in points of view. So we have moved closer toward a consensus within the Congress and within the Government.

Mr. BARR. No question about it.

Senator GORE. And perhaps within the country.

The greatest gain, it seems to me, is a widespread conviction that something must be done.

Mr. BARR. Yes, sir.

Senator GORE. So we find ourselves now proceeding upon the widespread feeling in the country, as well as in the Congress, that

here is a problem for which we must provide some solution. We find ourselves in partial agreement now upon the nature of the solution.

I agree with you that provision of public funds must go hand in hand with reform. I would not be as tender-footed as you are about the committee jurisdiction question. As far as I am concerned, as a member of this committee, I would welcome the recommendation or the views of any other Senate committee, or of any Member of the Senator or House. But this committee is under a mandate of the Senate. Jurisdiction is fixed here.

Indeed, a bill which I introduced, which is widespread in its content, has been referred to this committee. It is now under consideration. So skipping over, if I may, the question of jurisdiction——

Mr. BARR. You will forgive me, sir. I have served in the Congress, but I am by nature a tenderfoot when I get into the prerogatives of the Congress of the United States. I gave up that right when I was defeated.

Senator GORE. I would not call you a tenderfoot. You have walked on too many eggs.

Do you not think that there is more danger of improper influence of money in elections to the Senate than in elections to the Presidency?

Mr. BARR. Senator Gore, the only honest answer that I can give you—and this is a personal answer—is that I believe you are correct. This is from personal experience.

Senator GORE. So if there is one man——

Mr. BARR. This is not, I might add, necessarily the administration position. This is a personal opinion.

Senator GORE. I understand.

Well, I believe that the danger exists in the election to any Federal office. But it seems to me the most vulnerable of all are candidates for the U.S. Senate. If there is one candidate in the country who has less difficulty and who is likely to have less difficulty in raising sufficient funds to conduct a campaign, it is an incumbent President, whether Democrat or Republican.

Mr. BARR. Yes, sir.

Senator GORE. Indeed, once a candidate is nominated by either of the major parties for President, then he becomes the beneficiary of a nationwide political organization, ready made for the raising of political contributions, for the conduct and prosecution of political campaigns.

A candidate for the Senate has less opportunity, unless he is identified with the right interests, of raising large amounts of money for political campaigns. What I have sought is to give candidates for elective Federal office an opportunity to break out of this vicious cycle of current political practices which, according to your statement and according to the chairman's statement, and others', has inherent in it a degree of tolerated corruption.

Do you not think that it is just as important to provide an opportunity for candidates for the Senate to avoid commitments, the incurring of obligations to special interests, as it is to provide such an opportunity to the candidate for President?

Mr. BARR. I do, Senator Gore. I think it is equally important. As I mentioned in my statement, it is not a question of priorities here. We have had a long debate in the U.S. Senate on the Presidency. The problems in the Presidency are unique. They are unique in

this respect: In this century, there has never been a time when a presidential candidate was not opposed. He was always opposed. There has never been a time in this century when a presidential candidate got over 61 percent of the votes. The President is not troubled by redistricting problems. The President is never troubled with the problem that he will not have opposition, even in the primaries, unless he is a seated President.

The thing that I say, Senator, and this is the administration position, is that we do not know how to solve every problem involved in the senatorial and congressional races. We started off with a very simple objective, Senator Gore. In my statement, I tried to highlight it. I said that I am not here to transform the political processes of the United States. I do not want to disrupt the political processes of the United States. I think history would indicate that they have served us well. I am trying to protect a system that has served us well.

I do not know—and I will look closely at the testimony before this committee—whether moving in the area of the Senate and the House would not only protect the system, but might possibly change it. That is question to which you gentlemen are going to have to address yourselves. All we are saying is that we agree with you on the need, but we do not know the answers.

Senator GORE. Well, I want to commend you for the forthrightness of your testimony, the candor of it. I certainly do not wish to pose as having a perfect solution to these problems. While you recognize that there are differences in the problems with respect to campaigns for President and campaigns for Congress on the one hand, I think we should also recognize that there are even differences between campaigns for the Senate and campaigns for the House.

Mr. BARR. There are probably more so than the other. Correct me if I am wrong, Senators, but I think that most Senators usually have opposition.

Senator GORE. Correct, and we have fewer and fewer one-party States.

Mr. BARR. That is correct. In the House, there are roughly 81 Members, if my memory is correct, who are not challenged in the general election. There are others who are never challenged, either in the general or the primary election.

So, I would concur with your statement that the differences that exist are probably greater between the Senate and the House than they are between the Senate and the President.

Senator GORE. Since we are discussing this with candor as we did in the Senate, I find considerable resistance on the part of some Members of the House of Representatives to provision of public funds for congressional campaigns, on the basis that men with a great deal of seniority in the House do not wish to provide a way of financing opposition to their reelection. This is a problem with which neither the President nor the Senate is afflicted. Most Senators now have opposition, whether they are senior or junior. Certainly, as you say, the candidate for President always has opposition.

So, it might well be that insofar as this committee is concerned, we might consider making a recommendation that applies to candidates for the President and candidates for the Senate, leaving the House free to write its own ticket in this regard. The comity between the two Houses of Congress exists in many fields, and I would not wish to pre-

clude their right to consider without prejudice what should be done with respect to congressional campaigns.

But I wish to commend you for acknowledging that the problem is equally pressing, certainly as between the Senate and the Presidency.

Mr. BARR. Yes, sir. The President's position is very clear in this area, Senator Gore. He recognized the problem, as I indicated in my statement, and as he indicated in his message. He stated very candidly that the issues that arose were perplexing, and he did not have as sure an answer as he had in this particular area of the presidential campaigns, but that we would be here and delighted to cooperate with this committee and the Senate and with the House in exploration of various alternative approaches to what has been an obvious problem.

Senator GORE. Now, even with respect to candidates for President, it seems to me that there is a problem to which Senator Williams referred which you have not met in your recommendations. That is the danger of commingling public funds with private funds. Now, you undertake to deal with this by providing public funds for certain political activities, certain portions of a political campaign.

Mr. BARR. That is correct, sir.

Senator GORE. And prohibiting the use of funds derived from private contributions for those particular purposes.

Mr. BARR. Senator Gore, we do anticipate that the Comptroller General will require the segregation of funds—two checking accounts, if you will, so they will not be commingled. I believe that would take care of that problem.

Senator GORE. So you, in making this recommendation acknowledge—indeed, adopt and recommend—the principle of exclusivity for certain political functions?

Mr. BARR. That is correct, sir.

Senator GORE. Now I would go one step farther, and I will solicit your views on this. I would carry this principle which you adopt in part, and I think you adopt it for the principal expense of the campaign——

Mr. BARR. Sixty-five percent, roughly, under our best estimates.

Senator GORE. I would carry it to 100 percent for candidates for the President, and I would likewise provide for candidates for the Senate an opportunity to make a clean, clear break with these political practices which all of us now acknowledge constitute a danger to our processes of self-government.

Now, if this is good, if you accept this principle for 65 percent of the cost of the campaign, what is wrong in principle and in practice with providing an opportunity for candidates to run 100 percent public?

Mr. BARR. You will notice in my statement, sir, that I did say there was nothing wrong with this in principle. This is our position. We did not recommend that we go that far in this legislation for two reasons: First, if we get away from these clearly defined large expenditures for carrying the debate to the people the Comptroller General is going to have the problems; that is the practical difficulty.

Second, I will candidly state that I could not discern in the Senate debates the broad consensus for the support of political managers, political organizations, salaries, polls and other adjuncts of politics, that we discern rather clearly for the costs of carrying the debate in the national elections to the public. Those are the two reasons, sir.

Senator GORE. I understand that during my absence in attending another committee meeting, you referred to the consitutional question of freedom of speech and of prohibiting private political expenditures. That question is in two parts, is it not? One in prohibition; the other in limitation and regulation?

Mr. BARR. That is correct; very definitely so. I indicated, sir, that we thought that there could be limitation and regulation. In other words, no group of people who were repugnant to a candidate could speak for him. Let us say that the Communist Party said, "We are for candidate X." You certainly could limit that, and force them to say that candidate X has given them no authority to make that statement. I am sure that is correct.

Senator GORE. Let me ask you a personal question.

Mr. BARR. All right, sir.

Senator GORE. You have been a successful candidate for the U.S. Congress. You have now gained wide experience in the executive branch. But just let me place a hypothetical question.

If you were to seek public office again, Federal office, and you had the opportunity to seek public office entirely at public expense, or upon solicitation and acceptance of private contributions, which would you choose?

Mr. BARR. I would unquestionably choose the public route, sir. I could spend all my time out in the factories shaking hands and visiting more people. I would be relieved of the onerous burden of raising funds.

Senator GORE. And you would be incurring obligations to the people with whom you are shaking hands instead of those with whom you are holding conferences to raise large amounts of money?

Mr. BARR. Senator Gore, may I add, however, in that vein——

Senator GORE. It is a good vein; go ahead.

Mr. BARR. As a political candidate, I would have an obligation to my organization, and sometimes an organization spends money on purposes which I do not think the public would think are sufficiently important to the public welfare and benefit to pay for with public money. That would be the only part that would bother me.

Senator GORE. Now, you responded as to which course you would choose in the event you were becoming a candidate. I wish to say that I would certainly choose to go public. Would you venture an opinion on how candidates for the Senate in the future might react if this option were open to all candidates for the Senate?

Mr. BARR. The question can be answered more adequately by your colleagues, as they will testify before this committee. I would think there would be a strong presumption that they would prefer to run public. I might be incorrect. This is just a supposition on my part. I think there would be a presumption against their running private because they might possibly arouse suspicion that they were conducting a campaign that was not completely above board.

I prefer, however, that that question be answered by your colleagues.

Senator GORE. I understand. We are discussing matters of frankness, and I am not asking you to speak for the administration in this regard. This is a colloquy between a former candidate for Congress, and a successful one, and a formerly successful one for the Senate and House.

I think I concur in your view that if candidates for the Senate had such an option, most would choose to eschew private contribu-

tions. I, for one, have been embarrassed by the necessity to seek private contributions, and I have heard many of my colleagues express similar embarrassment.

However, I would not wish to force public financing upon any candidate for the Senate. Would it be possible to give to candidates for the Senate the choice of public support or private support, as you would do in the administration bill with respect to certain types of expenses incurred by the candidates for President?

Mr. BARR. I would see no reason why this committee and the Senate could not make such a decision.

Senator GORE. One step further, and I must close; my time is exhausted.

Though we have the constitutional question of freedom of speech with respect to prohibiting private political expenditures or contributions, this problem does not exist with respect to the responsibility of the candidate himself? If we place responsibility upon the candidate himself to choose, and then if he accepts public funds on condition that he will not accept private funds, is that not a binding obligation and a legal commitment?

Mr. BARR. That is perfectly legal. As I pointed out, this is the status of our proposal at the moment, sir.

Senator GORE. I wish to express appreciation for the work which you have done and the thought given to this proposal which the President has submitted. I have had the opportunity of conferring with him at length and talking with him further personally, and he is greatly concerned, and rightly so.

I would like to conclude by saying that the role I have played in the debate gives me a sense of particular responsibility in trying to make some constructive contributions in this field at this stage. So I am proceeding and not closing my mind to your suggestions or those of my colleagues. I notice Senator Long has introduced a bill; Senator Williams introduced a bill yesterday; others have. So I hope we can get together and accomplish some basic fundamental reform in this area.

Thank you for your appearance.

Mr. BARR. Senator Gore, I would like to indicate that I think anything the Congress does in this field—and I would include, Senator Williams, even the tax deduction—is a vast step forward. I feel something has to move, and I hope the Senate and this committee, Mr. Chairman, in its deliberations, will move in this area. I would trust the judgment of the Congress to choose the correct vehicle.

Senator WILLIAMS. Both President Johnson and I thank you for your concurrence in the proposal.

The CHAIRMAN. Senator Curtis has a question.

Senator CURTIS. If this proposal that you have advocated is enacted into law, will it in any way regulate or control the spending of individual funds by an individual—I am referring to his own funds—to secure the nomination for President?

Mr. BARR. No, sir; it will not.

Senator CURTIS. After he secures it, he will get his general election paid for?

Mr. BARR. That is correct, sir.

Senator CURTIS. Another question.

If this proposal is enacted into law, would it be possible for a candidate for President of one of the major parties to use the tax

funds provided for him to campaign on a platform advocating complete socialization of all of our enterprises? He is no longer dependent upon individuals for his contribution?

Mr. BARR. Senator Curtis, I do not believe that we can tell a presidential candidate what sort of platform he can use for his campaign. We never have in this country; we never will.

Senator CURTIS. Now, if he were dependent upon private funds, he could not do that, could he, from a practical standpoint?

Mr. BARR. Not unless he could find enough people who would support his position—enough people who are for socialism in the United States.

Senator CURTIS. Now, I would just like to insert in this record that some contributions may be wicked, but some of them are very wholesome. Oftentimes, there are women voters who will give 2 or 3 months of their time to champion a political cause. I do not think that it is wicked for her neighbor, who does not have the physical stamina to do the same thing, to take out her checkbook and write a check for the amount equivalent to those 2 or 3 months' services. I believe that if this idea prevails, you are going to have the ins who write the law authorizing themselves to put their hands into the treasury to run for office without any restraint to the taxpaying public.

Mr. BARR. There is the restraint of the Appropriations Committees of the Congress of the United States, Senator.

Senator CURTIS. And they all run for office.

Mr. BARR. They all run for office, that is correct.

The issue, I think, Senator Curtis, is very simple. I am not referring, of course, to the lady who is writing a check for services she cannot render. I am talking, Senator Curtis, about the great accumulations of wealth in the United States to which both parties must repair with greater and greater frequency. That is the only issue to which we are addressing ourselves here.

Senator CURTIS. That is why I hope that before we start a new program which is so filled with problems and do it on borrowed money that some other generation will have to pay, we ought to try to broaden the base of contributions through making it a tax deduction.

I will not delay you longer. I have gone into that with you. But I also want to state for the record that I do not feel that a tax deduction is a Government subsidy at all. I think that the man who owns the income owns it, and Congress lays down certain rules to arrive at what is the taxable portion, and if he spends money for a certain public function, that is excluded, whether it be the Red Cross, the Community Chest, his church, or anything else. We say he excludes that in computing his tax, but it is still his money and it is not a Government subsidy. That is my feeling.

Thank you.

The CHAIRMAN. We are going to recess until 2:30, Mr. Barr. There are other questions that I would like to ask, and Senator Williams and perhaps other Senators who are not able to be here this morning. If it is not too much of a burden on you, we will return at 2:30 and ask you additional questions at that time.

Mr. Barr. I shall be delighted to return, Mr. Chairman.

(Whereupon, at 12:50 p.m., the hearing recessed until 2:30 p.m. this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. Barr, there are a number of questions I wanted to ask you, and I hope that I can cover what I had in mind at this afternoon's session. Then the other Senators can bring up the many things that they had in mind.

There has been some reference to repealing the presidential campaign election law. You understand that that law has not been repealed. It is still on the books, and although certain sections are made inoperative until Congress acts further, others remain in effect and it is still a basic law on the subject until we do something else in this area. Is that not so?

Mr. BARR. That is the situation.

The CHAIRMAN. We have before us a number of proposals to improve on what we have done.

Now, the questions I am going to ask, may I say, are not going to have a particular continuity about them, but they do cover a couple of points I noted here while you testified.

There is some talk about the idea of using the money provided here to build a political machine. As a practical matter, if one seeks to do that, would it not be correct with the prohibitions we have against kickbacks and against anybody receiving any private advantage out of this money result from the fact that one could only use the money to advocate the election of a particular candidate for President? He could buy signboards, but he could not make anything out of it. He would simply be in a position to place orders for newspaper advertising, for radio programs, TV programs, travel, essential expenditures in that area.

Now, if one wanted to build a political machine with the money, he would need to pay salaries; would he not?

Mr. BARR. That is correct, Mr. Chairman. There was extensive debate on this in the Senate, as you remember. That is one of the reasons we did not include salaries in this list of qualified expenditures.

The CHAIRMAN. So, the idea of paying salaries which could be used to build a political machine is not in here?

Mr. BARR. That is right.

Mr. Chairman, I made an error this morning. If I could correct the record at this juncture, I mentioned that in 1912 and in 1924, there were two political parties that would have qualified as minor parties. That was Mr. LaFollette and Mr. William Howard Taft. The Republican Party at that time shifted into the minor party category, and the Bull Moose Party was a major party.

There is one other party that would have qualified as a minor party, and I am sorry Senator Curtis is not here, because it was Mr. Eugene V. Debs, who was a Socialist Party candidate, who did poll 5.9 percent of the vote.

The CHAIRMAN. He would have qualified for some help?

Mr. BARR. Yes, sir.

The CHAIRMAN. I have some questions relating to providing equally for the two parties—that is what we are talking about here—paying the expenses of both sides communicating their platforms and their positions, as well as their disagreement with the other man's position to the voting public of this country. In the last analysis, does not the

public have an interest in hearing both sides of the argument, even though they may only agree with one?

Mr. BARR. That was the assumption on which we based this equal division. There are two sides to an argument. We felt that both parties should be given an equal chance to present their arguments, and if the third party could develop enough popularity to qualify, they should have support.

The CHAIRMAN. Part of the question is that if the Republicans got two-thirds of the vote or the Democrats got two-thirds of the vote, they would have two-thirds of the funds available to them. It works on the basis of relating the funds of the candidate received to him on a reimbursable basis. But could it not well be argued, even though it might be the year of a Democratic landslide or a Republican landslide, both of which have occurred during my service in the Senate, that both sides should have an equal opportunity to be heard?

And do we not provide that in our basic law with regard to the communications media when we say radio and TV stations must provide equal time to candidates for office?

Now, we know it has become an irritant to provide free time and find that you have to provide nine minor parties, all of whom put together, get less than 1 percent of the vote, the same amount of time that you have to provide to the major parties, who together, get 96 or maybe 99 percent of the vote. But does not this idea conform to the equal time requirement of the law which regulates television and radio stations?

Mr. BARR. That is right, Mr. Chairman.

I might point out, too, that although there are what we call landslides in presidential elections, still, in this century, the only President receiving over 60 percent of the vote in a presidential election was Lyndon Johnson in 1964. He got 61 percent of the vote. That was the only time in history in this century that the candidate for President received more than 60 percent of the popular vote.

The CHAIRMAN. Dwight Eisenhower did not do badly. What percentage did he get the last time he ran?

Mr. BARR. You are quite correct. He got slightly less. In 1956, President Eisenhower received 55.44 percent of the vote.

The CHAIRMAN. So, even though one candidate might get 60 percent of the vote, it would still be appropriate that they both have an equal chance to be heard?

Mr. BARR. That is correct.

The CHAIRMAN. I notice that you provide an answer which you admit is not adequate with regard to what you do when someone concentrates more money than he should concentrate inside a particular State. The thought occurs to me that this committee and its members might be able to provide you with a better answer to that than you suggest.

Mr. BARR. This is a very difficult issue. This is the best answer we could devise, and there is no magic about the 140 percent. Senator Gore is not here now, but in his legislation, he provides that, let us say in a State that has 10 percent of the population, you cannot spend more than 10 percent of the money. We thought that was a bit inflexible. If you are a Republican, there are certain States in this Union where it is not worthwhile to put too much of your money.

Why force them to spend too much of their money in those areas, when there are other swing States where you might use your money to advantage?

On the other hand, we did not want to get into a situation where a political party could spend so much money in a State that they would, in effect, control the political processes of the State. So we took 140 percent as the best answer we could come up with.

The CHAIRMAN. The two major parties might find that the outcome of the voting in New York and California would be likely to determine the outcome of the election. A change of 1 percent in those two States might change the outcome of the Presidency. Now, in a case like that, would it not be possible to determine how much radio time both sides would have available under a 140-percent rule for those two States, and then, for both sides, working through its advisory board, to look at the television time the other side had budgeted so that both sides could be treated equally as they approach the wire with regard to radio and television expenditures coming down the homestretch?

Mr. BARR. I think that would be possible through this advisory committee. Situations like that do arise; 1960 was a perfect example—where the election was literally swinging on 1 or 2 percent of the vote in various crucial States.

I can only admit that this is not the last answer, this 140 percent, and we will be delighted to consult with this committee and the Senate further on this question.

The CHAIRMAN. It seems to me if the shift of a few votes in those States could determine the outcome of that election, both sides should have a good look at what the other side is doing, and also, insofar as possible, how the third parties are spending their money. We might well want to invoke some kind of rule with regard to how outside people—folks who proclaim citizens against John Smith, as well as citizens for John Smith—could spend their money knowing that a switch of one-tenth of 1 percent in those two States might change the outcome of the election.

Now, in a case like that, this type of advisory board, I think, could be very helpful and useful for the Comptroller General in determining not only what both sides were spending, but what they propose to spend for these purposes, for communicating to the public.

Mr. BARR. The objective here, Mr. Chairman, you are quite correct, is to make sure that the public gets both sides of the issue in roughly equal proportions. Now, in States such as you describe, where the election could hinge on a slight shift in the vote on either side, it does seem to me that would be a desirable function of this committee to see that the public got roughly equal exposure to both sides of the issues. I think it could be done.

The CHAIRMAN. Well, practical politicians have indicated to me that the most impractical thing in your bill is the provision that limits the expenditure of money in the States that could be crucial. They take the view, suppose I know that I know that I am going to carry these following States. I am safe in those. Now, these other States I know I am going to lose. There is no chance of winning in those. If I am trying to win that race, why would you want to make me spend my money in those States where I have no chance, anyway?

It could be argued that you should at least put out enough money so the people will know what they are voting on and understand the issues.

Mr. BARR. I think, Mr. Chairman, that the argument was put the other way—concerning a seated President who happened to disagree with members of his own party. In a small State that was not too crucial, he could just forget about that State, forget about putting any money in. He could lose the State, but he could also lose the man with whom he did not sympathize in the first place.

It is a difficult area, and we will be delighted to consult with you on it. I do not want to claim that this 140 percent is written in concrete, by any means. It is our best attempt to arrive at a reasonable compromise between permitting domination of a State by a party and, on the other hand, permitting a situation where a man could pull his money completely out of a State because he did not agree with a member of his own party who was running.

The CHAIRMAN. Would this 140 percent also apply to a third-party candidate?

Mr. BARR. Yes, sir. You would have to make the same rules apply. In computing the allowance that the third party would get, if the third party spent $2 million for which they could be reimbursed, you would have to break it down State by State; apply the 140-percent test to that $2 million. Say they spent 50 percent in a State with 20 percent of the population; the total amount for that State would have to be reduced by 60 percent. This would prevent a regional party.

Senator GORE. Would the chairman yield?

The CHAIRMAN. Yes.

Senator GORE. I think I should acknowledge that in conferences with administration officials, those who work very closely with the administration's program and policy, I believe, had in mind at first 130 percent, and I suggested—I think I was the one who suggested—it might go up to 140 percent.

Mr. BARR. We started with 115 percent, actually.

Senator GORE. What you are aiming at here is to put some limit upon the power to reward or punish local candidates or candidates for the House and Senate within a State, and yet give sufficient leeway for intelligent conduct of a campaign by concentrating expenditures in certain areas. Is that correct?

Mr. BARR. That was our objective. I am not sure how successful it was, Senator Gore.

Senator GORE. Lest you be taken too severely to task, I wanted to share some responsibility or blame for this. But it may be too much; I do not know.

The CHAIRMAN. It has been suggested to me that with regard to a minor party, it might be better to suggest 140 percent of the ratio of the population in a State to the total population of all States in which the party is running.

Mr. BARR. You mean in which the minority party is running?

The CHAIRMAN. If the candidate, for example, George Wallace, is talking about making the race for President and his supporters say—they probably would be getting on the ballot in certain States. If you are going to force them to spend money in the States where they are not even on the ballot, then that is obviously wasting money, from their point of view. Why spend money there? The person could not vote there for him if he wanted to.

Mr. BARR. The other argument there would be that you could give Mr. Wallace an enormous advantage. If he were going to get public

funds, he would have an advantage over the other parties in being able to concentrate all his funds in areas where he thought he was going to do well; the major parties could not do that.

Senator WILLIAMS. Would it be possible for a purchase of this time to be allocated to educational TV, or would it just be commercial TV?

Mr. BARR. It is my impression, Senator Williams, that there is a rate card for educational TV, and you would have to pay for it. It is the expenditure of funds that we are concerned with here, no matter whether it is on educational TV or on commercial TV.

Senator WILLIAMS. What do you do in those areas, those States that do not have TV?

Mr. BARR. That do not have TV?

Senator WILLIAMS. TV channels.

Senator GORE. New Jersey.

Senator WILLIAMS. Let us say our State, too.

Mr. BARR. New Jersey and Delaware. In that instance, sir, we had planned to give the Comptroller General the authority to make an allocation. In other words, if you spent $500,000 on New York television for a presidential candidate who would be campaigning in New Jersey as well as New York, you would allocate a portion of that. The station will tell you when you buy the time what percentage of your audience resides in New Jersey, and you would allocate it between New York and New Jersey.

As I remember the figures, if you buy time in New York, I believe that roughly one-third of the audience covered by the signal of a New York local station resides in New Jersey. So a third of that allocation would go to New Jersey and two-thirds to the State of New York.

The CHAIRMAN. Could I ask a few more questions here?

May I say that I thought I would go ahead and finish my questions, if it is all right with the committee, and I invite all the other members to finish up if they are so disposed.

Is the 5 percent figure which constitutes a party, a minor party, constitutional, since parties gaining less than 5 percent would receive no payment, and therefore could contend they are being discriminated against?

Mr. BARR. It is our opinion, Mr. Chairman, that it is constitutional, and this is also the opinion of the Attorney General. We arrive at this conclusion because we have made what we consider to be a conscientious effort to preserve the right of the minority without entrenching them. We don't think you have to give public support to parties without a wide basis of popular support, or to create an incentive for somebody to start a party and keep it going for no other reason then pecuniary gain.

The CHAIRMAN. I thought as much, for if this were an appropriation, we could simply leave out minor parties if it wanted to. You do not have to appropriate money to anybody. You have the power to appropriate private relief bills to people you do not even owe money to. That being the case, I would think an appropriation would not be subject to a constitutional challenge.

Mr. BARR. I will supply the answer for that to the record.

(The information referred to follows:)

CONSTITUTIONALITY OF THE 5 PERCENT MINOR PARTY QUALIFICATION TEST

The Department of Justice has transmitted the following opinion with respect to the constitutionality of the 5 percent standard required to be met by third parties in order to qualify for Federal funds:

"The argument against the constitutionality of S. 1883 is bottomed on the Due Process Clause of the Fifth Amendment, which incorporates a requirement of equality comparable to the requirement applicable to the states under the Equal Protection Clause of the Fourteenth Amendment. The question is complicated by First Amendment issues, since the treatment of minor parties involves the area of free speech and voting rights, an area that the courts regard with special sensitivity. See *Carrington* v. *Rash*, 380 U.S. 89, 96 (1965); *Harper* v. *Virginia Board of Elections*, 383 U.S. 663, 670 (1966).

"Most commentators would agree that Congress is entitled to establish a qualifying percentage for minor parties at a level high enough to prevent the encouragement of nuisance parties which are created solely to obtain the Federal subsidy and which do not seriously offer a presidential candidate. It does not seem arbitrary for Congress to require a minor party to prove itself in an election as a serious political force before qualifying for Federal aid. As the qualifying percentage is increased beyond this minimum level, however, the bill becomes vulnerable to the argument that, in the guise of preserving the two-party system, Congress is arbitrarily determining what ideas deserve Federal support. Whether the legislation is cast in the form of a "prohibition", a "limitation", or a "regulation", the higher the qualifying level is set, the greater is the financial disadvantage to minor parties and the more likely is the entrenchment of the two existing major parties.

"We believe that the choice of the 5% qualifying percentage in S. 1883 represents a reasonable resolution by Congress of the conflicting considerations involved in the treatment of minor parties. In this area, where Congress is pursuing an otherwise valid objective, the Supreme Court has fairly consistently applied a "least restrictive alternative" test for determining the constitutionality of governmental action that infringes First Amendment liberties. In other words, legislation that infringes First Amendment liberties may be held unconstitutional if Congress could have achieved its objective by a less restrictive alternative. However, legislation is not invalid merely because there is an alternative that is "nearly as effective." In the context of S. 1883, it is unlikely that the courts would hold that Congress should have selected a smaller percentage for minor parties. The 5% figure represents a legitimate determination of the minimum showing that a minor party should make in order to receive assistance under the Act.

"Finally, it should be noted that obstacles in the path of a minor party are not unknown in our political life. State laws frequently require strenuous efforts by minor party candidates to qualify for listing on the ballot. See, for example, *Mac Dougall* v. *Green*, 335 U.S. 281, in which the Supreme Court upheld an Illinois statute requiring that a petition to form and nominate candidates for a new political party be signed by 25,000 qualified voters. A recent survey of state laws by the Library of Congress indicates that almost two-thirds of the states impose special restrictions on parties failing to receive 5% or more of the total vote. 'Qualification of Minor and New Political Parties for a Place on the General Election Ballot,' Legislative Reference Service (1964)."

The CHAIRMAN. Now, do the items of qualified expense include salaries, rents, and capital improvement costs that could be made part of the items?

Mr. BARR. No, sir; those items would not be paid as such, although, of course, various costs could enter into the price of goods and services bought by a party that would qualify for reimbursement.

The CHAIRMAN. Why would the advisory board be expanded to include congressional leaders, and why would they serve on an ex officio basis? Does this ex officio basis mean that they have the same power as other board members?

Mr. BARR. It does. It would be expanded because we felt that if we were going to the Congress for appropriations—if, in effect, this whole process was going to be operated under the control of the

Congress—the Congress should be involved not just in the appropriation process, but also should have a voice in the decisionmaking process that we are assigning to the Comptroller General.

In other words, he is going to have to make decisions as he goes along through this campaign: Is he going to pay this expenditure or this voucher, or is he going to deny it? He will have a whole host of problems on which he is going to have to make a determination. We felt the Congress should be involved there as well as in the appropriation process.

The CHAIRMAN. How did you arrive at the 25 percent factor in determining the point at which the party should be described as major, and what happens if major parties, such as the Democrat and Republican, realine in the future as conservatives and liberals? Would they still be considered major parties?

Mr. BARR. We arrived at that 25-percent figure, Mr. Chairman, from a perusal of the vote statistics in this century. It seemed clear to us that a party getting 25 percent of the vote clearly qualified, at least in this century, as a major party.

Now, as to the question of realinement, if they realine themselves from Democratic and Republican to Conservative and Liberal, it would make no difference. The vote test would still apply.

The CHAIRMAN. Does not the Comptroller's final authority as to amounts to be paid that place a lot of authority in his hands?

Mr. BARR. It does place in his hands a lot of authority, Mr. Chairman, but he has very strict guidelines under this proposal, and I do not think it gives him an enormous amount of discretion.

In other words, if he receives a voucher from the Republican National Committee for payment for television time to station XYZ, and it is certified, he sees that it is for a qualified expenditure. All he does is certify that voucher, send it to the Secretary of the Treasury, and it is paid. The questions that will arise where he will need advice from his committee are such questions as Senator Williams raised this morning, on a candidate who was perhaps willfully overspending his allowance, and trying to evade the laws—some of the borderline decisions that will arise. You are placing a lot of authority in him, but you have to put it someplace. We did not think it was appropriate to put this authority in the executive department. The Congress is going to appropriate these funds, and control this program. We thought it more appropriate to put the responsibility in the Comptroller, who is responsible to the Congress, not to the Chief Executive, than to put it in the executive department.

The CHAIRMAN. You have testified that you feel there is more improper influence in the Senate races than in the presidential race. I find myself wondering if your impression might not be derived from the fact that the higher the level of politics gets, the more subtle the influence that is brought to bear becomes.

You know, anybody who runs for the Presidency is a pretty sophisticated politician.

Mr. BARR. I would not deny that.

The CHAIRMAN. And one may gain the impression that more influence is being exercised on Congress, but Congressmen are more newly out of the amateur ranks than a man who offers himself as a President of the United States.

Now, there has been some reference made to these side uses of money that you would not pay for. I know that among those of the White House staff and in your Department, as well as in Justice and the General Accounting Office, there has been a lot of soul searching on whether you ought to try to cover all expenses as Senator Gore would advocate. I said that I, myself, did not know what the answer to that question was; I was not firm in my mind at the time the President sent down his recommendations. I have heard both sides argued.

Now, we well recognize, do we not, that especially in close races, there are ways that people can spend money not outlined in these items that you propose to pay for, which would well determine the outcome in a particular State?

For example, one might have a close race on his hands, but you could look at a certain county and see that you are running four to one ahead in that county. Now, if you can spend some money in that county and get an extra 10 percent of the votes out, that might be the difference between winning and losing that State. If you multiply that by perhaps 20 or 30 counties, it might make a great deal of difference, and it is worth anybody's time who is heart and soul out for winning, and who spent a great deal of money and effort in a fight, to make that additional effort to get extra votes out to the polls, even though it might cost a lot of money to haul those out.

I see you nod. You realize that is sometimes the difference between winning and losing, do you?

Mr. BARR. I realize it from personal experience. You are always bumping into a situation—and I suppose Senator Anderson has had more experience here than any of us—where a county or a city or a ward in a city is marginal, and it is worth an inordinate amount of money to really make sure that you get every last vote out of that ward. That is quite correct.

The CHAIRMAN. My Uncle Earl was Governor of Louisiana three times. He was one of the most practical politicians in the State during his lifetime. He used to advise politicians that if you are going to spend money to help haul votes out to the polls, do not spend that money in a county that your opponent is going to carry. He said you would probably find out that you hauled more votes to the polls to vote against you than you hauled out to vote for you. His advice would be that you ought to spend that money in a county that you knew you were going to carry and let the other fellow spend his money hauling your votes in in a county where he is going to beat you.

Now, sometimes the difference between people just getting their votes out is the difference between winning and losing. I know you are familiar with that.

Mr. BARR. That is correct.

The CHAIRMAN. But again, that type of expenditure is the type that the Comptroller General does not want to have anything to do with.

Mr. BARR. It is difficult for him to audit, and although all of us have lived in politics, and we have gone through this process and know what is involved in getting people to the polls, I am not sure how broad this acceptance is among the American people. I am just not sure of this.

The CHAIRMAN. I have found myself thinking sometimes that we ought to outlaw expenditures for poll workers—that is, just make it against the law for people to work at the polls and make it against

the law for people to drive voters to the polls. But if the other fellow is going to do it in a close race and you do not do it, you might find that is the point where you lost the election. He got his votes out there and in areas where he is running strong, they cast a 90-percent vote, and in the areas where you are running strong, they cast a small vote.

The first time I ran, I thought I was a cinch to win it by 50,000 votes. I won by 10,000. The difference could be accounted for by the fact that those rural boxes, which polled an average of 100 votes in a Governor's race, only polled nine votes in a Senate race, while the city boxes were very well represented in both races.

Now, that type of difference, the difference between folks coming out to vote and folks not coming out to vote, could just make a tremendous difference where that one State might determine the outcome of the election. Now, I think you are right in saying that the Controller General has felt that if he tries to account for that, he does not know how much of that money was spent hauling those voters to the polls or how much the fellow kept for himself while he was hauling votes out. So, in those areas, you would rather not have that responsibility?

Mr. BARR. That is correct, Mr. Chairman. It is open to debate.

Senator GORE. Will the Senator yield right there?

The CHAIRMAN. I yield.

Senator GORE. All of these expenditures which you and the chairman have just decided might be the determining expenditures are untouched by the bill which you recommend.

Mr. BARR. That is right, Senator Gore.

Senator GORE. So, you really do not get to the heart of the problem. It may be that the money spent for the ward heelers is the most effective and yet the most improper. So why not come with me and give candidates an opportunity to run——

Mr. BARR. Senator Gore, may I respond by telling a short story?

Senator GORE. If the chairman will permit.

Is it going to be on me or you, now?

Mr. BARR. It is on me, sir.

After the statute of limitations had run on my tenure as treasurer of the Democratic committee of Marion County, Ind., I finally worked up my nerve to ask a question. Each year on election day, one ward chairman would submit a bill for $3,500, and he labeled the voucher, "Sustenance for poll workers." I do not know where he got that phrase, "Sustenance for poll workers."

I started to challenge it the first year and someone said, "No, you had better not do that." I did not challenge it, and finally, 3 years after the statute had run, I finally said, "What is this business about sustenance for poll workers?"

Someone said, "That is a euphemism for half pints for the voters." This is the thing that concerns me.

Senator GORE. If the candidate was permitted to choose between seeking public office with private contributions or at public expense and he chose public expense—and I think pretty soon all of them would be choosing that route—then we would be rid of this business of a pint for the voter, some sustenance for the ward heeler.

Mr. BARR. I will not debate that. I have said in my statement that the principle is correct. There are two arguments—the auditing argument and the fact that I don't think we have broad enough public support.

I have also said, Senator Gore, that we are willing to take a modest step. I have indicated that any step is a great step forward in this area because we have not moved since 1939. The last time before 1939 was 1925. It is just a difference, I suppose, Senator Gore, in what I think we can get and what you think we can get.

Senator GORE. Mr. Chairman, will you permit me to tell one story? This really is not a new story. Perhaps you were in the gallery the day that our distinguished chairman became a little—one of those days when he became a little exasperated with me during the debate. I had expressed some idealistic goal which I thought we should accomplish in our body politic. Senator Long said: "Mr. President the senior Senator from Tennessee wants to go to heaven in one leap." And he turned and shook his finger at me and said, "And without even dying."

The clerk took part of that out of the record. I don't think he should have done it. That was one of the gems of that debate.

So I am still wanting to go to heaven, not entirely in one leap, but I want to leap in that direction. And I would still like to avoid dying.

The CHAIRMAN. Well, you can go and come back. It would be nice to report what is on the other side.

Actually, though, you recognize, Mr. Barr, that there is a Federal law against giving anything of value to influence a voter on election day.

Mr. BARR. I do. That is the reason I didn't ask that question. I think it is frequently observed in the breach.

Senator WILLIAMS. The Federal law is very clear in the area of paying anybody either directly or indirectly to take part in a primary, to register, and to cast a vote. That was a part of the 1964 Civil Rights Act, and I am proud to be the author of it. It carries rather strict penalties, as one public official—I won't mention which party—found out to his sorrow.

Senator GORE. What about sustenance to poll workers?

Senator WILLIAMS. That is included—any gift of value. I think it is very clear.

The CHAIRMAN. I believe that the story Mr. Barr told, when he was finance chairman for his committee, predated that particular civil rights bill.

Mr. BARR. Yes; by several years.

The CHAIRMAN. But even so, as far as I know, that does not prohibit one from offering transportation to haul voters to the poll; the theory there being that you are offering transportation to anyone who wants to go out and vote, and it wouldn't make any difference which side was providing the transportation. There is only one thing that bothers me at this time; that is, the possibility that we might try to do so much in this bill that we just might not succeed in passing a bill at all.

My theory about this has been that we should do as much to improve on government as we can, and certainly as much as this committee has it in its jurisdiction to do, if we can muster enough support behind it to pass it.

I know that you have given some thought to that, Mr. Barr. And I just invite you to state your reaction in general terms. It seems to me that we have some things that would pass the Senate. I am not

worried about passing something through the Senate the Senate has passed before. I do worry about passing something through the Senate that the Senate does not want to pass or taking a bill that could pass in its own right and putting something on it that might turn people against the bill, the few crucial votes one might need to muster a majority. And I am also concerned about being so adamant to the Senate position that we would fail to get the bill through the House.

Can you just give me your general thoughts on that? You have had the trouble of getting bills through the Senate and the House. How do you view this problem?

Mr. BARR. Mr. Chairman, the President, in this message, adopted a very conciliatory tone. This is an area where I will frankly admit we had great difficulty within the administration, in resolving certain issues. This difficulty was reflected in the debate in the Senate. I can tell you this, Mr. Chairman.

While the objectives set forth in the President's message and the objectives that I have set forth in my statement I think are desirable, I want to make it very clear that I want to get as far as I can, but I want to get some place this year.

I want to make that very clear. I am going to be watching the testimony before this committee. I am going to be watching the debate on the floor. I am going to be talking to Senators. I am going to be talking to the Members of the House.

My objective is to get as far as I can, because I think these objectives are good objectives.

If you will pardon me, sir, I am not going to try to jump to heaven all the way. I will settle for less if I have to. I want to make no bones about it. Because I think that if it works out that we can only do something in connection with the Presidency, at least we will have some place in this Government a model to which we can look for congressional elections, State elections, and local elections. Everyone can look at it and say, "This is the way you should run a clean election." That, I think, is an objective that this administration strongly desires to achieve.

Now, as I said, the President took a very conciliatory attitude, because this is a new departure for the United States. He is no more of an expert in this area than you gentlemen, except that he has been in public office for 34 years, but some people have a longer record than that up here in the Congress.

We don't claim to have all the expertise. We are trying to get as far as we can with the best proposal we can.

Senator ANDERSON. I am curious as to how this is going to work out. Let me give you an example. There is a very rich man in the county, and he decided to set aside quite a bit of money. As I was reliably informed, it was three-quarters of a million dollars. In one county he had $150,000 in a single county office the sheriff. Now, how would your bill touch that? He was independent certainly of any political organization.

Mr. BARR. This bill that is before us, Senator Anderson, is addressed only in specifics to the presidential campaign. It would not affect that man down in that county. The only limitation would be our limitation that in a State with 10 percent of the population, you could only spend 14 percent of the public funds available to you.

Senator ANDERSON. But you don't have any control on it at all as I see it. For example, this man had a very simple device. He put the money in a wall safe in his house, a hundred thousand dollars at a time, and they burglarized that safe round after round. How would you check that?

Mr. BARR. Senator Anderson, on this legislation I don't think we are getting to the question of cash, either—which plays a part in political expenditures.

Senator ANDERSON. You don't try to control the expenditures. You don't list them at all. I was a member of the committee in the House that investigated the Gallup poll. The Gallup poll was a little misleading in some of its predictions. Mr. Gallup brought out some figures which showed that the country very rarely turned in a single direction, more than 1 percent, between May and November. How was all the campaigning effective? I am not sure how this bill would work on this?

I haven't seen what Senator Gore is proposing. But you don't have overall control on more than just the Federal Government, President, and Vice President—I don't believe you have much control at all. State committees can spend as much money as they want to, and make no accounting whatever to you.

Mr. BARR. Senator Anderson, the point you raise is a real one. I can only repeat that the longer we study this issue, the more we believe that our objective is right. We did not want to disrupt a political process that has served this country well. We wanted to take a step that we were sure of. I am not saying that this is a panacea for all the political ills in the United States. It is a long way from it.

If $200 million were spent in 1964, as many people think, we are talking about some $40 million in the presidential campaign—that's a guess. We are talking about 20 percent of the total. And in that area, we are talking about 65 percent of that.

All I am saying is that we are taking the first step because we are sure that in this first step we are taking, we are taking a move to bring the issues to the public. We believe that it can be easily audited and easily controlled, and that it does have public acceptance.

Now, after we have taken this step, after we know where money is spent in the United States, perhaps we can go further. One of the most important results of this bill would be that for the first time we would have available to us statistics on where money goes in Federal elections.

Senator ANDERSON. Will you?

Mr. BARR. Yes, sir.

Senator ANDERSON. In 1960 there was a red-hot campaign on. People contributed a great deal of money. But the national organization I think spent less than $2,500 in New Mexico. The parties spent $100,000 or $150,000 apiece.

Mr. BARR. That's right. That will be available to us under disclosure provisions of S. 1880, which is currently before the Rules Committee—the amount that was spent in the State. That gets to the problem of State committees.

Senator ANDERSON. You don't get it unless the Federal Government is sending it in there; do you?

Mr. BARR. Yes. S. 1880 says any organization in a State that is put together to support a national campaign, it must also disclose.

Senator ANDERSON. They are put together in a State campaign. How do you reach them?

Mr. BARR. Because they were supporting a Federal candidate.

Senator ANDERSON. Well, there was a State that had elections that was not supporting a national candidate.

Mr. BARR. It was supporting some Federal candidate, I believe. If they didn't support such a candidate, perhaps you would have difficulty getting to them. As long as they are supporting a Federal candidate, we can get to them through the provisions of S. 1880, the disclosure provisions in that legislation.

Senator ANDERSON. I just hope you are successful in it. All the experience I have had teaches that you won't be.

Mr. BARR. Senator Anderson, let me say this. I am confident—and I speak from some practical experience—that if this legislation, the legislation embodied in S. 1880 and S. 1883, are enacted by the Congress, we will have moved a long way toward the objective. I won't say we will get to heaven. But I say we will move a long way toward those pearly gates.

However, sir, bitter experience prompts me to say that this country is full of ingenious men, especially in the area of political financing. And I don't think this is the last answer.

Senator ANDERSON. I can only say I think years ago we openly assisted contributions. We had to get extra money—all these dinners, so called—extra funds. We raised them successfully. But somebody would devise some new type of dinner again, I imagine.

Senator WILLIAMS. Mr. Secretary, in line with the question raised by the Senator from New Mexico, would this individual who was spending his own money within a single State for the purpose of supporting a candidate of his choice—not operating as a committee, not taking any contributions, but spending his own money, maybe half a million dollars or whatever he wants to spend—is he covered under your S. 1883?

Mr. BARR. No, sir. He would have to report under the provisions of S. 1880. But he would not be covered under the provisions of S. 1883.

Senator WILLIAMS. Would not be covered under the Finance Committee bill.

Mr. BARR. That is correct.

Senator WILLIAMS. Under S. 1880, the bill before the Rules Committee, he would have to report.

Mr. BARR. That is correct.

Senator WILLIAMS. There is nothing precluding a man from going in and spending a million dollars to further his own candidacy or the candidacy of his friends if he is doing it directly within one State; is that correct?

Mr. BARR. There is a limit of $5,000 on the amount—there is a limit of $5,000 that any man, his family, or his minor children, can contribute to a political candidate.

Senator WILLIAMS. That is correct. I am not speaking on the contributions. I am referring more to——

Mr. BARR. Taking an ad in the paper or going on television, yes.

Senator WILLIAMS. I think it is section 306 I am referring to——

Mr. BARR. Is this S. 1880 or S. 1883?

Senator WILLIAMS. The Corrupt Practices Act—the act itself. It does limit to $5,000 the amount an individual can contribute or spend on behalf of the candidate or give to the candidate.

Mr. BARR. That is right.

Senator WILLIAMS. But I am speaking of spending "on behalf of." As you know, there is a loophole in that. In the bill which I introduced—I propose to correct it—where this person, under existing law, if he spends any money on candidates in two or more States, he is under the Corrupt Practices Act, and he has to report. But if he spends within one State, under the existing law this individual, with his own resources, can spend up to a million dollars, and not report to anybody.

Now, I am wondering—do you take care of that under either of these bills, and which one?

Mr. BARR. The bill that is currently before the Rules Committee, S. 1880, would require that individual to report if he spends more than a hundred dollars. No matter whether it is a contribution or a newspaper advertisement, or whether it is taking time on a television station, or whether it is in one State or two States.

Senator WILLIAMS. That was my understanding. I know that we had that correction made in a measure that was approved by the Senate on one occasion during this debate, and it was important. The reason I asked this question was that I was somewhat confused by the language of S. 1880, and I shall read it.

"It shall be unlawful for any person, directly or indirectly, to make a contribution or contributions in an aggregate amount in excess of $5,000." But that refers to contributions.

Mr. BARR. That is right.

Senator WILLIAMS. And you say that that would cover spending "on behalf of," when it is not contributions?

Mr. BARR. No, there is a distinction. If you spend "on behalf of"—I assume by that, Senator Williams, that we are referring to a newspaper ad, television program.

Senator WILLIAMS. Television program, billboards, et cetera.

Mr. BARR. The limit there is $100 and then you must report. But there is no limit on the amount you can spend. You must report it if you spend over a hundred dollars. The limit on the amount you can contribute to the candidate is $5,000.

Senator WILLIAMS. I am just trying to make sure we do have that covered, because continuing reading it says—

> The term "person" as used in this subsection shall not include a political committee, the sole, substantial purpose of which is to support a candidate or candidates.

And it does sound a little bit to me as a layman like you are contradicting yourself, and I want to make sure that you are not. I am reading from pages 4 and 5 of S. 1880.

Mr. BARR. The limit is on the person, not the committee, Senator Williams. That is the reason for the language.

Senator WILLIAMS. I see. There is no question then but that we require complete reporting, and you would so endorse that principle if it were found that it needed modification of the language to accomplish that objective.

Mr. BARR. Yes, sir.

Senator WILLIAMS. Now, on page 12 of this bill, the administration's bill, it provides that the treasurer of the committee—

> Shall preserve all receipted bills and accounts required to be kept by this section for periods of time to be determined by the Secretary or Clerk as the case may be.

Now, the Secretary and Clerk are defined as the Secretary to the Senate or Clerk of the House.

As I understand it, the Secretary of the Senate or the Clerk of the House could determine that these be kept for 5 days, 1 day, 3 days, and that would be it, is that correct?

Mr. BARR. That is the way the bill is drafted.

Senator WILLIAMS. Would it not be better, if we are going to do this, to spell out a minimum time in which these records must be kept, and not leave it to discretionary authority as to whether these records should be kept 2 or 3 weeks and then discarded?

Mr. BARR. The administration would have no objection to such an amendment.

Senator WILLIAMS. Do you not think it would be wise to do that—to put a minimum time?

Mr. BARR. I believe it would be wise, Senator Williams. I would like to supply an answer for the record. But my initial reaction is that it would be wise to permit the newspaper reporters to come in and search those records. Five days would not give them adequate time.

Senator WILLIAMS. That is the reason I raised the question. I think if we are going to do this we should establish a reasonable length of time, a minimum that would not be out of line.

Mr. BARR. Our objective is complete disclosure, so that the public, the press and television—anyone who is interested—can come in and find that information. I cannot see how we could object to a reasonable stipulation of time.

Senator WILLIAMS. One of the problems we find in these records is that they are so confused or so detailed. Since we are both seeking full disclosure—in addition to putting a minimum time—we should require that after a certain time these reports be compiled as an official document of the House and the Senate and thereby be available, easily and readily, to the press.

Mr. BARR. We would have no objection to such a provision, Senator Williams.

(The following information was subsequently supplied by the Department of the Treasury:)

RETENTION OF BILLS AND RECEIPTS UNDER THE PROPOSED ELECTION REFORM ACT DISCLOSURE PROVISIONS

With respect to the time that political committees would be required to retain bills and receipts under the proposed Election Reform Act of 1967, the Department of Justice has advised the Treasury Department as follows:

"Section 208(a)(5) of the President's proposed Election Reform Act of 1967 (S. 1880) requires the Secretary of the Senate and the Clerk of the House to preserve reports and statements for a period of ten years. However, reports and statements relating solely to candidates for the House need only be preserved for five years.

"Section 202 of the Election Reform Act requires the treasurer of a political committee to obtain a receipted bill for each expenditure over $100 and to keep detailed accounts of all contributions. Section 202(d) requires the treasurer to preserve these receipted bills and accounts 'for periods of time to be determined by the Secretary or Clerk, as the case may be.' In accord with the suggestion of Senator Williams, the Administration would have no objection to a provision establishing a minimum time period for the preservation of the bills and accounts.

"Senator Williams also suggested that the reports and records be compiled from time to time as official documents of the House or Senate, in order to make them more accessible to the press. Section 208(a) gives broad discretion to the Secretary and Clerk in the compiling of reports. Section 208(a)(4) explicitly requires the reports and statements to be made available for copying as soon as

practicable after they are received. We have certain reservations as to the need for publication of these records as official documents—especially if, as the context of Senator Williams' remarks suggests, the published records are also to contain the receipted bills and accounts kept by each treasurer of a political committee. Because such documents will be highly detailed and of limited general interest, it may be preferable to leave the need for such publication to the discretion of the Secretary and Clerk."

Senator WILLIAMS. In addition to that, we are going to have to amend several acts—the Corrupt Practices Act, as well as the Hatch Act. You have mentioned to the Senator from Louisiana, I believe it was, that you are not trying to get to heaven in one jump, but you just want to get started there. Don't you think one of the major steps, and the strongest step that you could make, if you are going to start in the right direction, would be toward a revision of the Corrupt Practices Act and the Hatch Act, putting some teeth in them? Don't you think that should be the No. 1 objective, even above the financing? I am in favor of some method of financing. But don't you think that should be put ahead of it, and that all of us should start out with the one thought in mind that we are going to plug these loopholes, we are going to get complete and full disclosure of all expenditures, which we both say we want, and which must—and I emphasize the word "must"—be a part of any package that we act on.

Mr. BARR. Senator Williams, I will refer to my statement this morning. The way I look at this issue of disclosure is that it becomes of paramount importance when public moneys are used. Any time you use public funds, there must be absolute, complete public disclosure.

So I would say that if, in the widsom of the Congress, it is decided to make public money available for the presidential campaign, no such funds should be available unless there were adequate disclosure provisions for the presidential campaign.

Now, the issue whether you want to go further, in areas where public funds are not going to be used, I would defer to the Attorney General or somebody else with more expertise in this area of the Corrupt Practices Act than I. I don't feel qualified to set a priority.

Senator WILLIAMS. I hope you will think this over further, because the question will come up. It would seem to me if we are going to take this step we have got to have full and complete disclosure of all expenditures, both public funds and private funds. If not, we will have achieved nothing. I will cite this. Even without public funds and without disclosures, a substantial part of the expenditures of both political committees or any political committee are legitimate and proper expenditures. If you are only going to have a law which will require public disclosure of that which is legitimate, which everybody puts out in the open anyway, then we are getting nowhere.

I think it is these hidden payments or reports of committees which are established and which today are reluctant to report—both parties are involved—they are the ones we want to get to.

My own feeling is that we should go the full step toward disclosure, and I say that as one who recognizes the need of something being done.

As the Senator from Tennessee pointed out, in light of the position we took recently I feel a responsibility to help achieve a solution to this problem.

But I do think if we are going to do it, let's do the job the best we know how. We will find enough imperfections even at that.

Mr. BARR. Senator Williams, in the case of the presidential election, not only the expenditures of public funds would be audited, but also all the expenditures of private funds by the national committee concerned would be audited by the Comptroller General. There would be a complete audit of those funds and their connection with public moneys. I think you cannot debate that case.

As I say, I am unwilling to get into a question of priorities here. I have already explored and feel competent to speak to the issue of taking away this threat of undue reliance on a few affluent contributors by using public moneys and reporting the expenditures.

When we get into the other areas, there are men better qualified than I to speak.

Senator WILLIAMS. I appreciate the position. I am just emphasizing the fact that I think we need this full and complete disclosure. If we get disclosure of these expenditures we have gone far toward cleaning it up, with or without the penalties. As the Senator from Tennessee pointed out, disclosure should precede the election. There should be full and complete disclosure at intervals during the campaign, so that the people will know just how money is being spent.

Mr. BARR. I have always been troubled by disclosure provisions, Senator Williams. I am sure we are all aware that a large portion of election expenses are paid in cash. They don't appear any place. There are strict provisions in most States that you must report cash. Nobody does. I just wonder, if the States cannot enforce it, if we can.

That is one reason for our limitation on the use of public funds. These are not transactions you handle in cash. You don't go to a TV station and pay them in hundred-dollar bills. You write them a check. And this can be audited, it can be controlled.

Senator WILLIAMS. I never thought I would ever hear a Secretary of the Treasury or one of his representatives concede the fact that you cannot trace cash. I thought your job was to follow through cash transactions and tax them, and you have done an excellent job. I think if we had a little more enthusiastic enforcement, we could get some of this cash we are referring to—at least, if we have laws with penalties requiring disclosure of these so-called cash payments, wouldn't we achieve our purpose? Aren't they really what we are seeking?

Mr. BARR. That is correct.

Senator WILLIAMS. And if we achieve full and complete disclosure of everything except these cash payments you have referred to, you will accomplish nothing. We would not have solved the problem.

Mr. BARR. Would you repeat that, sir? I lost the thread of the argument.

Senator WILLIAMS. The point is that these items which you say are hardest to get disclosure on, the cash items, they are the ones that are most questionable and the ones which you want.

Mr. BARR. There is no doubt about that. The issue is how do you get to them.

Senator WILLIAMS. So certainly we don't want to eliminate the disclosure section. It would seem to me that if we did, we might just as well fold up right now. If we have adequate penalties spelled out in the law, and then we need better enforcement.

Mr. BARR. I will be very interested in the testimony of the Attorney General and perhaps the FBI in this area—because this is frankly beyond my competence.

Senator WILLIAMS. One other loophole that has been suggested is in the Hatch Act. Under existing law, candidates for public office or public officials are precluded under penalties from soliciting campaign funds from civil service employees. However, there is nothing that will prohibit a public official from passing over to a committee who is working for him a list of these civil service employees, and let them be solicited on his behalf. Now, he is not supposed to do it directly, but you know how it is done.

Mr. BARR. I am sure that is illegal.

Senator WILLIAMS. No. I was advised—and I asked that——

Mr. BARR. You mean a civil servant can be solicited on behalf of a candidate?

Senator WILLIAMS. They can be solicited on behalf of candidates, or for tickets: they can be solicited at their homes. I was advised by the staff that there is a loophole. I have offered it a couple of times as an amendment. We have had it passed in the Senate once.

But assuming that there is a loophole you would endorse closing that loophole, too, would you not?

Mr. BARR. Absolutely, if it is as described.

Senator WILLIAMS. I ask, Mr. Chairman, that this section which was prepared, which would take care of this, be printed at this point in the record. It is a part of the bill that I introduced yesterday.

The CHAIRMAN. The request is granted.

(The section from Senator Williams' bill, S. 1882, referred to follows:)

PROHIBITION UPON SOLICITATION OF FEDERAL EMPLOYEES BY POLITICAL COMMITTEES

SEC. 5. (a) Section 602 of title 18 of the United States Code is amended—
(1) by inserting "(a)" before "Whoever", and
(2) by adding at the end thereof the following new subsection:

(b) Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than $5,000 or imprisoned not more than three years, or both.

Senator WILLIAMS. Now, Mr. Secretary, how far down does it go in reporting these transactions? For example, $100 dinners, would they have to be reported, the $100 tickets and the names. Or how far down do you go?

Mr. BARR. $100 or more, Senator.

Senator WILLIAMS. $50 tickets would not be reported?

Mr. BARR. No. We might have $99 dinners from now on. Two fifties would do it in a year.

Senator WILLIAMS. If any man bought two tickets?

Mr. BARR. That is right.

Senator WILLIAMS. The question has been raised on these $100 tickets—and I think it reads a hundred dollars or more—on these $100 tickets, at least a couple of $3 would go for the dinner, and that would make it less than a hundred. So that we can know how it is intended to be interpreted—is it intended to be interpreted if there is a $100 ticket even though that includes the dinner, maybe a $95 contribution and a $5 dinner—or what is the interpretation?

Mr. BARR. I don't mean to be evasive, but I am in connection with finance.

Senator WILLIAMS. As I told you before—these will be questions that will come up if this is passed. And I think we should get the interpretation as to what we intend at this time.

Mr. BARR. I am advised by the staff of the Treasury, not the Department of Justice, that they would take the total. I would prefer that you submit this question to the Department of Justice.

Senator WILLIAMS. You think it is one which we should have answered for us?

Mr. BARR. Yes, absolutely. You might as well clear up all these disputed areas.

Senator WILLIAMS. That is the reason I raised that.

Yesterday somebody pointed out to me this argument would exempt all $100 tickets. I just figured—well, we will find out.

Mr. BARR. It is not intended to, sir.

Senator WILLIAMS. Do you think it would be advisable to drop that lower than a hundred dollars, so we can get away from this $99.99 you are talking about?

Mr. BARR. If you drop it to any figure, sir, they could drop the price another dollar.

Senator WILLIAMS. Maybe we would solve the problem and get some free dinners.

(Pursuant to the above discussion, the following information was received from the Department of the Treasury:)

REPORTING OF VALUE OF MEALS PROVIDED AT FUND RAISING DINNERS

With respect to whether that portion of the cost of a ticket to a fund raising dinner attributable to the value of the meal is includible in determining the amount of the purchaser's contribution for reporting purposes, the Department of Justice has advised the Treasury Department as follows:

"Section 204(b)(2) of the Election Reform Act of 1967, requires a political committee to report the name and address of each person who has purchased a ticket of the value of $100 or more to a fund-raising dinner. The value of the dinner should not be deducted from the price of the ticket in determining whether the value of the ticket is $100 or more. The question raised here by Senator Williams can be cleared up in the legislative history, or by an appropriate change in the statute itself. Section 103 of the Election Reform Act specifically provides, for example, that for the purpose of computing the $5,000 limitation on contributions, purchases of tickets, food and drink from a political committee are to be deemed contributions."

Senator WILLIAMS. Now, assuming that we were to use the direct appropriation route for television and radio, do you think it would be advisable before Congress enacted this to have the radio and television industry in to testify as to their standard rates for advertising, et cetera, and also what the rates would be for such a large volume of advertising bought within a limited time, because, as we know from the business standpoint, any company that is going to have a large advertising program buys at cheaper rates.

We are not trying to unload this onto any one industry. But the television industry and radio, after all, are operating on channels which belong to the public, they are concessions. There is some responsibility.

Do you not think if we are going to use this approach, that it should be negotiated on a reasonable charge basis, and not just a windfall basis that Congress passes a bill such as this and they say, "All right, boys, here we come with a $20 million advertising program in 60 days. We are going to buy it anyway. Now, what will you charge us"?

Mr. BARR. I certainly think it is appropriate, and I have a question I wish you would ask them for me.

I never could understand why a television or a radio station or a newspaper charges the highest rates on the rate card to some man running for Congress in one district. I never could understand that.

Now, the FCC informs me that they do have adequate statutory and regulatory authority in this area. They said nobody has ever complained. I would assume Senator Gore has. I have heard him mention this thing. I am mentioning it now.

Senator WILLIAMS. As one taxpayer, if this is going to be approached—I am complaining now, so I hope when they come in to testify they will be ready to submit a list of rates, because I think it is only good commonsense and practical business that we get those rates and find out what we are paying.

Do you think it would be advisable to say we are going to divide this up between the networks, or would you let them bid on it?

Mr. BARR. Senator Williams, I am going to avoid this one, too. I am going to refer this to Mr. Scribner and Mr. Krim, who have been through this process on a national basis, and who are preparing to go through it in 1968. I would prefer to let them answer that question.

Senator WILLIAMS. Well, I am just raising the questions. If you have any suggestion later and want to put it in the record, I would appreciate it, because I think these are points we should——

Mr. BARR. If we are going the public route on this, if we are going to use public moneys here, Senator Williams, it is the standard Treasury policy to get the best deal possible. So I sympathize with your objective.

Senator WILLIAMS. Congress at numerous times has enacted special legislation authorizing the networks to give equal time to the two major political parties without having to give equal time to every splinter party or every Joe Doaks that steps forward. And I think the networks have been very fair about it. It ends up each time we have to pass a special bill.

Would you think that if we are going to have to deal with this, it would be well to made that a part of permenent legislation, subject to the same restrictions, rules, and guidelines as have been accompanying previous actions on a limited basis?

Mr. BARR. Senator Williams, frankly, before I looked at this question closely, I had assumed that perhaps a licensed television or radio station should grant political parties free time, coming into the election. On closer analysis, our consultants—Dr. Neustadt, Dr. Heard, Dr. Alexander—say that this really is an unfair burden on one branch of the communications industry. Why should we require free time from the radio and television stations and not from periodicals and newspapers?

Senator GORE. Could I answer that, Senator Williams?

Senator WILLIAMS. Sure.

Senator GORE. Well, the reason is that the newspaper owns his printing press, he buys it and pays for it. The public owns the airways which we give the television and radio stations permission to use, and the license to use. It is a very profitable license. And as a condition of that license, we could reserve a certain percentage of time for civic purposes. There is a vast difference. There is nothing unfair about it. Indeed, I know of no industry in America as profitable

as the television industry today, and they are using the ether waves, which they do not own at all. They have a license to use them. And it is galling to me to give something free and then have a long colloquy here about taxing the people to pay for its use.

Mr. BARR. Senator Gore, I think the answer they would give you is——

Senator GORE. I am not talking about what they are giving. I am giving my answer.

Mr. BARR. If you think there is a value on this franchise, perhaps we should charge for the franchise in proportion to their gross income.

Senator GORE. Don't you think there is a value?

Mr. BARR. Yes, there is a value. I don't want to get into an argument here between the press, on one hand, and radio and television on the other. But the argument that the radio and television people give you—and I think they should make it in person—is that the press is subsidized through the mail rates, and that they should give you a little free time, too.

I think, Senator Gore, that if you are going to look at this whole question, this is a backdoor way of doing so. If there is a value, then perhaps we should recoup on the value.

Senator GORE. I want to go through the front door. The front door is the granting of the license.

Mr. BARR. If there is a value there, perhaps it should be taxed.

Senator GORE. Make a reservation at the time of the granting. You reserve 5 percent, 2 percent, 1 percent of the time. They would still fight for the license.

Mr. BARR. I have looked at this issue. I can only say I disagree, Senator Gore. I think we should pay for it, but not at the rates they are charging. I don't see why we should pay the very highest rate.

Senator WILLIAMS. That is the point I was making. I was not suggesting that they should do it for nothing, but I do think that the taxpayers, who own these rights, do have a right to expect a more reasonable rate than that which perhaps has been paid.

But in respect to the question that I raised last, about equal time, there have been instances in practically all campaigns where the network wanted time for special purposes—maybe a debate, or something that they wanted to foster as a public service, figuring they could make money doing it—they were willing and seeking the opportunity to give equal time and free time to the two candidates that would appear together, and they cannot do it without Congress passing special authority. We have given authority on occasions.

I just wonder—while we are acting in this field, shouldn't we make a part of the permanent law the authority for these networks, if and when they wish to extend this free time to the major candidates, they could do so under the same restrictions and rules that were laid down in the legislation, and at the same time not be required to let every Joe Doak get into this because he wants this free time.

Mr. BARR. Senator Williams, I would like to supply this answer for the record. It is a deep and complex area in which there is a lot of controversy. I am not acquainted with the history of it. I would like to supply an answer to that question for the record, sir.

Senator WILLIAMS. I appreciate that.

(The material referred to follows:)

SENATOR WILLIAMS' PROPOSAL TO REQUIRE FREE AND EQUAL TELEVISION TIME TO BE GRANTED ONLY TO MAJOR PARTIES

Senator Williams has proposed to permanently amend section 315 of the Communications Act, relating to the granting of free and equal radio and television time to candidates for election, to provide that television and radio stations may provide free and equal time to major party candidates without incurring an obligation to do so for all splinter parties.

Our experience with a provision of the type proposed is quite limited. In 1960, when section 315 was suspended for the presidential election campaign in order to broadcast the debates, approximately 5 hours of free time were made available to the two presidential candidates of the major parties. In that situation, neither candidate was an incumbent. In 1964 presidential candidates received only 1 hour of free time.

The proposal raises several difficult questions which have not been fully explored. For example, if the free time made available to major parties is limited, as in 1960, it will not significantly assist parties in financing the heavy costs of television broadcast time necessary in the conduct of election campaigns. On the other hand, if large amounts of free time are made available to major parties, this would cause discrimination against minor parties, and thereby, raise serious questions of legality.

Moreover, this issue should be resolved in light of the disposition that the Congress makes of the proposals pending before it for financing presidential campaigns. That action may well indicate the necessity for legislation of this type.

Senator WILLIAMS. Now, on the Advisory Board—who appoints the Advisory Board that works in conjunction with the Comptroller General?

Mr. BARR. The Comptroller General appoints two men from each political party. He has appointed, as I mentioned, Mr. Krim and Mr. Farley from the Democratic Party, and Mr. Scribner and Mr. Ross from the Republican Party. He has appointed men who have had vast experience in both parties. These four members then in turn appoint three public members. They have had a discussion of possible public members, but they have not appointed them yet. The additional four that we are recommending—the majority leader and the minority leader of the Senate, and the Speaker and the minority leader of the House—would of course automatically be members by virtue of their positions.

Senator WILLIAMS. The question I am going to ask certainly has no reflection on the Comptroller General, because I think he is well aware of the high regard I have for him. I don't think the President could have selected a better man, in my opinion, but we never know who the Comptroller General will be in years to come. Is there adequate control over the selection of the Advisory Committee, or could there be a better method of selecting those names? I just ask the question, not with the thought that at this particular time I could even think of a better suggestion. But we know men are human. We don't know who is going to be there tomorrow.

We recognize that you have the situation where the man appoints his own advisory committee. Looking forward down the road in the years to come—does that have proper safeguards, or is there a better way? Maybe we want to think about it.

There are questions in my mind.

Mr. BARR. Senator Williams, the appointments are made by the Comptroller General—at least as they affect the four gentlemen from the major parties—on the advice of the parties.

If you were looking for a better device, perhaps it would be possible to have Senate confirmation of these gentlemen. That is the only other control I can think of.

Senator WILLIAMS. I just raised the question, because that is one of the problems.

I emphasize again that certainly this is no reflection on the present Comptroller General or the Board that he has appointed up to this time.

Mr. BARR. I think this is a very hot potato that the Comptroller General is handling in this area. I would think that he would want to get the best men he can. However, you could consider a confirmation procedure, if you like.

Senator GORE. Mr. Secretary, in considering this problem, are we not in fact considering the broad question of money in politics?

Mr. BARR. Yes, sir.

Senator GORE. Now, if we are considering money in politics, it seems to me, then, that we might well agree that we are considering the danger of the incurring of obligations to the source of the campaign money by the candidates from whom eventually our public officials are selected. That would be one part. Another part is the undue influence of money in elections, both as to source and as to its effect upon the candidate who is ultimately the official.

Now, would you agree to that?

Mr. BARR. Yes.

Senator GORE. Now, that being the case, which has top priority—the provision of more money for political campaigns, or the limitation of expenditures of money in political campaigns?

Mr. BARR. Senator Gore, I can at best give you only my supposition. I started off with the assumption that most men who run for public office in the United States are honest men who do not want to be improperly influenced.

Senator GORE. Would you add not only honest but honorable men?

Mr. BARR. Honest and honorable men.

Senator GORE. Would you also add men who do not wish to become ingrates?

Mr. BARR. That is correct. And who would like to cast their vote as honestly and effectively as possible, for the best interests of this Nation.

Given that assumption, I would think that very probably if they could be assured of sufficient public funds to carry their message to the people, and were relieved of, say, 65 percent of the burden, as we are proposing in this legislation, that the provision of this new source of funds from the public—rather than from people who might have an interest in the way they would vote—would be a crucial factor. That would be the one I would give priority to.

I would say the source.

Senator GORE. Well, if you exclude from that the election day expenditures, the oiling of the machines, the sustenance of the poll workers, then you may not have reached one source of corruption in our election process.

Mr. BARR. That is correct. What we have done is take away roughly 65 percent of the requirement to raise funds. We have narrowed it that far, Senator Gore. I am not saying that we have reached perfection.

Senator GORE. To put it another way, you propose that the public pay for this portion or these categories of political expenses, which in the past has amounted to 65 percent of the cost of the campaign.

Mr. BARR. That is right.

Senator GORE. Now, since this is what you do, and you do not place any limits upon campaign expenditures, what you do, it seems to me—at least we would run the danger of doing if we enact the bill you propose—by providing 65 percent of the cost of the campaign, we would make far more private money available for these even more questionable expenditures which your bill does not cover.

Mr. BARR. Senator Gore, I think there is a limit to how much you can spend on election day. There are just so many people you can get out.

Senator GORE. Well, I have never had that experience.

Mr. BARR. Neither have I. But I am sure there is a limit some place.

Senator GORE. Do you know of a candidate who has had that experience?

Mr. BARR. No, I have never known of a candidate who said he had enough money, especially on election day.

Senator GORE. Then I come back to this question. I am not trying to tear your bill apart. As I said this morning—and as Senator Williams has just agreed—we want to do something. But we want to do a thorough job, since we have advanced this far. So if you provide for 65 percent of the expenditures, and then continue to have the dinners, continue to have the President's Club, continue to have the contractors contributing, you just make more money available for this other category of expenditures, which in my view may be more questionable than the expenditures for which you provide public funds.

Mr. BARR. That argument can be raised, Senator Gore. As I say, we faced it. The decision within the administration was not unanimous. But on balance we came down to the conclusion that the approach we are taking here, with its faults and deficiencies, was the first prudent step to take.

Senator GORE. Well, please understand that I am not trying to be critical here.

Mr. BARR. I say this is a very close question.

Senator GORE. Well, I wish you would give it some further consideration. If we have 65 percent public funds, and we must go only the additional 35 to eliminate this problem of private contributions, it seems to me that additional third of a mile might be the best bargain in the whole deal. I hope, just as I am attempting not to close my mind on any of your recommendations—I hope that you, as spokesman for the administration, will carry the message back that perhaps the administration should not close its mind to going that additional third of a mile.

Mr. BARR. Senator Gore, we are not closing our mind to any suggestion or any advance that can be made in this area.

Senator GORE. What I am really getting at here is the danger of commingling public funds with private funds. Now, as you know, I have wrestled with this problem since 1955. I finally concluded, rightly or wrongly, that the best way to do it was to place responsibility upon the candidate himself, and then provide for him an opportunity to choose to seek public office at public expense, or to continue the traditional practices, one or the other. And as you and I agreed this morning, if you and I or both of us as candidates make that choice, we would choose to go the public route. Every Senator with

whom I have talked—I have not talked to all of them—but every Senator with whom I have discussed this possibility, this choice, has expressed the view that he would choose the public route, and he thought most candidates for the Senate would.

Now, if that be the case, then for a relatively minor item in the Federal budget we could be rid of this area of tolerated and accepted corruption that has grown wider and wider until it is eating at the very vitals of our system of self-government.

Is that eloquent enough?

Mr. BARR. Very eloquent, Senator.

Senator MCCARTHY. Eloquent. It may not be accurate.

Senator GORE. I yield to Senator McCarthy. I take off and soar, and either Senator Long or Senator McCarthy pulls me down.

Senator MCCARTHY. No question about the eloquence. I think what you have described here is something close to the vestal virgins. Have you made a study downtown as to how they were supported?

Mr. BARR. Public funds.

Senator MCCARTHY. And it didn't work out very well. It gave an appearance of purity and perfection which was somewhat deceptive. I don't know whether our democracy has really reached that level at which we need to develop an institution of that kind.

Mr. BARR. Perhaps we are talking about a 65-percent pure campaign, Senator McCarthy.

Senator MCCARTHY. That is pretty good. You are not seeking more than that?

Mr. BARR. Absolute virtue we are not prepared to demand at the moment.

Senator MCCARTHY. Is that the administration level?

Mr. BARR. Yes, sir.

Senator MCCARTHY. This is not the Caesar's wife or Ivory soap standard.

The CHAIRMAN. I want to ask this question.

The question was raised about these Democratic dinners.

Do you recall, Mr. Barr—you are a Treasury man—do you recall what the deficit of the Democratic Party is right now?

Mr. BARR. Slightly over a million dollars, as I remember.

The CHAIRMAN. If I do say it, one good thing about this measure, if we get it into effect, is that it will keep the President and Vice President from coming through and just hauling all the money the Democrats can find out of our States and leave something there for the candidate for Congress and the Senate to solicit rather than the whole place having been harvested by the presidential candidates.

Mr. BARR. As an ex-county treasurer, I find this line of argument very appealing.

Senator WILLIAMS. The moral of that is join some others in abandoning those candidates and you will have your money.

The CHAIRMAN. The point is that as far as the Democratic Party is concerned we are still trying to pay off the deficit left over from President Johnson's campaign 3 years ago, are we not?

Mr. BARR. That is correct.

The CHAIRMAN. We still have to find money somewhere to try to pay off what we own, no matter what happens with regard to the next campaign.

Mr. BARR. No matter what direction you move.

The CHAIRMAN. Assuming that the Democratic Party would still have to raise money to pay for expenses that it is presently having to cover in order to elect a man President, if 65 percent of those expenses, particularly those very vital expenses of communication to the public, were covered, would not that put the candidate for President in a better position to be able to pick and choose between the sources to raise money to where he could pretty well ignore or pass by any contributions where he thought those people might be expecting undue favor.

Mr. BARR. This is the thrust of our proposal. This is what we are trying to get to.

We start with the assumption, Senator Long, that a large portion of these contributions are honorable. We are not saying they are all bad. All we are saying is that the ones he doesn't want, the candidate could just pass by and say "I don't want any of that money."

The CHAIRMAN. Oftentimes it has been my impression that people making campaign contributions are not asking a man to promise he is going to do a particular thing. They just want to know what his views are on that subject. If his views are what they would like them to be, they proceed to contribute with the understanding that is the position of the man that he would be expected to take if elected. Many times it is expressed in the platform. If he really intends to do that, then they would contribute to his campaign.

But with regard to commitments that someone might ask, if a candidate's essential expenses are covered, doesn't that pretty well put him in position to be completely independent about the matter?

Mr. BARR. I am sure it does.

The CHAIRMAN. Well, the idea about the candidate being wholly financed may I say is one that has had a lot of appeal, both to me and I know to you, and it has had appeal to the White House. But is not this correct—based on your study of this matter. No matter how pure we try to make a candidate's election, that there is still no way that we could keep his friends from proceeding to organize and raise large amounts of money and spend it in ways that they thought would help advance his candidacy.

Mr. BARR. Senator, we would have to amend the Constitution to stop them from spending the money. We could regulate it; Senator Gore has a means of regulating them——

Senator GORE. And limit.

Mr. BARR. Regulating and limiting. I will defer to the Attorney General on the limitation, Senator Gore. You might be getting into a constitutional question there. I will defer to him on that. But certainly on the question of regulation, that is not an abridgement of his right of free speech.

Senator WILLIAMS. Would the Senator yield?

Assuming you went down this path of public financing for radio, could we not state that we would pay up to a limit that which they had not paid themselves, putting a ceiling on it? Then if we want to go on the outside and raise it in these other committees which you talk about, they have no public funds at all.

Mr. BARR. I——

Senator WILLIAMS. For example, say you are going to allow party X $5 million, assuming this passes. Its members go out and start a President's Club or a Friends of Joe Doak's Club, and they pay for

some television, and they maybe spent $2 million on television. Make them show how much has been spent on their behalf. Let them spend it. Then give them the $3 million. Just take it out.

Mr. BARR. Our bill, the bill that is before you, Senator Williams, does that at the moment. But of course there is the difficult issue of proving whether the Friends of Joe Doaks are really controlled by the Democratic National Committee or not.

Senator WILLIAMS. I am not talking about whether they are controlled. You could easily find out how much television time they have and how much they spent on it, and subtract that from their bill. Don't worry about the control. Let them control it. All we have to do is control the money.

Mr. BARR. I am afraid, Senator Williams, in that regard the national party that should be running a controlled, coordinated campaign would lose all control over the way their money is spent.

The CHAIRMAN. The point I am interested in—let's take the single item of the support of the daily newspaper. Now, I know what it is to run both with and without their support. May I say I find it much more satisfactory running with their support.

A newspaper which is well respected and highly regarded in a community generally has a lot of civic and moral leadership behind it. And while it is not always true, many times the support of a newspaper of that sort is worth a lot more than any contribution from a friend, or any hundred friends might be able to do.

Now, if a newspaper saw fit to go all out for a candidate, either for him or against him, is there anything you can do in any respect—even if he alleges he is going to run entirely at public expense—is there anything you can do to prevent that paper from going all out either for or against him?

Mr. BARR. I would know of nothing, sir, without abridgement of freedom of the press.

The CHAIRMAN. As a practical matter we both know that—even if that newspaper went so far as to print front page editorials down the center every day for 30 days against or for a candidate, there is nothing we can do under the law to tell that paper they cannot do that. They are completely protected under the first amendment of the Constitution. There is just nothing you can do about a newspaper deciding to go all out for or against you.

Now, do you know of anything that you can do about it? If that paper of its own volition decided that it wanted to go all the way for or against a candidate——

Mr. BARR. Nothing I know that can be done.

Senator MCCARTHY. It creates a problem in terms of limitations on how much you can spend. If you had 400 papers against you every week of the year, the problem of responding and trying to counteract it in a campaign creates a problem in terms of limitations on how much you might spend. It is much easier, you can get along without spending as much money if you have 400 newspapers for you every week in the year, for 52 weeks, times 6 years, than it is if you come in and try to counteract this at the end of 6 years.

The CHAIRMAN. One other point is as often as not the fellow with the 400 newspapers against him also has an opponent with about 10 times the finances he has available to him also.

Mr. BARR. If you have 400 newspapers against you, you are going to have a little difficulty raising private money. Public money, I think, would look very good.

The CHAIRMAN. As a practical matter there is nothing you can do to equalize that particular disadvantage. There is no way we can get at it.

Senator GORE. I am not ready to concede that those papers can do anything and everything. I don't think that you could do anything about editorial policy. I am not at all sure that freedom of the press, however, gives a corporation that owns a newspaper the right to subsidize a distribution during an election that is 10 times its normal circulation area. I am not ready to concede that.

Mr. BARR. I would not concede that, either. I think if they put out an edition that increased the run by a thousand percent, distributed all over the area, that probably would be——

The CHAIRMAN. I would be willing to challenge that statement.

Mr. BARR. I don't know who would win the case.

The CHAIRMAN. I doubt that it has been tried. But we have had some experience in relationship—politicians to newspaper people, in Louisiana from time to time. And my impression—we have gone to court about the matter on occasion. My impression is there is just not anything you can do.

Senator GORE. But to give another example. When I investigated the campaign expenditures in 1956, I found that a corporation that owned a newspaper in the Middle West had bought a full-page ad in a New York paper—a corporate political expenditure. I called it to the attention of the Attorney General. No one ever denied that it was an illegal expenditure, that it was contrary to law. I was never able to get a prosecution. But it seemed to me it was a clear violation of law, and not covered by freedom of speech or freedom of press.

The CHAIRMAN. You might do something about that, Senator. But when you are talking about a newspaper—its own newspaper—going all out for a canditate, even to doubling or quadrupling its circulation, or a particular edition, to denounce a man or endorse the other one, I am here to contend there is just nothing you can do about it.

Mr. BARR. I will defer to your judgment on that.

The CHAIRMAN. I am just saying that there are certain things you just cannot do much about. Furthermore, to take an example of what happened right in my own district this last round—the Congressman from the Sixth Congressional District where I reside made a speech attacking the Ku Klux Klan. The next day on every lawn there was a sign saying that you should vote for his opponent. Someone sympathetic with the Klan. And you cannot do anything about a man putting a sign on his front yard indicating you should vote for the candidate he is supporting. Nor can you keep them from putting a sticker on their automobile bumper to advertise. There are a lot of things you cannot do much about. But you can, particularly in the area that this bill that the administration is supporting, that I introduced—you can provide enough money that a candidate can make a fair pitch at the public and that people can know his side of the argument, even though other people may find ways to do a lot to help their candidate, with money, newspapers, and other things.

One of the best examples I suppose was the race that President Truman made some time back. They tell me there were more occasions than one when he could not find money to move the Truman train out

of the station. He had to call on his friends to borrow money, mortgage their homes, do goodness knows what to help him move from city to city.

Now, you can provide enough funds so a candidate can make his case and his pitch to the American public, recognizing that as often as not, the fellow with all the newspapers against him is also very, very hard up to find funds to make his campaign at all. But in doing so, you can put both candidates of both major parties in a position that they need not make any commitment they don't think they ought to make. And isn't that in the last analysis one of the principal things we are seeking to do here, is to say that they do not have to do anything they don't want to do, and try to fix it up that they could be elected and be beholden to no one.

Mr. BARR. That is very true.

The CHAIRMAN. Except their own conscience and the American public.

Mr. BARR. That is correct.

The CHAIRMAN. Now, in the area of the public financing, isn't this true—to conclude my examination on this area—even if a person does go public, let us say, as far as he himself is concerned, there is still nothing that we can do to prevent his friends and supporters from doing a myriad of things that would help elect him to office, such as supporting him editorially in the newspaper, or his buying a newspaper ad.

Just to give you another example of that, what happened in New Orleans 2 years ago—Congressman Boggs had been the only holdout—about 4 years ago—about the only member of the delegation not committed against the medicare bill. And the doctors bought ads all over his district, and bought them in every edition, denouncing medicare and saying that Congressman Boggs was the only Congressman in that area that had not declared himself on the doctors' side and against the other side.

Now, there is nothing you can do about that. I don't know a thing you can do about it.

Mr. BARR. Not a thing that I know.

The CHAIRMAN. I would say, for example, if you tried to regulate them—they would say they did not pay that ad in that newspaper in order to elect Mr. Boggs' opponent; but they bought that to fight Mr. Boggs. They were against him, they wanted the public to know that they felt he was wrong about this matter and hurting their business and trying to socialize medicine, from their point of view; and they want to go all out against him. There is nothing you can do about that; is there?

Mr. BARR. No. And I don't want to. We have no intention of it here. The last thing we want to do is to disrupt the dynamics of this great American society. We have been violent at times. Sometimes we have gone to excess. But we have had 200 years of a magnificent system. I don't want to change that system. We don't want to restrict freedom of speech in this particular area at all.

The CHAIRMAN. Thank you very much.

Senator GORE. Well, may I state one way in which I think there can be limits.

You give to a candidate; place upon the candidate the responsibility as well as the opportunity to open up doors that have not been opened.

After all, it is upon the candidate that we must rely. He is the keyman in this equation. It is from the candidates that our Presidents and our Senators and our Congressmen will be chosen. And if a candidate chooses to run on the traditional route of private contributions or expenditure of his own funds—then limits can be placed upon the amount which he can expend in a political campaign, or which he can authorize to be expended in his behalf. Then it seems to me you can limit the amount of expenditures—reasonably limit—not absolutely prohibit. Now, if you regulate expenditures by political committees—and I am not sure that the constitutional right of freedom of speech goes to an organization; it goes to a citizen—if you regulate and limit the expenditures of a committee that has not been authorized to campaign in behalf of a candidate—which I suggest may well be done under our Constitution—and if you require an unauthorized committee engaging in political activity to disclose and as a part of that disclosure make it known that committee has not been authorized by the candidate to solicit in his behalf, or to campaign in his behalf—it seems to me that you impose a very practical limit, one that can be easily enforced. And let me repeat, we are not in any way seeking to be absolute, 100 percent, in all this area.

But instead of running from these problems, it seems to me that we should seek answers, seek solutions—instead of throwing up our hands at the complexity.

I acknowledge that there are difficulties. But we never do better than we try.

Mr. BARR. Senator Gore, we are not throwing up our hands at the complexity. We are admitting in this area we are very short of statistics and very short of facts. I have lived in this town now about 7 years. This is the first time I have ever heard this issue discussed—one of the very, very few times that this very delicate issue has ever been thrown open to public discussion. All I can say is that we are very short of facts in this area. We simply don't know. We want to move as far as we can, but with the full understanding that this is a first step, and when we get the facts, then we will be prepared to move further.

Senator GORE. I think we have made great progress. In fact, I am almost astounded that we are this far. A mistake we made last year has brought very good dividends. It has provoked debate that centered the public and congressional attention upon this problem, and brought a mandate from the Senate that this committee report a bill.

Now, in that connection, did the administration think it was complying with that mandate—not that it was required to do so—but was it keeping faith with that mandate by sending up to the Senate three bills instead of one bill?

Mr. BARR. Senator, we did prepare three bills, They were not introduced at the administration's request, The administration's proposals are embodied in the message of the President of May 25. Three bills were prepared. I believe that we kept faith with the mandate of the Senate by setting out proposals and guidelines. Now, the preparation of the bills to implement the proposals is something else again.

Senator GORE. Well, you say in your statement——

Mr. BARR. Traditionally, you know, Senator Gore, we do not come to this committee with a bill; we come to it with a set of proposals, and this committee writes legislation.

Senator GORE. I understand. You said in your statement earlier that you thought provision of public funds and election law reforms should go hand in hand. Yet to accomplish that purpose you prepared three bills instead of one. Does that mean you would like the other committees to submit recommendations to this committee, and that we enact one bill, or do you recommend that we provide the money and then have the hope and promise of providing the reform later?

Mr. BARR. Senator, our proposals are before the Congress. There are three bills introduced. If it is within the jurisdiction of this committee—and this I don't know—to combine them all, to implement these proposals in one bill, that can be done. Our proposals are before the Congress.

The CHAIRMAN. So you would be satisfied if they were in one bill.

Mr. BARR. I have no objection. Our proposals are here.

Senator GORE. I have been advised you made that statement this morning when I was out. I agree with your conclusion and if it is the judgment of this committee it be one bill, then I would be pleased with it.

The CHAIRMAN. May I just comment on it to help make the situation clear.

I have this resolution by Senator Mansfield. The pertinent part being "I move that H.R. 6950 be remitted to the Committee on Finance with the following instructions. Part 2. To report back within 6 weeks provisions with respect to the presidential campaign fund law of 1966."

That is sufficiently general in nature that we could report back something limited entirely to the presidential fund law, or I would imagine if we wanted to we could add amendments that would be beyond the provisions of the campaign financing bill.

Now, since that date when the President's message came to the Senate, and before any bills had been drafted to implement those recommendations, I was on notice that the Committee on Rules and Administration expected to insist on jurisdiction with respect to the corrupt practices area. They had worked in that area. They had reported a bill, I believe, in a previous Congress. Any they were aware of their responsibility and their jurisdiction, and they so informed us.

Now, I don't ordinarily propose to go into the jurisdiction of other committees unless there is some particular reason for doing it. If another committee wants to act, it is perfectly all right with me for them to act in that area, and I would prefer they would.

But, as you know so well, Mr. Barr, there is nothing to prevent anyone from getting out on the floor and offering an amendment to make it a crime to shoot ducks out of season on a bill that is a pure and simple bill to expand the debt limit or practically anything else that they might have out there. We have no rule of germaneness here in the Senate.

Mr. BARR. I am ruefully aware of that fact.

The CHAIRMAN. You wish there were. Sometimes I wish we had the House rule, too.

But may I say, I am speaking as a committee chairman when I say that.

Mr. BARR. Yes, sir.

The CHAIRMAN. If I were a junior member, I think I would feel entirely different about it.

Senator WILLIAMS. Mr. Secretary, in the breakdown of the items which are covered under your proposal for direct appropriations, including billboards, how much did you estimate for billboards?

Mr. BARR. In the information I have here—I refer again to Mr. Alexander's text—billboards are not broken out.

Senator WILLIAMS. It would be a substantial item, I am sure. Now, out of respect for and in support of Lady Bird's beautification program, which has been advocating getting rid of billboards, with much having been said by the administration, don't you think we should eliminate billboards entirely from this, even if we did consider the rest of it?

Mr. BARR. Senator Williams, I am sorry Senator Kerr is not here to answer that question for you.

Senator WILLIAMS. Since you are here, and more able to answer it than he, and since you are speaking for the administration, do you think that the President really wants Congress to approve about half a million dollars or a million dollars a year for billboards up and down the highways when at the same time it is suggesting that they be removed?

Mr. BARR. Senator Williams, I can only answer that by saying that we have proposals before the Congress on the regulation of billboards. Any money spent in that area, so long as they conform with regulations that the Congress sees fit to adopt, I would not object to that.

Senator WILLIAMS. I won't delay this further.

Mr. Chairman——

The CHAIRMAN. May I say something about the billboard issue? My impression about the billboards is that it is a very little known subject. It would be well to look into it. As often as not, candidates get their billboards financed. We would have to have a reporting as to where the money came from or went to. The reason is there are all kinds of ways that people can help the billboards by volunteering some of their advertising space.

Senator WILLIAMS. In our State they are paid for with a check drawn on the State committee. If they are paid for by a corporation they are not a deductible item for income tax purposes.

Is that correct?

Mr. BARR. That is correct.

Senator WILLIAMS. And if any member of this committee knows where that is being violated and would pass it on to the Treasury, you would be willing to handle that, would you not?

Mr. BARR. Yes, indeed.

Senator WILLIAMS. And the ruling would be that it would not be a deductible item for business expenses and it would be includable as an item in that man's campaign, and it would be required to be reported under this bill that you have before us.

Mr. BARR. Yes.

The CHAIRMAN. Well, my impression about that is——

Mr. WILLIAMS. The bill, as I understand it, requires reports not just of hundred-dollar bills—checks, or anything else of substance or value in that amount.

Mr. BARR. That is correct.

Mr. WILLIAMS. So if there is a hundred dollars worth of advertising, it would be required to be reported, and if it is not reported in

any State in the Union, even under existing law, it is a violation of law.

The CHAIRMAN. Well, my impression about that is that while I frankly—I can afford to stand an investigation; I paid for mine in cash. But I may say that I have been in campaigns and seen those billboards and heard rumors about how the other fellow was getting his. The only way I know you are going to catch him is to pad around the State from place to place and look at the billboards, and then find out who owns that billboard site, and then find out from him who rented it, and find out if it is still rented, and then go to the man who rented it and find out if he had paid for it when somebody else's paper went on the board.

Senator MCCARTHY. I think what happens if they don't check up it is kind of adverse occupancy. They put their paper on top of The First National Bank. The First National Bank never looks at the billboard until the day after election. And then the political advertisement comes down and they put up The First National Bank again. And nobody knows what happened.

Senator WILLIAMS. If it is done that way, it is a violation of existing law and it would be a violation of this act that is before us.

Mr. BARR. Yes.

Senator WILLIAMS. So back to the point. Maybe we need more enforcement of existing laws and a better understanding of the laws we have, because I find very often there is a lack of understanding of the laws.

Now, in line with what was said earlier, which has nothing to do with this, but I mention the fact that in the Voting Act of 1965 I had included an amendment which put rather severe penalties, criminal penalties, on anyone that pays or offers to pay, or anyone who accepts anything of substance, either for the purpose of getting that man to register or getting that man to vote. I ask, Mr. Chairman—just so this be understood—that section 11(c) of this act be printed at this point in the record, I think it would be well to note we do have that covered.

(The material referred to follows:)

(c) Whoever knowingly or willfully gives false information as to his name, address, or period of residence in the voting district for the purpose of establishing his eligibility to register or vote, or conspires with another individual for the purpose of encouraging his false registration to vote or illegal voting, or pays or offers to pay or accepts payment either for registration to vote or for voting shall be fined not more than $10,000 or imprisoned not more than five years, or both: *Provided, however*, That this provision shall be applicable only to general, special, or primary elections held solely or in part for the purpose of selecting or electing any candidate for the office of President, Vice President, presidential elector, Member of the United States Senate, Member of the United States House of Representatives, or Delegates or Commissioners from the territories or possessions, or Resident Commissioner of the Commonwealth of Puerto Rico.

Senator WILLIAMS. Earlier today I mentioned the question of corporations, and the right of corporations under existing law to contribute to State committees, any State committee—when that State committee in turn is supporting the candidacy of an individual for a national office—U.S. Senator or Congressman. The witness agreed with me that the existing law took care of that.

I still think it takes care of it, and that it is primarily a lack of enthusiasm to enforce the law. At any rate, we have asked the At-

torney General to come up and discuss it in further detail. In order that he may be aware of what will be raised when he comes, I ask that my letter of April 11, 1961, addressed to the Attorney General and the reply I received thereto of April 20, the same year, be printed at this point. I have deleted the names of the individuals involved. I left the amount with the checks and the numbers. But I will say for the record that the names were all furnished to the Attorney General, not only by myself, but by the records of the Attorney General in our State, and we were told in substance that there was no way they could enforce that section of the law.

Now, if there is no way that that can be enforced, I am hoping that the Attorney General will come up with whatever additional language he needs, because if not, there is a glaring loophole not only in existing law but in the measure that the administration has before it, and even in the one I have introduced. Legislative counsel so far has been unable to come up on this end with any language that would tighten the law above what there is. I think it is primarily enforcement that we need. I put this in the record because in this particular instance this was a contractor corporation that had made the contribution to the State committee on the premise that he could get the contract if he were to make that contribution. He did get the contract. He turned State's evidence and said that he made his payment and got his contract. Nothing was done about it on the basis that the law could not be so interpreted, and I don't understand it. Maybe now that we have this pointed up and a lot more interest in the subject we can get a better understanding of it.

I ask that that be printed at this point in the record.

(The letters referred to follow:)

April 11, 1961.

Hon. Robert F. Kennedy,
The Attorney General,
Washington, D.C.

My Dear Mr. Attorney General: Earlier this year I called the attention of your Department to a possible violation of federal laws pertaining to the solicitation and acceptance of political contributions from contractors doing construction work under our federal and state highway program.

Allegedly, at the time when contractors were doing business through the Delaware State Highway Department and receiving contracts approved by both the state agency and the Federal Bureau of Public Roads they were solicited for political contributions and were making such contributions as corporations to the Democratic State Committee. I have been advised that it may be found that such contributions have been made to both political parties in our state; however, I have evidence only of contributions which were made to the Democratic State Committee.

It is my understanding that contributions made by corporations to any political committee which in turn supports the election of any candidate for national office is a violation of the federal law. Accordingly I am referring this information to you for appropriate action.

I list below the evidence which thus far has been developed, and I would suggest that your office also talk with the Attorney General of Delaware, Mr. Januar D. Bove, Wilmington, Delaware, who may have more evidence of these violations. He has authorized me to pledge the full cooperation of his office with your Department.

Enclosed are photostats of the following checks and documents supporting these charges:

Exhibit #1. Two checks, one of which is No. 2658, drawn on the account of --------------, --------------, for $9,000. This check is drawn on the Equitable Security Trust Company, Wilmington, Delaware, and is payable to the Democratic State Committee. The other check, No. 655, is for $6,000 and is drawn on the account of the --------------, --------------, and

is likewise payable to the Democratic State Committee. It is drawn on the company's account in the Equitable Security Trust Company, Wilmington, Delaware. The ______________, is a subsidiary of ______________, thus bringing their contributions to $15,000.00.

Exhibit #2. Check No. 668, dated May 2, 1957, drawn on the account of ______________, ______________. This check is for $5,000 and is made payable to the Democratic Committee, being drawn on ______________ special account in the Equitable Security Trust Company of that City.

Exhibit #2a. The deposit ticket of the Democratic State Committee of Delaware for May 3, 1957, showing the deposit of the above ______________ $5,000 check in their account in the Delaware Trust Company of Wilmington, Delaware.

On September 27, 1960, Mr. ______________, one of the ______________ was questioned by Attorney General Bove and in his statement under oath said that this $5,000 contribution was made after the Democratic State Chairman had told him that in return for a $5,000 contribution to the party, he would be given a contract for certain road construction work which was to be awarded in the next few days. Mr. ______________ testified that the check listed above was this contribution and that he subsequently received the contract as promised. A copy of his sworn testimony will be made available to your Department upon your request to the Attorney General of the State of Delaware.

Exhibit #3. Two other checks representing contributions by ______________, to the Democratic Committee are as follows: Check No. 1395 dated September 10, 1958, for $2,000, payable to the Democratic Committee and drawn on the ______________ account in the Bank of Delaware, Wilmington, Delaware. Check No. 3938 in the amount of $2,000 and dated October 17, 1956, drawn on ______________ account in the Equitable Security Trust Company, Wilmington, Delaware, payable to the Democratic National Committee.

Exhibit #4. Three checks, each of which is for $2,000 and drawn on the ______________ accounts in the Equitable Security Trust Company and the Bank of Delaware, Wilmington, Delaware. The checks are identified as follows: Check No. 4000, dated October 17, 1956 for $2,000 drawn on the Equitable Security Trust Company. The last two checks are Nos. 1816 and 1817, drawn on the Bank of Delaware and dated October 16, 1958, amount of each $2,000, and payable to ______________ and ______________, respectively. It is my understanding that if you will check with the Attorney General of the State of Delaware, he can provide you with evidence showing that these latter checks were cashed and that the cash was then turned over to the Democratic State Committee.

In addition to these photostatic copies of checks and deposit tickets included herewith, there is additional confidential information which the Attorney General of Delaware has indicating that ______________, another road contractor in Delaware, made political contributions of $150 in 1958, $3,650 in 1959, and $1,375 in 1960, and that the ______________ made a contribution of $2,610 in 1959. As I pointed out earlier there is reason to believe that a thorough check would show that other contractors had likewise been making political contributions as corporations, perhaps to both parties.

In addition to these specific checks there has been evidence developed which indicates that these same contractors have been substantial purchasers as corporations of tickets to the Jefferson-Jackson Day Dinners.

Everyone readily recognizes the danger of a continuation of this practice, not only from the standpoint of corrupt political practices but also from the standpoint of the taxpayers' not getting full valuation when contracts are awarded on the basis or the amount of political contribution. Attempts are being made to clean up this situation within our State, but since the political contributions made by these corporations involve violations of Federal law they are being submitted to your Department with the request that the appropriate action be taken.

I am submitting this information after having conferred with the Attorney General of Delaware, Mr. Januar D. Bove, and am authorized to extend to you the pledge not only of my full cooperation but also of the full cooperation of his office in developing this case.

To allow the flagrant solicitation and acceptance of the political contributions from these contractors doing business with the Federal and State governments to go unchallenged would result in a complete breakdown of the respect of the American people in the integrity of our election system.

Yours sincerely,

JOHN J. WILLIAMS.

DEPARTMENT OF JUSTICE,
Washington, April 20, 1961.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: This refers to your letter to the Attorney General of April 11, 1961, concerning possible violations of federal laws with respect to the solicitation and acceptance of political contributions from contractors doing construction work under federal and state highway programs.

Section 610 of Title 18 of the United States Code prohibits the contribution by a corporation in connection with any election at which federal candidates are to be voted for, or in connection with any primary election or political convention or caucus held to select such candidates. The contributions by---------- -------, ----------------, and ----------------, were made to and received by the Democratic State Committee. There does not appear to be any evidence indicating that the funds were used in connection with the election of any federal candidates or given for that purpose. In the absence of such evidence, there does not seem to be any violation of Section 610.

Section 611 of Title 18 prohibits political contributions by noncorporate contractors who contract with an agency of the federal government, if payment for the performance of the contract is made in whole or in part from funds appropriated by the Congress. Not only do the contributions involved herein appear to have been made by corporations, but the contracts were with a state agency and not an agency of the federal government. Under the circumstances, there does not seem to be any violation of Section 611.

The activities of the employees of the state highway department may constitute violations of the administrative provisions of the Hatch Act, which come under the jurisdiction of the Civil Service Commission. I am informed that the matter is now under investigation by the Commission.

In accordance with the suggestion in your letter, I have discussed this matter with General Bove of Delaware, particularly the question whether any evidence may exist of a connection between the alleged contributions and a federal election. We will continue to cooperate with Mr. Bove. If there is evidence available to the effect that the contributions received by the Democratic State Committee were used in connection with the election of federal candidates, and that the contributors were aware that such use was contemplated, violations of 18 U.S.C. 610 may be involved. In that instance, this Division will take all necessary steps to prosecute the violators.

Your interest in this matter is appreciated. If I can be of further service to you, please do not hesitate to call upon me.

Sincerely,

BURKE MARSHALL,
Assistant Attorney General, Civil Rights Division.

Senator WILLIAMS. Mr. Chairman, I have no further questions at this point. There may be other questions which I think I could submit to the Treasury as we went along, maybe in writing, to save coming back. But I think that we all have the same objective here. And as we examine these bills, if we find these questions, I think we should raise them. Not with the thought of creating an argument, perhaps, but if they are questions which we can answer now—and I am sure that Secretary Barr will agree—we would rather have these questions raised now. And if we can answer them, try to get the answers, it is better to have them raised now than to have them raised afterward and embarrass us with a loophole. That is the reason I have raised these questions today.

I want to express my appreciation in the frank manner in which the witness has tried to answer them. When he didn't know, he frankly admitted he didn't know. I will be honest with you—I tried to get the answers before, and I couldn't get them either. But I think they are answers we should get before we proceed too far down the road.

Mr. BARR. Thank you, Senator Williams.

The CHAIRMAN. Thank you very much.

May I say about the billboard—just because something is against the law doesn't mean it doesn't happen. As long as people know something is going on nationwide, and nobody has been prosecuted or gone to jail for it, sometimes they feel that they are completely safe in doing that, until the first man is indicted. Then everybody becomes more cautious.

Senator WILLIAMS. Mr. Chairman, before we adjourn, I do not know whether the Comptroller General has a statement prepared, but he may want to make some comments.

The CHAIRMAN. The Comptroller General was here this morning. He felt, and quite correctly, we might not get around to him until late today. I told him that we would call him if it looked as though we were going to hear him today. But I think it would be better if the Comptroller General started tomorrow morning.

Thank you very much, Mr. Barr.

We will continue this hearing at 10 a.m. tomorrow morning, when the Comptroller General of the United States will be our witness.

Mr. Barr, you have been a very fine witness today. You have been very forthright and given us the very best of your research. I can see you have been very diligent in studying this measure to make your best recommendations. We very much appreciate the long hours you have put in here today. I know that you have had to draw upon your gray matter to answer some of the questions posed to you.

Thank you very much for your fine testimony today.

Mr. BARR. Thank you, Mr. Chairman.

(Whereupon, at 4:45 p.m. the committee recessed to reconvene at 10 a.m., June 2, 1967.)

POLITICAL CAMPAIGN FINANCING PROPOSALS

FRIDAY, JUNE 2, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m. in room 2221, New Senate Office Building, Senator Clinton P. Anderson presiding.

Present: Senators Long (chairman), Anderson, McCarthy, and Williams.

Senator ANDERSON. The hearing will come to order.

Our witness today is the Comptroller General of the United States, Mr. Elmer B. Staats.

Last year's Presidential Election Campaign Fund Act vested in the Comptroller General, as the head of the U.S. Government's General Accounting Office, the primary responsibility for the administration of the act.

He was chosen to perform this important task because his organization—the world's largest accounting firm—is an arm of the Congress rather than part of the executive branch.

This is the first time I can recall when you have been a witness with a responsibility of this nature.

We are very glad to have you here, and I think I can say for Senator Williams, both of us trust you and the Congress trusts you in your administration of this work. We are very happy that you are here with us this morning.

STATEMENT OF HON. ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY ROBERT F. KELLER, GENERAL COUNSEL, AND MILTON SOCOLAR, ATTORNEY ADVISER

Mr. STAATS. Thank you very much, Mr. Chairman.

I appreciate your invitation to appear before you today to present my views on S. 1883 to amend the Presidential Election Campaign Fund Act of 1966 which incorporates the recommendations of the President.

The costs of political campaigning on a national scale have become an increasing problem, particularly those associated with the use of mass media, such as radio and television. The fundamental purpose for spending money in a political campaign is, of course, to persuade the electorate, in its exercise of free choice, to vote for a particular candidate. Presidential campaigns are extremely competitive; the stakes are high. Modern communication techniques, although extremely efficient in reaching large masses at low cost per individual,

are expensive to utilize. There is constant pressure on candidates and parties to take whatever steps are necessary to assure that the opposition does not gain the advantage. And due to the high cost of using the most effective methods of communication available, there is constant pressure for the candidate and his party to expend increasingly larger sums of money.

With such pressure for funds, candidates and parties have found it necessary to turn to people of substantial means who through their ability to make larger contributions could attain a position of undesirable political influence.

The underlying rationale of the Presidential Election Campaign Fund Act of 1966 is that the availability of Federal funds toward meeting campaign costs will lessen the pressures associated with raising large campaign chests thereby helping to eliminate any improper or undue influence of large contributors.

Almost as soon as the 1966 act was enacted there was recognition by its proponents, as well as those opposed, that the act contained serious defects. The measure under consideration today is an effort to cure those defects.

The 1966 act, in essence, provides for the collection of a fund through voluntary designations by taxpayers to be disbursed equally up to a maximum established by formula to the national committees of the two major political parties. Minor parties cannot qualify until they receive at least 5 million votes. Eligibility is predicated upon the number of votes received in preceding presidential elections. Consequently, no minor party could qualify for assistance under the act in the 1968 election. Federal funds provided are to be in addition to whatever funds the parties could collect through private contributions and are authorized for use in connection with any legitimate presidential campaign expense.

Controversy over the 1966 act has centered around: The amount of Federal funds to be provided and whether the voluntary checkoff system is sound. Whether any limits should be placed upon the use of Federal funds and of private contributions. The possibility that large amounts of Federal funds will give rise to an undue concentration of power and influence over local affairs in the national political committees. The matter of more equitable treatment to minor parties. The means for assuring strict compliance with the law.

In addition, there has been considerable controversy as to the very concept itself of financing political campaigns through direct Federal assistance.

The proposed amendments seek to resolve the controverted issues: By providing direct appropriation in amounts to be determined by the Congress in lieu of the voluntary checkoff list. By limiting the use of Federal funds to specified categories of expenditure and precluding the use of private contributions for those categories. By limiting the amount of Federal funds which may be expended in any one State. By allowing minor parties to qualify on the basis of current rather than prior presidential elections, and by reducing the number of votes necessary for a minor party to qualify—at least for 1968.

By stipulating stringent sanctions against improprieties and assigning positive audit and control responsibilities to the Comptroller General.

There is no need for me to discuss in detail the reasons and rationale for each of the amendments contained in the proposed measure. The substance of the issues dealt with in these amendments has been debated at length on the floor of the Senate and are fully explained in the President's message of May 25, 1967. Legislation to carry out the President's proposal contemplated that the General Accounting Office would have general responsibility for assuring that the funds were expended according to the provisions and intent of the legislation, including auditing of campaign expenditures and submitting a full report to the Congress on expenses incurred. My testimony, therefore, is directed principally toward the workability of the proposals submitted by the President. In brief, I believe the amendments are a great improvement over the present legislation and are responsive to the criticisms which have been voiced in recent weeks with respect to the provisions of the current law.

I am particularly pleased to see provisions made for limiting qualified expenses to specified categories. These categories—radio and TV, travel, newspaper, and periodical advertising, and campaign literature expenses—are readily susceptible to reasonable audit and control. And they comprise those known types of expenditures which in the aggregate constitute a substantial portion of total presidential campaign fund requirements. There are other categories of expense which are reasonably susceptible to audit which could be included if the committee so desires.

For example, expenses of polls and surveys, data processing, and motion pictures. One of the most serious problems with respect to the 1966 act, so far as the General Accounting Office is concerned, lies in what appears to be the virtually insurmountable obstacle of realistically controlling the use of Federal funds in light of the myriad purposes which campaign expenses embrace. For example, there are many types of campaign expenditures that are not susceptible to any real audit and control, such as payment for entertainment, poll watchers, and transportation of voters to the polls. Under the proposed amendments these expenditures would not be eligible for Federal payment but could be paid out of private contributions.

In addition to the assurance of better control, I agree that the amount of funds to be used for the purposes specified should be limited. With the modern means of effective mass communication, it seems neither necessary nor desirable to expend ever increasing sums for the purpose of educating the electorate toward a choice of candidates. I think it is reasonable to assume that at some point in any presidential campaign, there is reached a saturation of meaningful information beyond which further expenditures to present programs, views, and issues become progressively wasteful at a rapid rate.

That is not to say that expenditures beyond such point are wasteful from a candidate's standpoint, if they serve to persuade sufficient voters to win an election for him. But, the additional sums spent serve the purpose of persuading voters primarily through repetitive promotional devices which may have little real connection with the basic issues upon which the candidates may be divided.

If private contributions were allowed to be used for the same purposes for which Federal funds are made available, it seems to me that we would find little relief from the constant pressure for accumulating additional funds to assure being able to do the opposition one better.

I believe it is essential to the concept of Federal campaign financing through appropriated funds that Federal assistance be provided for the substantial categories of campaign costs and that the use of private contributions for those categories be prohibited. I might add that it is equally essential to the success of the concept that the amount of Federal funds provided be realistic to the need.

The definition of "qualified expense" under section 303(c)(7)(h) of the proposed amendments does not mention salaries of campaign personnel. Yet campaign personnel could well be engaged in activities which are connected with items that are included as qualified expenses. We would assume that exclusion of campaign personnel salaries from the list of qualified expenses is intended to extend to the salaries of personnel who may be engaged in carrying out qualified expense objectives. Yet, under the definition of "qualified expense," it could be argued that the salaries of campaign personnel so engaged should be included. The committee may wish to clarify this point if the legislation is to receive favorable consideration.

With respect to the period of limitation contained in section 303(c)(6)(F) after which repayments by political parties for improper uses of funds may not be required, I would suggest a term of 3 years.

That would give us ample time to complete our audits and make our findings. Since the repayment requirement embraces willful as well as innocent wrongdoings, it might be argued that a longer period of limitation is warranted. However, I believe that it is important to a smooth function of the program that each presidential campaign be unhampered by possible controversies related to prior campaigns.

In summary, I would say that the issues related to embarking upon a Federal subsidization of presidential campaigns are complex. Any approach taken must be considered as an experiment. In my view the problems of financing campaigns are of sufficient gravity to justify taking the initial step required.

The responsibilities placed upon the Comptroller General are considerable. Much of the success of the venture will depend upon the manner in which these responsibilities are carried out. Should the legislation be enacted, I want to assure this committee that we will carry out our duties in a fair and objective manner and will see that the law is complied with to the best of our ability.

Most certainly there will be problems encountered. While no one can foresee precisely what all of them will be, some of them are obvious.

For example, there is the problem of establishing the basis upon which joint purpose expenditures will be allocated. If a presidential or vice-presidential candidate should make a joint political broadcast or appear in a newspaper advertisement or on a billboard with a candidate for another public office, how should the expenses thereof be divided?

Also, how are the costs for interstate broadcasts, newspaper advertisements and other expenditures which cross State lines to be allocated for the purpose of complying with the limitation on expenditures in any one State?

I think it should be clearly understood that the expenditures of independent committees and of individuals on behalf of a candidate would not be affected or controlled by either the 1966 act or by the proposed amendments if the committees and individuals are not connected, either directly or indirectly, with one of the political

parties. I think it is agreed that any attempt to control activities of this type would abrogate the constitutional right of free speech guaranteed by the first amendment. The real problem the General Accounting Office will have is to satisfy itself that those independent committees and individuals are not in fact connected directly or indirectly with the political parties.

I am confident that with the assistance and counsel of the advisory board provided for in the 1966 act and expanded under the proposed amendments, equitable solutions of these and other administrative problems will be found. I had appointed four members of the advisory board pursuant to the provisions of the 1966 act. The members appointed were James A. Farley of New York City, former Postmaster General and former chairman of the Democratic National Committee; Arthur B. Krim of New York City, chairman of the finance committee of the Democratic National Committee and president of the United Artists Corp.; Fred C. Scribner, Jr., of Portland, Maine, former Under Secretary of the Treasury, and presently general counsel of the Republican National Committee; and Donald R. Ross of Omaha, Nebr., former district attorney and former mayor of Lexington, Nebr., now chairman of the Republican National Committee. Unfortunately, one of the members, Mr. Farley, has recently found it necessary to resign. There is no doubt in my mind but that men of this caliber and integrity—whose names were submitted to me for consideration by the two major parties—will render invaluable assistance in making the act work effectively. With the leadership of both Houses added, as provided for in the proposed amendments, the combined wisdom of the advisory board will be significantly enhanced.

That concludes my statement, Mr. Chairman. We will be glad to answer any questions the committee may have.

I would like to introduce my two colleagues here with me this morning: Mr. Robert F. Keller, General Counsel of the General Accounting Office, and Mr. Milton J. Socolar of his staff. Thank you very much.

The CHAIRMAN (presiding). Senator Anderson, you may proceed.

Senator ANDERSON. On the first page you talk about—

> With such pressure for funds candidates and parties have found it necessary to turn to people of substantial means who through their ability to make large contributions could attain a position of undesirable political influence.

I think if you study the donation charts in the last few campaigns. these people who made large contributions are people of well-established character. They would not all seek undue political influence, would they? You would not have to worry about all of them being bad. Some people might be good in this situation.

Mr. STAATS. I am not sure I understood your question, Senator Anderson.

Senator ANDERSON. I have only said to you, Mr. Staats, that my experience has been that some of these large contributors are people who have not exerted much political influence whatever, and they would not all be bad, would they?

Mr. STAATS. We are not implying that all of them would obtain a position of undesirable influence. This is the same point that Secretary Barr was making yesterday. There is this danger, and there has been more and more expression of concern with respect to the point.

Senator ANDERSON. You do not actually control any funds or private contributions if there is an outside organization formed. Suppose the Citizens for John Brown is organized. They can raise all the money they want and receive contributions and not make any report.

Mr. STAATS. We would have to make a determination on a case-by-case basis, Senator Anderson. But if it is determined that they have no connection, directly or indirectly, with the national political party or the candidate, then they would have complete freedom to raise funds and spend funds without regard to any control by our office or by this legislation.

As you know, there have been many such groups established in presidential campaigns. They were particularly numerous, I believe, in President Eisenhower's first campaign. I am told there were more than 40 citizens committees for Eisenhower. Some of these, I think, had a direct connection with the national party, but in other cases not. But our answer to your question would be that this would have to be determined on a case-by-case basis.

Senator ANDERSON. I do not see how you can control them at all if they do not have to report. You cannot control it as long as it is an independent situation. How can you control them?

Mr. STAATS. We would not; we would not control them if they had no connection.

Senator ANDERSON. And that is the main source of all the funds, is it not?

Mr. STAATS. I am not in a position to really categorically answer your question because I do not believe that we or anyone else has the information to be completely certain on that point.

But what information we have would indicate that the major expenditures in a presidential campaign are made by the national political committees.

Senator ANDERSON. Well, I do not say that I do not believe that, but at least in many States, a very substantial amount is contributed in this other fashion. They have campaign dinners and tickets, and so forth, which are not tied to the national committee.

In my home State the national committee figures very slightly. It may send $1,000, maybe $2,000, into the State. But if you have $150,000, $200,000 total expense of the parties, this is a very small sum. I do not see where you actually have control as long as you do not control the complete financial pattern. If they had to report their contribution you might find that they were improperly used at some point. If you do not do that I do not think there is anything you can do with it.

Mr. STAATS. I am sure the representatives of the national committees could answer your question far better than I.

As you know, I do not have any experience in political campaigns. But the information that we have been able to assemble to date would indicate that the national political committees are the major spenders of money for the mass-media-type programs which are designed to bring the major appeal to the electorate. This is radio and television particularly, which accounted for about 40 percent of the reported expenditures, at least, of the Republican National Committee in 1964.

Senator ANDERSON. I think we ought to look at that, and I believe we will. But over and beyond that, I do not see how you can control at all a person who can give as much money as he wants to.

Senator Gore at one time gathered up a lot of information concerning certain wealthy families who had made contributions, and it was far more than the States reported on receipts from the national committees.

We have just had a dinner here a short time ago, raising some money for congressional groups. I do not believe the Federal Government would have any control of that money at all.

I am worried that we do not have any control, but then say to the public that we tried to control it.

That is all.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Staats, I think we are in agreement that there is nothing in this administration bill which would in any way restrict contributions continuing to be solicited from an organization such as the President's Club. That would not at all be affected under the legislation before us, would it, or other organizations that may be set up independently?

Mr. STAATS. Senator Williams, I am not ready to agree with your conclusion. It seems to me that it would be very difficult for something like the President's club to be disassociated from the national party. Assuming my view is correct, any expenditures made from funds received through the operation of that committee could not be used under this bill for any of the qualified expenses.

Senator WILLIAMS. It would be your interpretation that money collected by an organization such as the President's Club—or it could be for a President's Club for either party—could not be used for expenditures of any of the items mentioned in this bill; isn't that correct?

Mr. STAATS. Yes, if they have a relationship to the national committee.

Senator WILLIAMS. Well, that is the point. The witness who was before us yesterday, the Under Secretary, felt that they could not be controlled if the group itself disclaimed any association with the national committee.

Mr. STAATS. If I understand the provisions of the bill this would be a determination that our office would make.

Senator WILLIAMS. Yes, that is correct.

Mr. STAATS. With the advice, of course, of the advisory board.

Senator WILLIAMS. Would it not be easy for these organizations to just disclaim any connection with the national committee? The national committee could disclaim any association with them, and then they could proceed to operate independently, raise any amount of money they wished, and they would not be under your control?

Mr. STAATS. I would say that a mere disclaimer would not be binding or governing under the circumstances that you have outlined.

Senator WILLIAMS. Then you would audit all of these various committees?

Mr. STAATS. If we thought that there was a connection between the committee and the national party.

Senator WILLIAMS. How would you get that feeling if the national committee said that they had nothing to do with it, and the local committee said they had nothing to do with it, how would your feeling develop? Just how would you proceed?

Mr. STAATS. Obviously, this would be a matter on which we would want to consult with the advisory board.

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But I think this would be a determination that would have to be made in the final analysis by our office because we would have the responsibility. The determination would have to be on the facts in the individual case.

Senator WILLIAMS. Well, I appreciate that. I am just trying to find out how it would work, because we recognize that these committees, and the national committees, are going to disclaim association, and in that event, then somebody has to initiate the steps to proceed to determine whether or not there is a reasonable association. In order to initiate that step would you wait until you had had a complaint filed or a series of complaints or would you automatically audit these committees which are collecting and expending substantial sums?

Mr. STAATS. I think we would have to do it as a matter of course, Senator.

A mere disclaimer or a mere statement either by the national committee or the organization concerned would not be binding. There would be a variety of tests, I am sure, that we would want to apply, and the information might come in a variety of ways. A complaint might be one way in which that would arise. But undoubtedly there would be many others, and this is something we would simply have to work out with our advisory board.

Senator WILLIAMS. Well, I think that is correct. It merely boils down to the point that in order to be sure if this were from you, you would have to audit practically every committee because if not you would put yourself in a position of auditing the committees on one side and not the other. So you would almost have to audit, as I see it, and I do not see how you can stop in the middle.

Mr. STAATS. There would have to be some judgment, I am sure you would agree, as to how large an organization we would want to make a check on, but certainly the major ones.

Senator WILLIAMS. That is true. Of course, violation of the act would not be determined by the size but rather by the act, would it not?

Now, on page 6 you suggest with respect to the period of limitation for the penalties and payments that repayments by the political parties for improper use of funds may not be required, and you are suggesting that there be a time limit of 3 years to be placed on the repayment, is that correct?

Mr. STAATS. Three years in which to make our determination as to whether there had been an improper payment.

Senator WILLIAMS. Now, under this act, if we pass it, as the administration has proposed, these committees cannot raise any private funds whatsoever for radio or television, et cetera. It would be a violation of the act itself.

Therefore, they would not have these funds available.

Now, if you find that a certain political party has exceeded the State allotments, instead of 140 percent they had spent 200 percent in the State of New York or California, or some other State, and we will assume that the improper payments total a half million, and you imposed a penalty of $250,000 on them, that would be $750,000 that they would owe. Where would they get the money to pay for it if you put a 3-year time limit on, where would they get the money to pay this fine?

Mr. STAATS. They are allowed, of course, to raise money and make advances for the qualified expenses. So that they would always be in a position of raising money not for a particular purpose but for general purposes.

Senator WILLIAMS. No, I am speaking here of television. It could be any item mentioned in here, but we will just assume, for the sake of argument, that on television they had exceeded their expenditure allotments in certain States above the allowable quota and the excess expenditure was a half million dollars. The fine would be $250,000.

Now, under the act they cannot raise any money from private sources for the purpose of defraying the cost of television. Yet this half million dollars was television.

Now how would they get the money to pay back both the half million dollars that they had overpaid on television and the fine?

Mr. STAATS. There would be two sources of funds. One would be funds raised for nonqualified purposes.

Senator WILLIAMS. That would be in violation of the act. That would be a criminal charge.

Mr. STAATS. I am not sure of that.

Senator WILLIAMS. If they diverted funds—well, I am just a layman. Secretary Barr, Under Secretary Barr, said yesterday, and confirmed, that under the act it was the intention that any money raised from private sources, if it were diverted for the use of television or one of these items covered in this bill would be a violation of the act and it would be subject to criminal charges, so they cannot raise this money under this act outside.

Mr. STAATS. This would, of course, raise a problem as to whether there would be entitlements enough for them to make this up within the category of qualified expenses. If there was an expenditure of the magnitude that you referred to, this could present a problem.

On the other hand, the total amount—they would be working within a total amount for all the qualified purposes, and if this determination were made, then they would simply have that much less in total, a much smaller budget in total, to work against for all qualified expenses.

Senator WILLIAMS. Well, these are questions we will have to answer, assuming it is passed. For the sake of argument, we are assuming they had spent their entire allotment, and the allotment for this particular party was $8 million to cover television, billboards and the various other things, radio and advertising, and that all of this money, 100 percent, had been spent, they have got nothing left in the treasury of these Federal funds, they are all committed.

In spending those they have exceeded their allotment in violation of the act, by spending more in one State than was allowed, and their excess is a half million dollars. They have no money in the treasury.

Now, Secretary Barr yesterday suggested that that could be deducted from their allowance for that political party 4 years hence.

Now, the allowance for the political party 4 years hence does not become available to them until after the convention 4 years from now, which would be 1972.

Now your proposal is that they pay it in 3 years, so you would have to wait until after 1972 until Congress appropriated some more money so that Congress and the taxpayers could pay the fine for the preceding election, is it not?

Mr. STAATS. I see your point. The 3 years relate to when the determination is to be made not when the repayment might have to be made.

But to take your illustration, I think probably the only one way in which this could be dealt with, and that is the way Secretary Barr suggested; namely, to have it as a lien or charge against their entitlement in the following presidential election. But the 3 years we are talking about here would be the time limit for our determination, not as to time when repayment must be made.

Senator WILLIAMS. Well, in writing laws we have got to look at all chances of abuse. We have laws on our statute books against murder and stealing, not that it is necessary for 99 percent of the people. We could repeal those laws and they still would not go out and murder or steal, as a matter of principle.

But we have those laws for those who would abuse them. Therefore, just assume for a moment that we get somebody as a candidate—I see my time is up, but I will finish this question.

The CHAIRMAN. Finish your question.

Senator WILLIAMS. We have this candidate, it is a close election, and each party has about $8 million, we will say, allocated for this purpose. This particular party has spent $13 million, $5 million over. They just completely disregarded the 140 percent limit, and their assessment for refund and their penalty would then come to almost equal their allocation.

Would it not be possible for a candidate in 1968 to exceed his allowance in such a manner that the penalties and the payments would completely wipe out all allowances that would go to that political party in 1972? You could almost abolish a political party because you would have that candidate in 1972 and that political party with no chance whatever of getting coverage on television. It may be a good thing, but is that not theoretically possible?

Mr. STAATS. I think it theoretically would be possible. It is conceivable that technically this could happen. But as a practical matter I doubt whether it would.

If I might just continue to respond a little to your thinking on this subject, and I qualify it as only our thinking up to this point because we have not had full opportunity to discuss these points with our advisory board. It is our present feeling that adequate ground rules and guidelines, criteria, and so forth, could be established in advance so that the political parties would know fairly definitely what was proper and what was not. This, we feel, would be a safeguard against the kind of development you referred to.

Secondly, it is our present thinking that we would have staff located with both of the national parties during the course of the campaign so as to be readily available for advice and counsel with respect to individual cases that might come up.

We feel that that is a proper way to function within the time that decisions have to be made by political parties so that, in sum, we see this as a problem but not as an insurmountable one, Senator Williams.

We would hope to minimize, through the establishment of clear guidelines and by having our staff located with the parties, the kinds of misuse of funds that conceivably could happen in the course of a campaign.

Senator WILLIAMS. My time is up.

The CHAIRMAN. I want to compliment you for the very serious manner in which you have assumed your responsibilities, Mr. Staats. I think that in this statement, as well as in your conduct leading up to this statement, you have indicated a very scrupulous desire not to assume responsibility that you could not discharge 100 percent in the public interest, and I think your statement here demonstrates it.

For some time in this area you have been strongly taking the position that we should not undertake to have the Federal Government pay all expenses of a candidate running for office. You questioned the desirability of paying some of these expenses, the propriety of reimbursing some of the money that is spent by political parties; you felt that the only ones the Federal Government should pay for are those that you believe are proper expenses about which there is no question of the propriety, and in addition to that you felt that they should be expenses which could easily be audited and ascertained.

Now, that is basically what your position is here?

Mr. STAATS. That is correct.

I would like to make two points, Mr. Chairman, in response to your observation.

One is that the President's proposals are limited on two scores. One is to limit the qualified expenses to those categories which are clearly to bring the message to the people. The other as I understand his message, is to limit Federal financing to those categories of expenses that are readily susceptible to audit or control.

I believe that on the second of these two tests it would be possible to go beyond what the President has proposed, to cover a larger portion of what, at least based on the 1964 Republican expenses, we could reasonably assure the Congresss that we could adequately audit and control.

The CHAIRMAN. There is no doubt that you could audit without any difficulty the cost of making motion pictures, that is something you can audit.

If someone wants to have some motion pictures and show them in theaters or put them on television, you can audit them. There is no problem there, is there?

Mr. STAATS. These would ordinarily be large costs that would be arranged by contract and, therefore, like television, would be susceptible of audit. These costs are determinable, both in the commercial market as well as in terms of the individual contract which is entered into by the parties.

There are other costs of this type, particularly those entered into by contract.

One of the items in the last election on the Republican side, were surveys and polls amounting to $165,000.

These are, in my observation, becoming increasingly important in the last two or three presidential campaigns. But again those are arranged ordinarily by contract with an outside organization, and, therefore, would be susceptible to reasonable control and audit.

The CHAIRMAN. Well, those polls are enormously important. Without polls indicating what people's attitudes and opinions are on matters, you might find that you are bearing down and just concentrating all out on some issue that the public does not care the least bit about and is not concerned with at all one way or the other. For example, you might take this very Presidential Election Campaign

Fund Act, and you may discover that the public does not understand it and cares even less. But, on the other hand, you might find that as the public becomes aware of it, they think it is a very important matter.

So it is important for someone to know when he is campaigning for office whether he is talking about what the public is interested in or whether he is talking about something that they just shrug off with indifference, and that has ofttimes made a great deal of difference in some of these campaigns, to my best knowledge.

What is your impression about that?

Mr. STAATS. I would assume that this must be the judgment of the two parties because both parties have increasingly used polls during the course of campaigns. I believe I am correct also in observing even in governorship contests polls plays an important part now as a way of guiding the course of the campaign itself. This guides the kind of programs to be conducted and the areas where it is most important for a particular candidate to be interested.

The CHAIRMAN. I was led to believe that in Governor Rockefeller's campaign in New York he was behind in the early stages but coming down the homestretch he had surveys and polls indicating what the people's opinions and attitudes were, and he knew very well what the public was thinking, what the attitudes were on issues. He had a large amount of money available for television and radio expenditures, and coming down the homestretch he did everything right, and he spent a lot of money doing it, with the result that he brought a tremendous swing to him and won by a substantial vote.

Now, if he had been talking about things the public was not interested in he would not have had that much effect, would he?

Mr. STAATS. I am sure this is right.

The CHAIRMAN. It would seem to me that he would not.

I think it is generally regarded as an open secret that Governor Rockefeller is very well informed by polls that have been taken in New York, of what people knew and what they did not know, of what they were interested in and what they were not interested in—a very important asset, I would say.

Now, this problem of how you administer this 50-percent penalty item could be very important.

You are not adverse to suggestions that someone might bring forth in this committee or elsewhere to find out how that problem could better be answered, are you?

Mr. STAATS. Not at all. This is not something that we have suggested or originated.

As you know, we saw this for the first time when the President's message was submitted, but if there is a better answer to this problem we would certainly be very agreeable to considering what the formulation might be with respect to it.

The CHAIRMAN. The thought occurs to me you are going to have to spell out some guidelines here anyway to show how you would allocate money spent on television in New York, how much of it you would allocate to New Jersey, how much you would allocate to Connecticut or how much you would allocate to the surrounding area.

I know if you had a broadcast over the television station at Texarkana, Ark., or Texarkana, Tex., as the case may be, you would have to allocate about two-thirds of the effect into the other two States. In

other words, that covers the Arkansas, Louisiana, Texas corner there, and that signal would have to be allocated as far as the present expenditures are concerned among all three of those States.

So if you are concentrating on any one of those States with regard to the 140-percent rule, then you would have to allocate that against Texas, Louisiana, and Arkansas, and you might decide to put one-third in each State, or maybe 40 percent in Texas, 40 percent in Arkansas, 20 percent in Louisiana, but you would have to do that kind of thing, wouldn't you?

Mr. STAATS. We would have to do this, of course, with the advice again of the Board which would be made up or representatives of both of the parties.

The CHAIRMAN. Would it not be possible to call these two major party candidates in and say, "We would like to have a breakdown of your proposed expenditures for television and radio," and even the newspapers, so you could take a look at what they are proposing to do. I would think both parties would work on a budget on how they expected to spend their money. You could then advise them in advance if you saw any problems with regard to the 140-percent rule.

Mr. STAATS. We feel that guidelines of this type should be developed and agreed upon by both parties in advance of the election, Mr. Chairman.

There might be individual cases that would come up for decision as they develop, but I think the success of this program will depend in part upon our ability to develop good guidelines and criteria in advance of the election, so the parties can make their plans and develop their budget properly.

The CHAIRMAN. It seems to me as far as the two major parties are concerned, it might be a better answer for you to simply provide that if these people spend more money than was authorized in, let us say, New York State or California, as the case may be, that you would look at their budget and advise them in advance that they were going to exceed the 140-percent allotment, and that unless they cut back in some of these items that they had projected you would have to cut their money off prior to election day.

If that were the case I would think they would find it advisable to trim back on expenditures so as to have something for the last few days of the campaign when they were going to need it.

Of course, that does not mean, as you and I well understand, that someone still could not cover that gap for them by coming in as a citizens' group, and with no direct connection at all with the national committee, spending some money to speak for their candidate.

Now, we get to that point. If these citizens' groups are going to be permitted to buy radio and television time and broadcast—and I feel we have the right to outlaw that. We have the right to tell a television station that they can't accept their broadcasts, or sell time to those groups. But if we were to permit them to buy time and use it, might it not be well to require a disclaimer, such as they make with political broadcasts, that not only is this not a political broadcast, but it is not authorized by the candidate or the national committee and the people doing this are doing it entirely on their own responsibility and their authorization.

I know it has plagued me, the skull and crossbones they show on TV before a politician makes a speech. Sometimes the whole screen

goes black and you have white lines, just like a skull and crossbones, and it says, "This is a paid political broadcast, and the opinions expressed here are those of the people who have purchased this time, and the man who makes a speech on this station. The station takes no responsibility whatever for what this man is going to say."

It almost sounds like saying that this is just going to be a pack of lies and "We are warning you in advance before you hear this".

I often wondered if they could not moderate that thing a little bit and be a little bit more kind about it, just so you come on and quietly put in the microphone that "This is a paid political broadcast," and paid for by so and so. You could require if you wanted to that these outside goups have to be presented by a disclaimer—in fact you could even put the skull and crossbones on them and say that not only is this a paid political broadcast, but this was not authorized by the candidate nor his committee, and these people bought this time to express their own private opinion without any authorization whatever. On that basis it seems to me that one could well understand that this was completely disassociated with the candidate's campaign.

I am not saying I would be for it. It might be ludicrous, but I think you might simply require a disclaimer or else forbid the time to be sold to them.

What is your reaction in general on that?

Mr. STAATS. I would think that something of this type, if we have legal authority to do it, would be a real possibility.

Now, whether this same principle could be extended to areas other than television or not, I think, presents a separate issue. I am thinking about newspaper advertising, for example.

The CHAIRMAN. You could, I believe, require them to say who paid for and who authorized it. Now, to require them to go beyond that might present a problem.

We do in Louisiana require that people identify an ad. If we are putting a political ad in a newspaper somebody has to put his name on that.

Mr. STAATS. May I ask Mr. Keller to respond also, Mr. Chairman, to this?

Mr. KELLER. The question I would have, Mr. Chairman, is whether the Comptroller General could prescribe and enforce this type of requirement.

Perhaps the FCC under their act, could require such announcements to be made.

The CHAIRMAN. We have the authority to require them by law—Congress does.

Mr. KELLER. That is right. But what I am thinking, is whether the Comptroller General, without a change in the law, could place this requirement on an independent committee, or individual.

The CHAIRMAN. In other words, if you think it is desirable, it seems to me it would be good.

Mr. KELLER. I think it is desirable. I am raising the question of authority to do it at this point.

The CHAIRMAN. The Attorney General could advise better about this, but I am well aware of the situation that occurred in Louisiana. Some people got carried away with their enthusiasm to try to defeat an incumbent Congressman, and they put out a scurrilous pamphlet which had a considerable amount of truth in it. [Laughter.]

If there had not been some truth to some of this, I do not think there would have been as much objection to it as there was.

Well, these fellows persuaded some old boy who was a plant worker to put his name on it, but he was not the man who wrote that pamphlet, he was not the one to have any knowledge of it at all.

So when the Justice Department started investigating it upon the request of the Congressman, this matter was the subject of criminal indictments, but these were decent fellows who did it. They just got carried away by their enthusiasm, and it took an awful lot of missionary work to finally get that criminal case dropped.

They were lucky they did not go to jail for it. But if you can do that with regard to somebody who put out a pamphlet, which certainly comes under the right of free speech and free press, I think there is quite a bit you can do to make people identify themselves and to state in what capacity they present this message to the public.

I know you have not studied that, Mr. Staats, but the Attorney General, I am sure, is very well aware of it in view of the case I had in mind.

Mr. STAATS. I could not comment on that legal aspect of this, but he certainly can better than we can.

The CHAIRMAN. Senator McCarthy has not had a chance.

Senator MCCARTHY. I have no questions.

The CHAIRMAN. Senator Anderson.

Senator ANDERSON. I still get back to the question of how are you going to trace this? A man comes in and decides to organize a small group of people. He puts money into the campaign but he does not watch these guidelines very carefully; in fact, he ignores them entirely. How would you proceed? You would have to charge him that he was improperly using money. He said, "Well, we only assisted four or five friends with $4,000 or $5,000, and that is all there is to it."

What do you do about it?

Mr. STAATS. We do not deny, Senator Anderson, that this is a difficult problem. I think probably the most difficult in the proposed legislation.

If both the national party and the individual or the organization that you refer to deny any relationship, this presents an even more difficult problem.

Senator ANDERSON. Supposing they did not deny them at all. They say, "Here are the figures. Do what you will with them.", You have to——

Mr. STAATS. If they do agree they are working together on this, then the limitation applies.

Senator ANDERSON. They are completely separated. These people have decided to raise some money but not at the direction of the national committee.

Mr. STAATS. This would depend on the evidence available in the individual case. I do not think I can answer your question in general terms. I think we would just have to look at it on an individual case-by-case basis, depending on what evidence there is—whether the local organization was operating as an instrument of or part of the national political party's campaign efforts.

If they were completely independent, if there was no clear evidence that they were working part and parcel under the national campaign, then obviously they are free to do whatever they wish.

Senator ANDERSON. In a campaign many years ago a group of people got together and organized a United Democratic Party, as they called it, which was strictly for the benefit of the Republicans, but it was a good title. Certainly they did not work with the National Committee of the Democratic Party; they were not working with the National Committee of the Republican Party. They just wanted to assert certain rights that were prevalent at that time.

How could you, if they said, "We did not contribute," how could you start to prove it, by their checks?

Mr. STAATS. Just to complicate your question a bit further, Senator Anderson, in some cases the citizens' organizations are made up of representatives of both parties who have agreed to support a particular candidate for President. This was certainly true of the Citizens Committee for Eisenhower. In many instances those were made up of people who were prominent Democrats and prominent Republicans in that particular State.

All I can say in answer to your question is that we would have to examine the relationship on a case-by-case basis, and we would have to develop guidelines that would be agreed upon by both of the parties to this advisory board. That is about as far as I can go in answering your question.

Senator ANDERSON. How can you do it when they simply said "We did not join the National Democratic Committee. We operated separately and individually, and we spent this much money." How do you start? I do not see how you can do anything at all but just forget it. I think that if you do not control it completely you cannot control any part of it.

I ran a long time ago for public office at the beginning and found two political organizations in my State against me in a campaign because I advocated a direct primary, and they did not like it. The law said that you can have unlimited printing and unlimited postage, but I did not even know that, I just took a direct mail campaign and turned it loose. There was no check on it. The law said I could only spend $1,000 for certain purposes, but did not say anything at all about certain other things. Aren't you, in effect, saying that we are going to watch radio and television and things of that nature, but if all the private groups who want to join together can join together and raise all the money they want, that we cannot supervise it?

Mr. STAATS. If they are not connected, Senator Anderson, they are not brought under the provisions of the proposed legislation.

Senator ANDERSON. You have seen many organizations that are not connected. We had a sample in the last election of some people who supported themselves but did not support the national ticket, and you cannot ask them any questions. How could you go about proof? They say, "We don't have any tie with the national committee." Are you going to establish such tie? You would not have proof of any description.

Mr. STAATS. We would have access to the files of the national committees. We would act on complaints, we would be in a position to examine any evidences that exist with respect to this relationship.

But I would be the first to say, Senator Anderson, that this is a difficult job. The expectation here is that both parties will cooperate in trying to comply with the spirit of the law. We would develop some guidelines as to how this relationship could be determined, and

not just rely upon the faith and cooperation of the national parties to make every effort to carry out the law in the spirit in which Congress enacts it.

Senator ANDERSON. I am absolutely sure you would try your very best to do it. I know your record speaks for itself. You do accomplish things. But if you cannot make any proof I do not see how in the world you can control it.

Here are a group of people who say, "We are the Maryland Society for Something Else," and they put $1,000 apiece in the pot. Are you going to try to go back and try to establish what the $1,000 is for, so they can spend it for an election? How can you exercise any control?

I have long since checked the campaign expenditures in my home State. I did it in 1966. The national committee did not have a thing out there because it did not send any money out there. How do you start in when you do not have any money sent by the national committee? These people raised their own. Isn't that independent?

Mr. STAATS. Of course, there is nothing to prevent an individual, if he has the means to do so, from buying broadcast time.

Senator ANDERSON. It seems to me a man in Pennsylvania spent a few dollars a few months ago, nearly $1 million, maybe, somebody said. How do you control him if he was independent and he put $1 million of his own money into his own campaign? What could you do about it? Nothing.

Mr. STAATS. I think the only answer that can be made on that is that the intent of the legislation sudmitted by the President, as we interpret it, is to exclude from consideration the kinds of expenditures to which you refer.

Senator ANDERSON. If you exclude that, what have you excluded? Here was a man who contributed large sums of money. I saw some of his printing jobs. They were skillfully done, as fine a direct-mail advertising as you could imagine. It must have cost an awful lot of money. I think he said it was $1 million which he could afford.

You could not control him at all because he is not joined with the national organization. He did not join with the Democratic Senator in Pennsylvania. He went out by himself. Aren't you going to have to say that you cannot control that at any stage of the game under the law that is recommended here?

Mr. STAATS. We could not assure you of a perfect administration of the law in the sense of being able to make all these determinations without some controversy. I can assure you of that, because whichever way we rule I am sure there might be some unhappiness.

Senator ANDERSON. You could not even start to rule because the first thing a man walks in and says, "Yes, I paid my own bills and here is my checkbook. There is not any association whatever with the National Democratic Committee or the State of Pennsylvania. Here is my own money. Here is my checkbook."

You cannot charge him with a violation.

Mr. STAATS. I have to repeat, we will have to make the best judgment we can on the basis of any evidence that is available as to whether or not he was telling us the truth.

Absent such evidence, I think there is no question about it that he is operating on his own.

Senator ANDERSON. You would have to make the first determination, and the first would be this man says, "Here is my checkbook.

Not a penny came in from the national committee, not a penny came from friends or anybody else. I paid my own bills."

Can you say anything about him?

Mr. STAATS. But he would not be the party who would be injured by any investigation we would make. It would be the national political party whose total budget for these qualified costs would be affected.

We would not be—I do not think he would have any cause for complaint. It would be the national party that would have cause for complaint if we do make——

Senator ANDERSON. They would have cause for complaint? They would not. They would say, "Thank God this guy in Pennsylvania had plenty of money. We didn't have to send any in at all."

Mr. STAATS. But if we determined he had a party connection and had spent this sum for broadcast time, then there is that much less money available to the party.

Senator ANDERSON. Broadcast time, you can provide as much as you wanted. He could have bought as much as he wanted, and he did.

Mr. STAATS. But the amount of money available for qualified expenses for the national party is limited.

Senator ANDERSON. You do not have to worry about the national qualifications at all. This man spent his own money, and your bill does not have one word that says he cannot spend his own money. Show me a rule, show me a line in the book which says he cannot spend his own money.

Mr. STAATS. He can spend his own money.

Senator ANDERSON. You bet, and you cannot challenge him. You would not have any basis at all.

Mr. STAATS. The test is whether he is independent or whether he is acting as part of the national committee's effort.

Senator ANDERSON. And you and I know what the situation was in Pennsylvania, or I believe you do. I do. He was not participating with a national group. He paid his own money in that primary, over $1 million. How can you control that at all? You cannot do a thing about it, can you?

Mr. STAATS. I think the answer is that we could not if he is not part of the national political party.

Senator ANDERSON. I think that is where the trouble is going to lie, because everyone who wants to put a separate venture out, would simply say, "This is no part of the national committee," and it won't be, and you will just have to walk away. You cannot charge him with anything that is improper. It is his own cash, and he accounted for it, and he spent it, and any private citizen who wants to, who has the money, can do it.

Mr. STAATS. There is no question that difficult problems of this kind are inherent in any measure of this type.

I think the decision of the committee and the Congress which has to be made in recognizing those imperfections is whether or not the overall effort here is salutary from the standpoint of meeting a very difficult problem of financing presidential campaigns.

Senator ANDERSON. I am only trying to suggest that unless you have complete control of it, totally, you won't be able to control much of it piecemeal, and people seem to enjoy making contributions to their friends and candidates of that nature, and they are going to keep putting up for a long time to come unless there is a control.

Senator Williams made some very good suggestions about complete control. I think probably something will have to be done. The only thing that can be done is complete control.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Staats, in asking these questions I want to emphasize one point that I think is true of most of the committee—that is, I am not questioning for 1 minute your integrity or your good intentions to administer, to the best of your ability, any law that is passed by this Congress.

But what I do question is the ability of any man, any human being, to administer a law that is so shot full of potential loopholes as this bill which is now before us. That is the reason we are asking these questions.

For example, as I understand it, this act would not begin to be applicable until after the nomination, and it would be applicable for the period between the convention, when the candidates are nominated, and the election; is that correct?

Mr. STAATS. That is correct.

Senator WILLIAMS. There would be nothing that would prohibit a political party which knows in advance their candidate, which would normally be the incumbent party, but it may be outside, but anyway once they have established in their minds that they are going to nominate Mr. X., they could raise by private contribution the same as under the law, and purchase or utilize any amount of television time, radio time, billboards, and so forth, to further the campaign of that candidate prior to the date of the convention, could they not, and it would not be affected, and it would not all be counted, is that true?

Mr. STAATS. The categories of qualified expenses, here, you are correct, begins after the nomination.

The question that you are raising, however, it seems to me, is a slightly different one. They could raise funds any time during the 4-year period. But the expenditures after the nomination would be limited to the amount for these qualified expenses, would be limited to the amount appropriated by the Congress. I think this is a somewhat different point.

Now, it is quite clear that there is no limit on the amount of money that can be raised and spent for these other purposes, and I think that both parties would undoubtedly utilize to whatever extent they could their fundraising capability for these other purposes.

Senator WILLIAMS. Yes.

Mr. STAATS. I might add, however, that we found, in discussions with the four members of the Advisory Board that have been appointed that their concern was somewhat on the opposite side; namely, that the availability of the Federal money after the nomination might have a dampening effect on the willingness of people to contribute. Now, this is a speculative matter. I do not know how anybody could be certain of it, but there is this element in the picture undoubtedly, as to whether or not the Federal money would be additive or on top of all the money which has been raised in the past from private sources.

Senator WILLIAMS. Well, speaking from the standpoint of administrative, and we will confine it to television because that is the biggest item, it would only be available to pay for the television time to further the candidacy of the President or by the candidate for the Presidency, that is correct, is it not? If I, as a Member of the Senate

am running at the same time, it would not—none of that money could be used to further my candidacy. That would be the law, is that not true?

Mr. STAATS. That is right.

Senator WILLIAMS. Now, assuming that this is enacted, our candidate for President comes in our State, the national committee under the Federal funds purchases the time. It is always customary that the candidate, the man who is running, introduces the presidential candidate. He is in the front, and that is what he is after, to get all the coverage. Would you allocate that time and charge part of it to the candidacy of the Member of Congress or would you let the Member of Congress get that exposure of introducing the presidential candidate as he toured the State?

Mr. STAATS. This is a matter that we have considered, but we do not have at this point any firm conclusion.

Again we would want the advice of the Board before we would reach this conclusion. But our tentative thinking on the subject is that the President is not going into an area in his own behalf alone and disassociate himself from all the people who are on the same ticket. I do not believe it is reasonable to assume that this would happen.

But ordinarily if the President were making this a part of his campaign, I think that the weight would be on the side of including it within the qualified expense category, therefore, financed out of the funds available.

Perhaps the Congress would want to indicate its view on this point. But this is our tentative thinking as to the kind of guideline that we would want to at least consider with our Advisory Board.

Senator WILLIAMS. If the President happened to be peeved at Mr. X in the State, he had not quite supported his program, and so forth, he could ignore him, and this would be a method whereby he could cut that man back from his participation into this fund, would it not?

Mr. STAATS. I do not know how you could avoid that.

Senator WILLIAMS. I do not either. I just make the point that this is one of the points that we have to consider.

Now, another question that is in my mind, much of this television time for presidential candidates is purchased on a national hookup basis, negotiated in the central office.

How could you allocate how much of that is used on a national hookup in the espective States?

Mr. STAATS. In terms of the 140-percent rule?

Senator WILLIAMS. Yes.

For example, if there was a national hookup how much would you assess to each of the respective States, and how would you arrive at that formula?

Mr. STAATS. I would like to reserve final judgment. I suppose you could argue that if it was a truly national hookup, then the 140-percent rule might not apply.

Senator WILLIAMS. Are not most of the Presidential broadcasts on a truly national hookup? Is that not the big cost in the item, and if they are not applicable to it, would that not be another wide open loophole to exceed beyond the 140 percent even?

Mr. STAATS. Offhand, Senator Williams, I do not see it as a loophole, because if I understand the 140-percent rule proposal, it was designed to prevent overemphasis in a particular State. If it is a truly national hookup, perhaps the problem is taken care of.

Senator WILLIAMS. Now, just using it from a geographic basis, suppose both candidates decided they had to concentrate in the State of New York. They could put the 140 percent rule applicable for New York, New Jersey, Pennsylvania, and Connecticut, and maybe Massachusetts and surrounding States which would cover New York primarily, and could spend 30 percent of their money legally, properly under this 140 percent rule in that one concentrated area around New York, and then if they could go on top of that with a national hookup not covered, they could almost utilize one-half of their money, concentrate it in one area, could they not do that, by having a larger percentage of the money on national hookups, and national hookups are the major costs?

I raise this as one of the points that should be answered before we move, and it is a point, I think you will agree, that is hard to answer.

Mr. STAATS. This situation is difficult, but I think it could be worked out.

Senator WILLIAMS. Now, another question: when we go to billboards, it is customary in many instances to put these billboards in the State, and with the slogan of the party, whatever it may be, printed, and "Vote Republican," and "Vote Democratic."

Now, I, as a candidate on a ticket in that State, benefit from this advertising to vote for my political party, but yet how could you determine whether I am benefiting, to what extent or to what extent anyone else is benefiting?

Mr. STAATS. We have considered this point also, and feel that guidelines would have to be established. Again these would have to be guidelines, if they are to work effectively, agreed upon by both parties.

There would have to be a somewhat arbitrary procedure established, but we do not question we would have an allocation problem involved in the case which you site.

Senator WILLIAMS. I am advised by the staff that under the bill network TV is a part of the 140 percent and would have to be counted in that 140 percent, and it would be outside of and on top of it.

So now I go back to my question, how would you allocate that in connection with your 140 percent?

Mr. STAATS. Well, you could, of course, possibly do it on a straight population basis, just apportion it on the basis of the areas covered by the broadcast on a State-by-State population ratio.

Senator WILLIAMS. Does it not——

Mr. STAATS. But I would want to consider this further.

Senator WILLIAMS. I am raising these because there is a question in the minds of many of us as to whether or not it is even possible to have such a proposal as this and stop halfway. Either you go the whole way with all public financing, all complete control over elections, or else you go private. I am not sure where you can stop unless you build in a lot of these potential loopholes, such as the independent committees.

I do not see how any man in your capacity could determine, for example, this committee may direct its campaign, it may be a heavily financed campaign, television and other types, against a certain candidate.

The other party may say, "I have nothing to do with it," and maybe he does not have anything to do with it, but yet this campaign against John Doe is helping John Smith, maybe it is helping him

tremendously, and he admits it is helping him. You know it is helping him, but he is not associated.

Could you arbitrarily assess the value of a political—of an extra committee's help to a candidate and charge it against that candidate when he has nothing to do with it?

Mr. STAATS. I would like to emphasize what we have said in our statement. If this legislation were enacted, we would have to regard this as somewhat experimental in the sense that we would have to learn how to deal with many of these problems.

We recognize fully the complexity of the problems that both you and Senator Anderson have pointed out here this morning.

If this law is enacted, we will certainly enter into it with a spirit of trying to make it work on a reasonable basis. But that does not mean that we are going to be able to do it without some criticism and brickbats, but I guess we are used to that in our organization.

Mr. CHAIRMAN. It seems to me, Mr. Staats, as though most of the questions directed to you this morning, and I include my own in that, have missed the point completely. They have missed the point of what we are trying to do, what we are trying to accomplish, what our purpose is with this legislation.

As I understand it, our point is that we would like to make it so that neither the candidate of the Democratic Party nor the candidate of the Republican Party would feel under any pressure whatever to make any commitment that did not 100 percent square with his own conscience. He should be permitted to make his campaign and have enough money to take his case to the people of this country and communicate his position to them without being beholden to anyone, the moneylenders or money borrowers, be it TWA or Pan American, in competition for an international air route, be it the drug industry that is seeking a higher price on drugs, or be it someone seeking to make them at a cheaper price. He ought to be in a position to take the stand he wants to take on matters vitally affecting all the people without regard to the financial consequences, and he ought to be able to communicate to the people what he believes and what he stands for without the pressure of these financial considerations bearing heavily upon him.

Now, if a candidate has the money available to communicate to the public, additional campaign costs are relatively easy to bear and if he cannot find that money he still has a chance to win when he communicates his position to the people, doesn't he?

In other words, suppose a man has difficulty in raising money. He cannot find money to hire pollworkers, he cannot find money to have a registration drive, but he just is so right on the issue that the people think he is right about it. He has had a chance to win even if we did not provide anything more than the cost of communicating to the public, isn't that about the size of it?

Mr. STAATS. I think that this is correct.

Mr. Barr mentioned yesterday that the items covered in the President's proposal would be roughly two-thirds of the costs, using the Republican experience of 1964.

The CHAIRMAN. Yes. I have seen how money is spent in these campaigns. A great deal of it is spent on the election day expenses of pollworkers to hand out sample ballots and things of that sort.

I am happy to say that in Louisiana we outlawed that. That used to be one of the main expenses, paying people to hand out ballots and solicit votes for you. That is outlawed in Louisiana. Our legislature passed a law saying that you cannot solicit anybody to vote for one person or the other within the vicinity of election booths.

I think it is a good thing, don't you, that both sides are forbidden to do it, so you do not need money to hire pollworkers to badger folks around the polls on how to vote.

Mr. STAATS. At least we do not feel that Federal money should be spent for that purpose. I agree with that point.

The CHAIRMAN. It would not be bad to outlaw it entirely, would it not? We did it in Louisiana. Do you see any particular reason why we should not outlaw it? This thing of hiring people to stand around the polls, to badger someone by passing out sample ballots, and asking them to vote for the fellow who hired them.

Mr. STAATS. I do not know what the legal situation is on it. I would say, Mr. Chairman, if this law is enacted and meets the test of accountability, as we outlined it, we think the two-thirds figure Mr. Barr stated yesterday could be increased considerably up to maybe 80, 85 percent of the money.

The CHAIRMAN. Let me tell you about that 80 or 85 percent, Mr. Staats, just to be entirely fair about that. You are relying upon a statement that the Republican committee was happy to account for, that is, $14 million that they spent. If you really tracked it all down you would find they spent more than twice that much money, and the Democrats spent more than $14 million themselves, and if you track it all through, you will find that the committees are very willing to report and account for the money they take in, and what they spend on these items which you are willing to account for. They are not anxious to report or account for the money they spend on pollworkers, for example, and on transportation of voters to the polls, and you do not see it in that statement there either.

But when somebody undertakes to find where all this money came from and where it went to as Senator Gore does, he finds that 40 percent of it falls in the category described as "other," which means pollworkers, transportation of voters and goodness knows what. Nobody accounts for that.

You call it miscellaneous, but nobody knows what that 40 percent goes for, and that 40 percent is not in that statement that you have in the Republican committee, and you have even less information from the Democratic committee: isn't that correct, about the Democrats?

Mr. STAATS. That is correct.

The CHAIRMAN. You will notice the statement of our committee is less detailed than that of the Republican committee. So you just do not know whether it is 85 percent or not, but you do know this, that you are willing to take the responsibility of seeing that every nickel that is provided for the transportation of the candidate and his expenses of communicating to the public as well as even some additional expenses, such as taking some legitimate polls and surveys to see what the people are thinking, and this other item of making motion pictures, you are willing to say that you can trace it, and you would be willing to see that every nickel of that is accounted for.

Mr. STAATS. I do not think every nickel, but certainly on a reasonable basis, Mr. Chairman, we feel that we can. We are prepared to make the effort as outlined in my statement.

We do not minimize the complexities here, and the central point that I think you are making, and I am making also, is that we ought not to devise an arrangement here where we are including as qualified expenses items that we cannot give a reasonable assurance as to audit and accountability, and this has been a most important point with me.

I think the worst thing you could do would be to try to include in qualified expenses categories those things for which we cannot give reasonable assurance as to audit and accountability.

The CHAIRMAN. There have been some suggestions that this bill does not answer all problems. Do you know any loophole that this bill creates?

Mr. STAATS. I do not know that the questions raised can be classed as a loophole. I do recognize the point that I believe both Senator Williams and Senator Anderson have made, that this bill does not bring under control the expenditures made by individuals or citizens, by business organizations and by committees which are truly independent.

The CHAIRMAN. Well, now, does not the companion bill do that?

Mr. STAATS. It provides disclosure.

The CHAIRMAN. All right. So that the companion bill and, perhaps, even this one, requires that these committees over which we have no control, nevertheless, must disclose and report where their money is coming from and what they are doing with it. Isn't that necessary?

Mr. STAATS. I have not studied that bill carefully, but it is my understanding that any expenditure or any receipt in excess of $100 would be required to be revealed.

The CHAIRMAN. That is a good move toward requiring better accounting and better knowledge of what is going on, is it not?

That is S. 1880. That is in the Rules Committee. It would require these independent committees to report where money came from and how they spent it, would it not?

Mr. STAATS. That is my understanding.

The CHAIRMAN. I am not opposed to going beyond what we have here. It is all right with me if you can find answers to these things.

I am opposed to doing nothing.

Here is one that was raised about this matter—what would you do if a presidential candidate wanted to go to Louisiana, and be introduced by the Senator there? I am not sure whether that would do me more harm than him, but in any event, suppose he came there and he wanted the Senator to introduce him?

Now, the Senator gets up and introduces him. As far as this Senator is concerned, you could answer it either way; I do not care. All I say is that I would suggest that you consult that bipartisan board, and however you decide to answer the question you give us the same opportunity you give the other fellow. In other words, it is sort of like I said when we were debating this matter on the Senate floor, I was willing to pair anybody's absentee if they would pair mine. I never got a taker on that. But that is one reason it took so long to debate this thing.

I was not willing to lose on absentees, and my opposition would be willing to come to a vote at a time when they knew where my absentees were and I did not know where theirs were, and so I decided that we ought to debate this thing a while longer and try again.

But I said at that time I was willing to fight by the Queensbury rules that the other fellow was, but if he was going to fight by the London prize ring rules, then I wanted the benefit of those same rules.

I would say with regard to that one, work it out however you want to work it out. While we debated this bill, both last year and this year, I had an amendment to say that a presidential candidate could not do anything that would directly or indirectly help a candidate who was running on the same party more than it would help him. The presidential candidate could not even have him on the same platform without raising questions which could cause him to be disqualified from claiming the benefit of this bill.

Well, as far as I am concerned, do it either way, I do not really care. But if you decide to let the Senator on the platform of a candidate for President, make it mutual for both sides, and then both sides have that opportunity.

Wouldn't that appear to be a fair way to do it, either let him go on the platform or don't let him go on the platform, but in either event make it mutual so it applies to both. Doesn't that seem fair to you?

Mr. STAATS. The point I would like to make is that it is important to have the ground rules established and agreed upon by both parties in advance of the election, and then you do not have controversy about it.

The CHAIRMAN. It seems to me one thing that would be a very worthwhile addition to this bill would be to require television and radio stations to allocate time to the major party candidates on an equal-time basis if the people can pay for it. Third-party candidates who want to buy some time to explain their side should be allowed to, but the stations should not be required to accept requests for unauthorized broadcasts.

In other words, I might organize the Lawyers Committee for Joe Blow, and I want to get my crowd on TV to make speeches to explain why the lawyers who are associated with me are for Joe Blow for President. I do not see any reason whatever why we should require that station to allocate time to me. Even George Wallace, if he should run, should be allowed to say where he stood on these issues, particularly if he stood a chance to carry that State in which he was running.

Does it make sense to you that radio and television stations should not be required to provide time for some unauthorized broadcasts?

Mr. STAATS. I really have not studied the matter enough to give you, I believe, a very useful opinion on this particular point. I know this point was raised yesterday, but I would hesitate to express a view right now.

The CHAIRMAN. Senator Anderson.

Senator ANDERSON. Mr. Staats, is there any possibility that because of this act you are skipping the primaries in the Deep South?

Mr. STAATS. Skipping the primaries?

Senator ANDERSON. You are not controlling them at all.

Mr. STAATS. They are not included in the bill.

Senator ANDERSON. That is what I said. Is there a special fondness for that?

Mr. STAATS. Do I have a special fondness for that?

Senator ANDERSON. No, no; the administration that sent that up here, was that a part of its consideration?

Mr. STAATS. I really do not know. I really do not know.

Senator ANDERSON. Do you believe that any group which can identify itself separately from the national committee can raise unlimited funds and not be responsible for the breaking of the law?

Mr. STAATS. It certainly would have that right. I think the answer to your question has to be that to the extent that this resulted in an increase in expenditures through channels other than the national party, it would be contrary to the spirit and intent of the administration's proposals.

I would go further to say that it could have this effect. I believe that is suggested in your question.

Senator ANDERSON. It might be suggested, but you do not have any language in the bill, do you?

Mr. STAATS. No, sir.

Senator ANDERSON. That would be the real test, would it not? There are not any teeth in the bill.

Mr. STAATS. As to extending this to other organizations?

Senator ANDERSON. Yes.

There was a meeting some years ago in Amarillo, Tex., in which a great number of planes were flown in there from independent oil companies. They were not too enthusiastic about one of the candidates, but they flew several hundred private planes into Amarillo. They are not controlled. They were independent people. They were not responsible to any political party as such.

Is that barred or permitted in the future?

Mr. STAATS. If they are truly independent they would not be barred from incurring that kind of expense.

Senator Anderson, I believe you just keep running right into this constitutional problem that Mr. Barr referred to yesterday in his testimony on the first amendment.

It is possible to control the expenditures of the national parties, there is no question about that. To try to control what people say and how they say it, as individuals or as groups, disassociated from those parties, presents a very real constitutional issue.

Mr. STAATS. The Attorney General would obviously have to speak finally to this point. As we understand it, that would be a clear violation of the first amendment.

Senator ANDERSON. I do not know why it would be a violation of the first amendment in allowing people to speak freely.

Mr. STAATS. No, I meant if you were to make an effort to bring those under control as provided for in this bill with respect to the national parties.

Senator ANDERSON. I thought you might testify that if you do not control them and did not make any effort to control them, because of the constitutional question that might be involved——

Mr. STAATS. If we made the effort to control it I think that would be involved.

Senator ANDERSON. Yes.

That is all.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Pursuing the question of Senator Anderson, assume for the moment there is a States Rights Party started in 1968, they have no benefits under this bill.

But assume for the moment there are $8 million allowed for each party—and we will just use that as a figure—what is there under this bill that would prevent States Rights Party or an Anti-Vietnam Party, from going out and raising $25 million or $30 million or $50 million, and using it for television and in any manner that they wished to use it during the campaign?

Mr. STAATS. None whatsoever.

Senator WILLIAMS. Nothing whatsoever.

If in using that money they directed the bulk of their criticism against the administration in power, and the manner in which they had conducted the Vietnam war, the Great Society, and so forth, as the basis for why they established it, could you charge that to the other party because it was damaging tremendously the candidate of the administration in power?

Mr. STAATS. I do not think so.

Senator WILLIAMS. The question was suggested that what we are trying to do is to provide a better method than that which we have. On that point, we are in complete agreement.

The difference of opinion arises as to whether we finance it with direct Government appropriations or whether we use the approach suggested by both Presidents Kennedy and Johnson on prior occasions where we use a special deduction for contributions, we will say, up to $100—I think President Kennedy suggested at one time a combination of a tax credit for the first $25 or a percentage of the first $25 as a tax credit, and the other $75 would be a deduction—but that would leave it all privately financed.

Of the two proposals, which do you think would be the easiest to administer and the least subject to the loopholes which we are pointing out?

Mr. STAATS. I would like to answer, respond to, your question, Senator Williams, in this way: I am familiar with President Kennedy's proposals. I, in fact, participated in those proposals.

Senator WILLIAMS. I think you endorsed them at the time, did you not?

Mr. STAATS. There is no one way in which you can accomplish all of the objectives which would be regarded as desirable in this effort.

Senator WILLIAMS. But was I correct that you did at one time endorse the proposals of President Kennedy with the tax credit?

Mr. STAATS. I was a part of the administration, and that is true.

Senator WILLIAMS. That is what I thought.

Mr. STAATS. What I wanted to emphasize is there is no one approach to this problem which will solve all of the difficulties.

The difficulties involved with the approach in the approach in the administration's bill have been discussed today and yesterday. It does have the great virtue of limiting the total expenditures by the national parties for these major costs in presidential campaigns which have been spiralling. They have been going up very rapidly, we all recognize that. It does have that virtue. However, it does have areas of difficulty of administration which we have been discussing here today.

One other virtue of the administration approach is that it divides the Federal money equally between the two major parties so that one party does not have the advantage as against the other.

I see those as two major virtues.

The virtue that the other approach has is it does allow each individual freedom of choice. It also has the virtue of encouraging people to contribute to parties, to broaden the base of political support for parties by encouraging individuals to participate because of the incentive of the tax credit or the tax deduction.

But it does not control the overall amount for these major election costs. There is no way that you can do that under that approach.

Senator WILLIAMS. But we could limit that even under that approach by various methods. We could conceivably spell out a limitation as to how much television time could be used. We could put ceilings on expenditures. And another constructive way to limit these expenditures, both under this bill or under the other proposals, would be to bring our presidential campaigns into the 20th century, and recognize that we do have radio and television as our principal mediums of expression, and communication with the people. We could shorten our campaigns to 5 or 6 weeks rather than have it drawn out for 10 to 12 weeks, during the old horse and buggy days when it was mandatory that the presidential candidate make a whistle stop tour throughout the State.

Would you comment on the proposal to get both parties to move their conventions to early September and their State conventions to follow, and thereby automatically limit our campaigns and limit the amount, the period during which any assistance would be available, such as this or for television, and so forth?

Mr. STAATS. I would like to break your question into two parts, if I may.

With respect to the shortening of the period of time, I can only speak as one individual on this, as an observer. My impression is that both parties would welcome a shortening of the period of time.

Senator WILLIAMS. I think they would.

Mr. STAATS. Not only because of the expense but because I think there comes a time when public interest is lost because of the constant repetition on radio and TV and other media of exactly the same points by the same individual.

But neither party is going to do this on its own, for obvious reasons. I am, therefore, agreeing with your point with respect to the time interval for presidential campaigns.

The situation is far different from what it was before the advent of modern means of mass communication and travel.

With respect to the limit that you suggest, the second part of your question, I am not quite clear how you would describe these limits on the use of television without running into the same difficulties that we have been discussing here this morning; namely, the right of free speech.

Senator WILLIAMS. Well, if we shorten these campaigns we would have automatically limited it under either of the proposals. I recognize that——

Mr. STAATS. Yes.

Senator WILLIAMS (continuing). Perhaps by law we cannot say that X party can only take so much television time. I did not mean it quite that way. Maybe it looked that way.

Mr. STAATS. Well, you can limit the amount of money for these qualified costs. They would still have freedom under the administration's proposal, still have freedom within that total as to how much

they wanted to use for TV and how much for these other qualified purposes.

Senator WILLIAMS. That is correct.

Mr. STAATS. And you, therefore, are not necessarily, are not precisely, controlling the amount of TV time that they will buy within the available fund.

Senator WILLIAMS. Now, one other point: The bill before us has a companion bill before the Rules Committee which does require—this companion bill which is a part of the administration's recommendation—revisions of the Corrupt Practices Act to require full and complete disclosure of all funds raised or spent by any committee, either in one State or the other.

As I understand it, you would agree that such revisions of the Corrupt Practices Act almost must be a part of any bill that is reported out embracing an improved method of financing campaigns. Otherwise I do not see how you could even begin to administer the law if you did not have full and complete disclosure automatically required by law; is that not true?

Mr. STAATS. I think this is a matter of opinion. I have not, frankly, studied the other bill very carefully.

Senator WILLIAMS. We will just speak of the principle of full and complete disclosure without speaking of either bill because the administration's bill, that is before the Rules Committee, as I understand it, does require full and complete disclosure by all committees, even those operating in one State, and it would also extend the disclosure provisions and the Corrupt Practices Act provisions to primaries as well as general elections.

I do know that such a provision is set forth in the bill that I introduced. But my question is: Should not any committee of Congress, which is dealing in this area, have as its No. 1 objective a requirement for complete overhaul and revision of the Corrupt Practices Act, plugging those existing loopholes which we all recognize as to reporting? That would be the No. 1 feature. Then we will proceed from there on in.

Mr. STAATS. I would not know how to assess the priorities here, Senator Williams. But I would agree that they are related, and I certainly would agree that to the extent that you can get better disclosure, then we are all going to be better off in terms of this legislation as well as the total picture.

I would not quite know how to set the priorities.

Senator WILLIAMS. I will phrase it this way: If the Congress enacted only that phase of the administration's proposal which is now before the Finance Committee here, which would provide for direct appropriations to supplement the cost of the campaigns, and assuming we had no other reform measures, full disclosure, and so forth, would we not just be pouring more money down the same rathole, and leaving wide open all of the abuses that are prevalent in the existing system?

Do you think that pouring a few million dollars more into a campaign would clean it up? You have to go beyond that. We have to have a revision of the loophole and correction of the loopholes in the law; do we not?

Mr. STAATS. I do not really see enactment of this bill as creating any more problems with respect to the full disclosure and the improvements in the——

Senator WILLIAMS. Do you think it would correct any of the abuses of the election laws?

Mr. STAATS. It is not really designed for that purpose, except that it would provide you with a lot more infomation than we now have, there is no question about that.

Senator WILLIAMS. The bill appropriating the money would not give you a lot more information. The disclosure is over in this so-called companion bill, and the point I am making is that they must be a package.

Mr. STAATS. It would provide additional information in that we would be required under the law to submit a complete report on all of the expenses.

Senator WILLIAMS. On what you spent with Government money, but all the other money would be just in the same category.

Mr. STAATS. That is correct. There is no question about that.

Senator WILLIAMS. I see my time is up.

The CHAIRMAN. Yes.

Mr. Staats, I am one of those who happen to believe that the kind of men who run for President of the United States and, for that matter, the kind of men who run for Governor of a State or even a U.S. Senator—by and large, and the higher up you go, the higher quality of men you get—are the kind of people who want to do the right thing. That is what they are going to do if they can.

Now, I have supported men for Governor—I am much more familiar with the Governor's race than the President's race, because I have supported men for Governor in my State and have been one of their major fundraisers.

I have seen men start out running for Governor with the firm intention of promising nothing. Coming down the stretch, I have seen them making commitments that it made me sick to see. They did it because they could not pay for radio and television. Their sign boards were taken down, and the only way they could cross that finish line and make a respectable showing was to make promises they did not want to make, such as promising the highway contractors who the contract would be given to; promising the insurance companies as to who the insurance commissioner would be.

They should not have to make that kind of commitment, and my opinion is that they would not make them except that they were pressed for money, and could not carry on their campaign otherwise. They could not pay for television, could not pay for radio, could not pay for their sound trucks, could not pay to keep those sign boards up there. But rather than lose the race they would go ahead and promise things they would have preferred not to commit themselves to.

Does not this bill strike at that kind of problem by providing adequate funds for candidates for President? For example, nobody gets any money because he is against monopolies. He does gain campaign contributions if he does look as though he could be soft on monopoly, and if he has a record of being soft on monopoly issues. Does not legislation strike at that issue if a man wants to fight against a monopoly problem, fight against monopolies and fight to break monopolies—does not that help him to make that issue if he wants to do it?

That is not saying that the other man needs to do that, but if he wants to do that in his conscience doesn't it make it possible for him to have the money to make his case to the American public?

Mr. STAATS. To the extent that he would be using the media provided for under the qualified expense category in this legislation. It puts him on the same basis as the other candidate for President. It puts them both on the same footing with respect to that particular type of media, and I think it certainly has some, at least, of the effect that you are referring to.

It avoids the competition between the two parties on the use of these particular media. It does not, of course, avoid the occurrence of competition for the other types of costs which are not included, that is, I think, inherent in the approach that is on the bill.

The CHAIRMAN. Now, isn't your impression such that the kind of man who has a prospect of being elected President, in the main, is not going to do anything that he does not think is proper unless the circumstances force him to it? I would say that for both party candidates, both the Democratic and the Republican Party candidates.

But if I might just give an example, we have this case before us right now involving a Senator from Connecticut, Mr. Dodd. One of the most discussed items was this matter of his accepting some money from the International Latex Corp., and then recommending some fellow for Ambassador, not that the man got appointed Ambassador, but he suggested someone.

Now, my impression is that historically that is how Ambassadors did get appointed. They made a large contribution to a presidential campaign and they were named. It has been done by both parties down through the years.

What is the cost of this proposal as related to the expense of Government? How much do you estimate the Government will spend this year, what is your rough estimate? Don't get down to nickels, just give it to me to the nearest billion that comes off the top of your head.

Mr. STAATS. Well, I think the total administrative budget outlined by the President totals $144 billion.

The CHAIRMAN. About how much?

Mr. STAATS. $144 billion.

The CHAIRMAN. We will probably add to that a small amount, don't you anticipate, before Congress gets through with it? I can see the trepidation with which you look at that public works appropriation, for example.

All right, now, just for a rounded figure, the cost of this would be about one one-hundredth of 1 percent of the cost of Government, about $15 million a year, one one-hundredth of 1 percent. Of every $100 that the Government raises it would cost a penny, let us put it that way.

In my judgment, you would make that one one-hundredth of 1 percent a thousand times over, even if you are only talking about a better choice of ambassadors. But we are talking about the monopoly problem, and about making people bid for a Government contract instead of getting it without competing for it—there are just a thousand and one other things—and, frankly, I think the interest rates might be affected by it.

It would take only an infinitesimal drop in interest rates to make the $15 million a year back, would it not?

Mr. STAATS. That is correct.

The CHAIRMAN. So it would seem to me that there are a thousand places in your budget where you could save more money than you have involved here.

In my judgment, the most wasteful saving the Government can make is to have private financing of the President's campaign.

Now, we have heard criticism of what could happen if this law were on the statute books. How is it now? Isn't it true that now, as far as the campaign is concerned, you have laws that everybody knows how to get around.

There is no limit on how much they raise, and they find ways to do it.

Mr. STAATS. I am not an expert on it, Senator.

The CHAIRMAN. May I say that my impression is that the present they can raise about any amount they want to raise, spend any amount they want to spend, do about anything they want to do, and sometimes, in violation of the intent of the law. That happens on both sides of the fence, so far as I can determine.

Now with regard to influence, it is not a matter of whether the money is properly spent or improperly spent. The fact that there is tremendous pressure on a candidate for the highest office of this land to raise tens of millions of dollars for his campaign, sets the stage for improper influence being brought to bear upon the highest office in the land, which office, in turn, controls the activities of all Government employees, tells them what to do and what not to do.

You are, perhaps, unusual in your position because you are not directly responsive to the President. But is it not true that practically the whole executive branch of government must respond to the President's orders about decisions where they could either say yes or no with regard to things that are legal, where the decision could go either way?

Mr. STAATS. Within the executive branch, I think that is true. The qualification you might want to make is the regulatory bodies. But I think with respect to the administrative agencies that would be, I think, correct.

The CHAIRMAN. How many employees would that be, if you include the armed services, who are subject to the direct control of the President of the United States, as Commander in Chief?

Mr. STAATS. I do not have the exact figure in my mind, but it would be around 7 million.

The CHAIRMAN. Roughly 7 million Government employees are subject to the orders of the Commander in Chief.

Now, it seems to me that in addition to this, it might be well to make a candidate, rather than the party, responsibile for what happens to these funds, or make them both responsible, both the candidate and the national committee.

What is your reaction to that?

Mr. STAATS. I would be inclined to think that the bill is probably correct in this regard in that it places the responsibility on the party, which has some continuity even though the candidate may be defeated.

I think this is adequate, I think there are ordinarily adequate controls within the party itself. You have the committee. I would be inclined to leave it with the party.

The CHAIRMAN. Well, the thought has occurred to me that we might have the candidate of the party designate a campaign treasurer for the purpose of his campaign—who could be removed at his discretion in the event he felt that man was not properly handling the money—so that the candidate would be more directly responsible.

Mr. STAATS. We have discussed this point, Mr. Chairman, at some length with people that we regard as most knowledgeable, and we feel that it would be necessary for both of the parties to have, in effect, a certifying officer——

The CHAIRMAN. Yes.

Mr. STAATS (continuing). To make him responsible for complete and accurate accounting for the expenditures incurred under the act.

There is no such individual, at the present time, set up as such in either party. We feel this would be essential that this be done.

The CHAIRMAN. Again to look at the problem with regard to these independent activities, really, I have done a lot of it myself on occasion feeling that in my State if one got out and made the effort that we might carry the State for our candidate. Sometimes I have won and sometimes I have lost doing that.

I do not think it particularly increased my popularity generally speaking or improved my possibilities of being elected. But if I thought that my conscience required, I would do it, take a sound truck, take some friends, and go across the State speaking wherever we could gather a crowd for the candidate of our party.

Now, that is the kind of thing that really does not cause a candidate to be particularly obligated to me or anyone else.

Do you really anticipate any problem in doing that where someone says "I want to help my man, I am going to go out and take a sound truck, make some speeches, go to the courthouse and put my microphone down"—usually you can draw a crowd of people Saturday morning—and make a speech. That does not make the candidate feel he is obligated to do something for someone.

Do you regard that as something we must go to a great effort to regulate?

Mr. STAATS. I think the answer is in two parts. One is that to the extent that they are not a part of the national political party, there is no way to prohibit it, in the first place, from doing this.

The CHAIRMAN. This companion bill would require me to report where I got the money to pay for those sound trucks.

Mr. STAATS. In your companion bill if it cost $100 to do that it would be required to report that.

The CHAIRMAN. That would be all right with me. I have no particular objection to reporting whether I paid it out of my own pocket, or where I found the money to pay for those sound trucks and make those speeches.

Now, if I wanted to go on television and speak for the candidate that I was supporting, that does not create a great problem as long as I explain that I am not speaking because the President asked me to do this, but I am just explaining what I think about the matter. Is that a great problem?

Mr. STAATS. What you are saying would not be covered under the qualified expenses.

The CHAIRMAN. Would not be covered.

Mr. STAATS. It would be entirely financed out of private contributions.

The CHAIRMAN. I think it might be well to amend one bill or the other to require that a spokesman explain that he had not been authorized by the candidate to speak for, or represent him.

After all, people have a right to do it individually, and that is a matter of doing over the airwaves what we have a right to do individually, my thought being as long as you identified who paid for it, and who this is, that people have a right to do it, and there is not much you and I can do about it.

By the way, I think it might be well to require them to identify themselves.

For example, take this fellow who calls himself "Let Freedom Ring," buys himself a telephone number and puts some recording on there. He advertises "Dial this number," and you dial and hear some scurrilous propaganda defaming something. Don't you think it might be a good idea to make people like that tell who they are by name and where they live, instead of calling himself "Let Freedom Ring"? Instead of saying "Let Freedom Ring," make him say "This is Bill Blotz from Podunk speaking," so we will know who the man is who said that.

It might be well to make a requirement of who paid for it, also, who said it and who paid for it.

My impression is half the time if those people were required to identify themselves and tell who they were, the impression they would make would be zero.

The only way those kinds of people are effective is to be nameless, where somebody just reads a sheet of paper and does not know who did that, who is responsible for it.

But if you found that the author is a reprobate, and a man who has no respect in his community, people would ignore it completly. I do not think you want to take a position on it, do you?

Mr. STAATS. I think not, Mr. Chairman.

The CHAIRMAN. Now, one thought occurs to me. If we are going to pursue the theory we have here, what about the possibility of using some of these Air Force planes to provide transportation? I once suggested that we might use it, let the candidates have the Air Force 1, and the other have the Air Force 2 to go around and make their case. The planes are sitting there anyway. What is your reaction to that?

Mr. STAATS. This would be, of course, in the category of qualified expenses.

The CHAIRMAN. Yes.

Mr. STAATS. And both parties, at least the party of the President, the incumbent, when he has been running for reelection in the past I think has used military aircraft because that is on a charge basis, and a determination is made on an individual flight-by-flight basis whether it is in his capacity as President or in his capacity as candidate for the Presidency. I don't foresee any major problem here, because this procedure is well established, and the charges are standard charges, and I would see no great difficulty on this particular point you are raising.

The CHAIRMAN. If you want to be bipartisan about this, I would propose the Republicans rent the other airplane, Air Force 2, and use that one so both sides would have an airplane to get around.

The matter has been raised about the matter of free television time. My impression about that subject is that those people acquired their TV license without being told they were going to be required to

furnish large blocks of free time to political candidates. They compete with the billboards and advertising in some respect. In other respects they compete with the newspapers. While it would be all right with me to provide some free time, it seems to me if these people are not making any more profit than newspapers are making—that is their competition after all—then it really would not be quite fair to require them to provide the radio or television time on a free basis. What is your thought about the idea?

Mr. STAATS. The only problem that I am aware of in this regard that has been raised with respect to the administration proposal is what control there would be on the charges made by radio and television for this purpose, that is, whether or not they would be required to conform with the normal commercial charges or not.

This point has been raised and I would assume would present a problem. We don't know what the answer to this is as to what the authority would be.

The CHAIRMAN. I think we should require the stations to provide the time and also require them to charge a rate that would be about the average charge which they levy for that same time on an annual basis. In other words, if they traditionally charge $200 for an hour of television time somewhere, they shouldn't be charging five times that to a candidate for President or even twice that much. They ought to charge about the same that they usually charge for use of the same time.

Mr. STAATS. The point I was trying to make is that absent any new legislation on the subject, I think the question of whether you could do that or not would depend upon an interpretation of the Federal Communications Act.

The CHAIRMAN. I don't think there is any doubt at all that we can tell them what they can charge for their time, I don't think there is the least doubt about that.

Mr. STAATS. We don't know the answer legally on this point.

The CHAIRMAN. Frankly, I think we ought to make them provide time for candidates for Senator and Congress and charge the same rate. I am willing to pay them. I don't want to do it for free. But when a fellow is coming down the homestretch and he has to have the time, those people are in position to sit there and just charge any price they want to charge, and the candidate really has no choice about it. He has to buy the time. There is just no discretion, no choice at all. But that is not your problem.

I do think, though, insofar as you are paying for time with Federal money, that you shouldn't be required to pay an extortionate rate.

Mr. STAATS. This would be—there is a legal question here, Mr. Chairman, as to whether or not the authority of the Federal Communications Act now goes this far. But we do not have that answer. This would have to be determined.

The CHAIRMAN. Let's see, I think that is about all.

Mr. STAATS. If you are interested, I think Mr. Keller has something to add at this point.

The CHAIRMAN. All right.

Mr. KELLER. Mr. Chairman, there is a provision in the FCC Act which provides that "charges made for the use of any broadcasting stations for any of the purposes set forth in this section shall not exceed the charges made for comparable use of such stations for other purposes."

It is my understanding, and I am not an expert in this field, that broadcasters may place political broadcasting at a higher rate than, for example, regular advertising.

Also there has been a problem under this section as to whether the equal or equivalent charge provision applies only to the candidate himself and not to a person speaking on behalf of the candidate. It is my understanding there is an element here that probably should receive consideration and should be cleared up insofar as charges are concerned.

The CHAIRMAN. All right.

I just want to say this about the suggestion that the alternative to providing an honest method of financing these campaigns is to amend the corrupt practices law. We have had that corrupt practices law as far back as I can recall. To me it is almost a shame to hand some fellow a copy of that act unless you provide him with an instruction sheet on how to evade and avoid that act. Nobody limits himself to the amount that is in that law. He sets up committees to handle it that are not required to report or account. They are not required to do anything. So the committee just goes ahead and raises the money and spends it and the candidate carries out the fiction of not knowing where the money came from, who raised, who is spending it.

Can you tell me offhand what the limitation is on me to run for Senator, for example?

Mr. STAATS. No, sir.

The CHAIRMAN. I can't tell you, and I couldn't care less. I understand how you get around that act and so does everybody else who has been elected three or four times. So you simply have a committee handle that for you and everybody else does it so far as I know, if they have any substantial amount of expenses.

So that everybody evades it, everybody avoids it. All it does is make corruption more sophisticated, and if all you are going to do is to fix it up so people will have a special advantage by avoiding and evading the law, then it would seem to me that you would just do a lot better to find some other approach.

Now, I am willing to go along with these efforts to try to make something work which never has worked, that is all right with me. Try it if you want to, and I am willing to vote for some of that. But to say that is a substitute for providing a way where these campaigns can be financed without anyone making any commitment that you don't want to make, to me is just no answer. All they do is just make the problem more acute. People just have to find more sophisticated ways to get around the law and, why—because that is what this opponent is doing, because he is getting around it. He has a committee handle his expenses and pay for his campaign. They arrange for it, they pay for it and he just makes it a point not to know where the money is coming from or where it is going to. And there is no requirement anywhere that it be reported or that they report or that anything be done.

Some of the most straitlaced people I have known from whom I have tried to raise money on occasions have found it necessary to do the same thing I am talking about—to get around the Corrupt Practices Act. And how do they do it? They set up a committee,

don't they? Do you know that; have you seen how the campaigns are actually financed?

How about the $3 million limitation to the President? The Republicans reported to you $14 million; didn't they?

Mr. STAATS. $14 and a half.

The CHAIRMAN. Heavens only knows how much they didn't report and the same thing would be true on our side. The President now proposes that we remove that limit, doesn't he?

Mr. STAATS. That is correct.

The CHAIRMAN. He is proposing to remove it because nobody could ever enforce it.

You couldn't find ways to make people come within it. So people don't want to evade it; they don't want to avoid it; they would like to comply. But give them a law it is impossible to comply with and still win, and they find other ways to do business. While I am willing to go along with this effort to make something work that never has, not in this century. But to think that is a substitute for providing a real answer, a real way to finance a campaign and account for every nickel of it, to me it just leaves me cold.

I think the correct approach is to make it so no one needs to do anything improper, and when you have done that maybe you can make this other law work.

So my thought on it is to approach it to provide campaign financing first and then see if you can get all of these different activities that you think should not be done.

Well, thank you.

Senator WILLIAMS. Mr. Chairman, you have mentioned the Corrupt Practices Act and for the sake of continuity, I would like to ask that the Corrupt Practices Act be printed at this point in the record.

(The material referred to follows:)

FEDERAL CORRUPT PRACTICES ACT, 1925, AS AMENDED

[Approved February 28, 1925; as amended June 25, 1943; and further amended June 20, 1947, June 25, 1948, May 24, 1949, and October 31, 1951]

[Public No. 506, 65th Cong., as amended by Public No. 89, 78th Cong., and further amended by Public Nos. 101 and 772, 80th Cong., Public No. 72, 81st Cong., and Public No. 248, 82d Cong.]

TITLE III.[1]—FEDERAL CORRUPT PRACTICES ACT, 1925

Sec. 301. CITATION. (February 28, 1925, ch. 368, sec. 301, 43 Stat. 1070; 2 U.S.C., 1958 ed., sec. 256.)

Title

SEC. 301. This title may be cited as the "Federal Corrupt Practices Act, 1925."

Sec. 302. DEFINITIONS. (February 28, 1925, ch. 368, sec. 302, 43 Stat. 1070; 2 U.S.C., 1958 ed., sec 241.)

SEC. 302. When used in this chapter [2 U.S.C. §§ 241–256] and section 208 of title 18—

Meaning of terms used
Election

(a) The term "election" includes a general or special election,[2] but does not include a primary election or convention of a political party;

Candidate

(b) The term "Candidate" means an individual whose name is presented at an election for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected;

Political committee

(c) The term "political committee" includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors (1) in two or more States, or (2) whether or not in more than one State if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization;

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[1] The Federal Corrupt Practices Act was enacted as title III, sections 301–318 of "An Act reclassifying the salaries of postmaster and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes" (43 Stat. 1070–1074).

Sections 310–313 have been repealed but have been reenacted and codified to appear in title 18, United States Code, and are no longer a part of the Corrupt Practices Act, but are given herewith to retain the continuity of the original act of 1925.

[2] The words "and, in the case of a Resident Commissioner from the Philippine Islands, an election by the Philippine Legislature," were omitted by Presidential Proclamation No. 2695, as authorized by Act July 4, 1946, 11 F.R. 7517, 60 Stat. 1352.

Contribution

(d) The term "contribution" includes a gift, subscription, loan, advance, or deposit, of money, or anything of value, and includes a contract, promise, or agreement whether or not legally enforceable, to make a contribution;

Expenditure

(e) The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift, of money, or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure;

Person

(f) The term "person" includes an individual, partnership, committee, association, corporation, and any other organization or group of persons;

Clerk

(g) The term "Clerk" means the Clerk of the House of Representatives of the United States;

Secretary

(h) The term "Secretary" means the Secretary of the Senate of the United States;

State

(i) The term "State" includes Territory and possession of the United States.

NOTE.—Section 591 of title 18, as enacted by Public Law 772, Eightieth Congress, second session, June 25, 1948, defines, for the purposes of sections 597, 599, 602, 609, and 610 of the revised title 18, the terms referred to in paragraphs (a)-(f) and (i) of section 302. Sections 597, 599, 602, and 610 of the new title 18 superseded sections 311, 310, 312, and 313 respectively of the Corrupt Practices Act. See, infra, notations under those sections. The act of May 24, 1949 (63 Stat. 90, 139, § 9) amended section 591 by elimination from the definition of "election" the reference to the Resident Commissioner from the Philippines. Section 591, as amended, is as follows:

"*Sec. 591. Definitions*

"*When used in sections 597, 599, 602, 609, and 610 of this title—*

"*The term 'election' includes a general or special election, but does not include a primary election or convention of a political party;*

"*The term 'candidate' means an individual whose name is presented for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected;*

"*The term 'political committee' includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors (1) in two or more States, or (2) whether or not in more than one State, if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization;*

"*The term 'contribution' includes a gift, subscription, loan, advance, or deposit, of money, or anything of value, and includes a contract, promise, or agreement to make a contribution, whether or not legally enforceable;*

"*The term 'expenditure' includes a payment, distribution, loan, advance, deposit, or gift, of money, or anything of value, and includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable;*

"*The term 'person' or the term 'whoever' includes an individual, partnership, committee, association, corporation, and any other organization or group of persons;*

"*The term 'State' includes Territory and possession of the United States.*"

SEC. 303. CHAIRMAN AND TREASURER OF POLITICAL COMMITTEES: DUTIES AS TO CONTRIBUTIONS: ACCOUNTS AND RECEIPTS. (February 28, 1925, ch. 368, sec. 303, 43 Stat. 1071; 2 U.S.C., 1958 ed., sec. 242).

Political committee
Officers required

SEC. 303. (a) Every political committee shall have a chairman and a treasurer. No contribution shall be accepted, and no expenditure made, by or on behalf of a political committee for the purpose of influencing an election until such chairman and treasurer have been chosen.

Accounts to be kept by treasurer

(b) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of—

Receipts

(1) All contributions made to or for such committee;

(2) The name and address of every person making any such contribution, and the date thereof;

Expenditures

(3) All expenditures made by or on behalf of such committee; and

(4) The name and address of every person to whom any such expenditure is made, and the date thereof.

(c) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure by or on behalf of a political committee exceeding $10 in amount. The treasurer shall preserve all receipted bills and accounts required to be kept by this section for a period of at least two years from the date of the filing of the statement containing such items.

Receipted bills to be kept

Sec. 304. ACCOUNTS OF CONTRIBUTIONS RECEIVED. (February 28, 1925, ch. 368, sec. 304, 43 Stat. 1071; 2 U.S.C., 1958 ed., sec. 243.)

SEC. 304. Every person who receives a contribution for a political committee shall, on demand of the treasurer, and in any event within five days after the receipt of such contribution, render to the treasurer a detailed account thereof, including the name and address of the person making such contribution, and the date on which received.

Contributions to be reported to the treasurer

Sec. 305. STATEMENTS BY THE TREASURER FILED WITH CLERK OF HOUSE OF REPRESENTATIVES. (February 28, 1925, ch. 368, sec. 305, 43 Stat. 1071; 2 U.S.C., 1958 ed., sec. 244.)

SEC. 305. (a) The treasurer of a political committee shall file with the Clerk between the 1st and 10th days of March, June, and September, in each year, and also between the 10th and 15th days, and on the 5th day, next preceding the date on which a general election is to be held, at which candidates are to be elected in two or more States, and also on the 1st day of January, a statement containing, complete as of the day next preceding the date of filing—

Statements in detail to be filed with the Clerk by treasurers

Filing dates

Requirements

(1) The name and address of each person who has made a contribution to or for such committee in one or more items of the aggregate amount or value, within the calendar year, of $100 or more, together with the amount and date of such contribution;

List of contributors of $100 or more

(2) The total sum of the contributions made to or for such committee during the calendar year and not stated under paragraph (1);

Total from other contributors

(3) The total sum of all contributions made to or for such committee during the calendar year;

Yearly total of all contributions

(4) The name and address of each person to whom an expenditure in one or more items of the aggregate amount or value, within the calendar year, of $10 or more has been made by or on behalf of such committee, and the amount, date, and purpose of such expenditure;

List of expenditures, etc., of $10 or more

(5) The total sum of all expenditures made by or on behalf of such committee during the calendar year and not stated under paragraph (4);

Total of all other expenditures

Yearly total—all expenditures

(6) The total sum of expenditures made by or on behalf of such committee during the calendar year.

Statements cumulative during the year

(b) The statements required to be filed by subdivision (a) shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous statement only the amount needed to be carried forward.

Final statement January 1

(c) The statement filed on the 1st day of January shall cover the preceding calendar year.

Sec. 306. STATEMENTS BY OTHERS THAN POLITICAL COMMITTEE FILED WITH CLERK OF HOUSE OF REPRESENTATIVES. (February 28, 1925, ch. 368, sec. 306, 43 Stat. 1072; 2 U.S.C., 1958 ed., sec. 245.)

Statements by individuals expending $50 or more

SEC. 306. Every person (other than a political committee) who makes an expenditure in one or more items, other than by contribution to a political committee, aggregating $50 or more within a calendar year for the purpose of influencing in two or more States the election of candidates, shall file with the Clerk an itemized detailed statement of such expenditure in the same manner as required of the treasurer of a political committee by section 305.

Sec. 307. STATEMENTS BY CANDIDATES FOR SENATOR, REPRESENTATIVE, DELEGATE, OR RESIDENT COMMISSIONER FILED WITH SECRETARY OF SENATE AND CLERK OF HOUSE OF REPRESENTATIVES. (February 28, 1925, ch. 368, sec. 307, 43 Stat. 1072; 2 U.S.C., 1958 ed., sec. 246.)

Statements by candidates

Filing dates

Requirements

SEC. 307. (a) Every candidate for Senator shall file with the Secretary and every candidate for Representative, Delegate, or Resident Commissioner shall file with the Clerk not less than ten nor more than fifteen days before, and also within thirty days after, the date on which an election is to be held, a statement containing, complete as of the day next preceding the date of filing—

Contributions received, itemized

(1) A correct and itemized account of each contribution received by him of by any person for him with his knowledge or consent, from any source, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person who has made such contribution;

Expenditures made—itemized

Exception (see p. 6)

(2) A correct and itemized account of each expenditure made by him or by any person for him with his knowledge or consent, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person to whom such expenditure was made; except that only the total sum of expenditures for items specified in subdivision (c) of section 309 need be stated;

(3) A statement of every promise or pledge made by him or by any person for him with his consent, prior to the closing of the polls on the day of the election, relative to the appointment or recommendation for appointment of any person to any public or private position or employment for the purpose of procuring support in his candidacy, and the name, address, and occupation of every person to whom any such promise or pledge has been made, together with the description of any such position. If no such promise or pledge has been made, that fact shall be specifically stated.

Promises or pledges of appointments, etc., to public or private position

(b) The statements required to be filed by subdivision (a) shall be cumulative, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.

Statements cumulative

Exception

(c) Every candidate shall inclose with his first statement a report, based upon the records of the proper State official, stating the total number of votes cast for all candidates for the office which the candidate seeks, at the general election next preceding the election at which he is a candidate.

Report of total votes at last election to be inclosed

Sec. 308. STATEMENTS; VERIFICATION; FILING; PRESERVATION; INSPECTION. (February 28, 1925, ch. 368, sec. 308, 43 Stat. 1072; 2 U.S.C., 1958 ed., sec. 247.)

Sec. 308. A statement required by this title to be filed by a candidate or treasurer of a political committee or other person with the Clerk or Secretary, as the case may be—

Statement requirements generally

(a) Shall be verified by the oath or affirmation of the person filing such statement, taken before any officer authorized to administer oaths;

Verification

(b) Shall be deemed properly filed when deposited in an established post office within the prescribed time, duly stamped, registered, and directed to the Clerk or Secretary at Washington, District of Columbia, but in the event it is not received, a duplicate of such statement shall be promptly filed upon notice by the Clerk or Secretary of its nonreceipt;

Transmittal by registered mail

Duplicates

(c) Shall be preserved by the Clerk or Secretary for a period of two years from the date of filing, shall constitute a part of the public records of his office, and shall be open to public inspection.

Preservation by Clerk or Secretary for inspection for 2 years

Sec. 309. LIMITATION UPON AMOUNT OF EXPENDITURES BY CANDIDATE. (February 28, 1925, ch. 368, sec. 309, 43 Stat. 1073; 2 U.S.C., 1958 ed., sec. 248.)

Sec. 309. (a) A candidate, in his campaign for election, shall not make expenditures in excess of the amount which he may lawfully make under the laws of the State

Campaign expenses of candidates limited

in which he is a candidate, nor in excess of the amount which he may lawfully make under the provisions of this title.

Amounts allowed (See State laws)

(b) Unless the laws of his State prescribe a less amount as the maximum limit of campaign expenditures, a candidate may make expenditures up to—

Senators: $10,000

Representatives: $2,500

(1) The sum of $10,000 if a candidate for Senator, or the sum of $2,500 if a candidate for Representative, Delegate, or Resident Commissioner; or

Alternative amount based on total votes at last election

Senators: $25,000

Representatives: $5,000

(2) An amount equal to the amount obtained by multiplying three cents by the total number of votes cast at the last general election for all candidates for the office which the candidate seeks, but in no event exceeding $25,000 if a candidate for Senator or $5,000 if a candidate for Representative, Delegate, or Resident Commissioner.

Specified personal expenses not included in limit

Exception

(c) Money expended by a candidate to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the State in which he resides, or expended for his necessary personal, traveling, or subsistence expenses, or for stationery, postage, writing, or printing (other than for use on bill boards or in newspapers), for distributing letters, circulars, or posters, or for telegraph or telephone service, shall not be included in determining whether his expenditures have exceeded the sum fixed by paragraph (1) or (2) of subdivision (b) as the limit of campaign expenses of a candidate.

Sec. [310.] [1] 599. PROMISE OF APPOINTMENT BY CANDIDATE. (Title 18 U.S.C., 1958 ed., sec. 599, superseding February 28, 1925, ch. 368, sec. 310, 43 Stat. 1073 and 2 U.S.C., sec. 249.)

Promising appointment, etc., to public or private position to procure support of any person, unlawful

Penalty

SEC. 599. Whoever, being a candidate, directly or indirectly promises or pledges the appointment, or the use of his influence or support for the appointment of any person to any public or private position or employment, for the purpose of procuring support in his candidacy shall be fined not more than $1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both.

CROSS REFERENCE

For definitions of terms applicable to this section see, supra, section 591 of title 18, United States Code, following section 302 of the Corrupt Practices Act.

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[1] Secs. 310–313 were repealed by Public Law 772, June 25, 1948, which act revised, codified, and enacted into positive law title 18 of the United States Code, entitled "Crimes and Criminal Procedure."

Sec. 599 of title 18 quoted in the text above is a consolidation of former sec. 310 and sec. 314 of the Corrupt Practices Act. Changes in arrangement and phraseology were necessary to effect consolidation and the words "or both" were added to conform to the almost universal formula of the punishment provisions of title 18. (See 80th Cong., 1st sess., H. Rept. No. 304 on H.R. 3190.)

Sec. [311.][4] 597. EXPENDITURES TO INFLUENCE VOTING. (Title 18 U.S.C., 1958 ed., sec. 597, superseding February 28, 1925, ch. 368, sec. 311, 43 Stat. 1073 and 2 U.S.C. sec. 250.)

SEC. 597. Whoever makes or offers to make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate; and

Offering expenditure, etc., to influence a vote, unlawful

Whoever solicits, accepts, or receives any such expenditure in consideration of his vote or the withholding of his vote—

Soliciting expenditure, etc., also unlawful

Shall be fined not more than $1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both.

Penalty

CROSS REFERENCE

For definitions of terms applicable to this section see, supra, section 591 of title 18, United States Code, following section 302 of the Corrupt Practices Act.

Sec. [312.][5] 602. SOLICITATION OF POLITICAL CONTRIBUTIONS. (Title 18 U.S.C., 1858 ed., sec. 602, superseding February 28, 1925, ch. 368, sec. 312, 43 Stat. 1073 and 18 U.S.C., secs. 208 and 212.)

SEC. 602. Whoever, being a Senator or Representative in, or Delegate or Resident Commissioner to, or a candidate for Congress, or individual elected as, Senator, Representative, Delegate, or Resident Commissioner, or an officer or employee of the United States or any department or agency thereof, or a person receiving any salary or compensation for services from money derived from the Treasury of the United States, directly or indirectly solicits, receives, or is in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever, from any other such officer, employee, or person, shall be

Congressmen, U.S. employees, etc., soliciting, receiving assessments, etc., from Government employees, unlawfu

Penalty

[4] Secs. 310-318 were repealed by Public Law 772, June 25, 1948, which act revised, codified, and enacted into positive law title 18 of the United States Code, entitled "Crimes and Criminal Procedure."

Sec. 597 of title 18 quoted in the text above is a consolidation of former sec. 311 and sec. 314 of the Corrupt Practices Act. Reference to persons causing or procuring was omitted as unnecessary in view of the definition of "principal" in sec. 2 of title 18: "(a) Whoever commits an offense against the United States, or aids, abets, counsels, commands, induces, or procures its commission, is a principal. (b) Whoever causes an act to be done, which if directly performed by him would be an offense against the United States, is also a principal and punishable as such."

The punishment provisions of sec. 314 of the Corrupt Practices Act were incorporated at the end of the revised sec. 597 of title 18 upon authority of reference in such section making them applicable to sec. 311 of the same act. The words "or both" are new, being added to sec. 597 to conform to the almost universal formula of the punishment provisions of title 18. (See 80th Cong. 1st Sess., H. Rept. No. 304 on H.R. 3190.)

[5] Secs. 310-318 were repealed by Public Law 772, June 25, 1948, which act revised, codified, and enacted into positive law title 18 of the United States Code, entitled "Crimes and Criminal Procedure."

Sec. 602 is based on former secs. 208 and 213 of title 18, United States Code 1940 ed., and consolidates these sections. Sections 208 and 212 were originally enacted January 16, 1883, as sections 11 and 15 respectively, of the Civil Service Act, also known as the Pendleton Act (22 Stat. 406, 407).

Sec. 602 has been expanded to embrace all officers or persons acting on behalf of any independent agencies or Government owned or controlled corporations by inserting words "or any department or agency thereof," it being the purpose of the inserted language to further what appeared unquestionably to be intent of Congress, namely, to cover all persons acting for the U.S. Government in an official function.

The punishment provision now contained in sec. 602 was taken from former sec. 212 of title 18, United States Code, which, by reference, made the punishment applicable to the crime described in sec. 602. Changes were also made in phraseology. (See 80th Cong., 1st sess., H. Rept. No. 304 on H.R. 3190.)

fined not more than $5,000 or imprisoned not more than three years or both.

CROSS REFERENCE

For definitions of terms applicable to this section see, supra, section 591 of title 18, United States Code, following section 302 of the Corrupt Practices Act.

NOTE.—Section 603 of title 18, 1958 ed., although not a section of the Corrupt Practices Act, contains a prohibition on the part of persons mentioned in section 602. Section 603 reads as follows:

Sec. 603. (As amended Oct. 31, 1951, ch. 655, sec. 20(b), 65 Stat. 718.)[6]

Whoever, in any room or building occupied in the discharge of official duties by any person mentioned in section 602 of this title, or in any navy yard, fort, or arsenal, solicits or receives any contribution of money or other thing of value for any political purpose, shall be fined not more than $5,000 or imprisoned not more than three years, or both.

Sec. [313.] [7] 610. POLITICAL CONTRIBUTIONS AND EXPENDITURES BY NATIONAL BANKS, CORPORATIONS, AND LABOR ORGANIZATIONS; PENALTY. (Title 18, U.S.C., 1958 ed., sec. 610, superseding February 28, 1925, ch. 368, sec. 313, 43 Stat. 1074, as amended June 25, 1943, ch. 144, sec. 9, 57 Stat. 107 and further amended June 23, 1947, ch. 120, title III, sec. 301, 61 Stat. 159. Since enactment into positive law on June 25, 1948, as sec. 610 of title 18 this section has been amended May 24, 1949, ch. 139, sec. 10, 63 Stat. 90, and further amended October 31, 1951, ch. 655, sec. 20(c), 65 Stat. 718.)

Contributions or expenditures by national banks or federally organized corporations, unlawful

SEC. 610. It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any

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[6] 1951 Amendment. Act Oct. 31, 1951, amended section by striking out "from any such person" which followed "purpose".

[7] Sec. 313 is derived from the Tillman Act of January 26, 1907, ch. 420, 34 Stat. 864, being sec. 83 of the Penal Code of March 4, 1909, 35 Stat. 1103, prohibiting corporations from making money contributions in connection with political elections. Sec. 313 of the Corrupt Practices Act, as amended, was repealed by Public Law 772, June 25, 1948, but was reenacted without change and codified into positive law as sec. 610 of title 18 of the United States Code entitled "Crimes and Criminal Procedure." (See 80th Cong., 2d sess., S. Rept. 1620 on H.R. 3190.)

This section passed February 28, 1925, as section 313 of title III of "An Act reclassifying the salaries of the postal service, etc." (43 Stat. 1053, 1070–1074; ch. 368, sec. 313 [H.R. 11444], Public Law No. 506). The War Labor Disputes Act, known also as the Smith-Connally Anti-Strike Act, made the original section applicable to contributions by labor organizations and added the last sentence (57 Stat. 167, June 25, 1943; ch. 144, sec. 9 [S. 796], Public Law No. 89, being U.S.C., title 50, app. sec. 1509). That amendment was temporary, however, and expired at the end of 6 months following the termination of hostilities of World War II which was proclaimed at 12 o'clock noon of December 31, 1946, by Proclamation No. 2714.

The section was further amended and made permanent legislation in the form given above in the text by the Labor-Management Relations Act, 1947. This act extends the prohibition against contributions, both in the case of corporations and labor unions, to include expenditures as well as contributions, and includes primary elections and political conventions within the prohibitions (61 Stat. 159, June 23, 1947; ch. 120, title III, sec. 304 [H.R. 3020], Public Law No. 101).

Act of May 24, 1949, a technical amendment, amended catchline of section 610 by inserting after the word "contributions" the words "or expenditures" (63 Stat. 90).

Act of Oct. 31, 1951, amended second paragraph by inserting after "labor organization, as the case may be," the words "and any person who accepts or receives any contribution," and by adding the additional punishment provisions; "and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both" (65 Stat. 718).

labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section. Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than $5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any contribution in violation of this section be fined not more than $1,000 or imprisoned for not more than one year, or both; and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both. For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

Contributions or expenditures by any corporation or labor organization, unlawful

Includes primary or convention

Penalty for violation of sec. 610

Punishment for violation

Labor organization

CROSS REFERENCE

For definitions of terms applicable to this section, see, supra, section 591 of title 18, United States Code, following section 302 of the Corrupt Practices Act.

Sec. 314. GENERAL PENALTIES FOR VIOLATIONS. (February 28, 1925, ch. 368, sec. 314, 43 Stat. 1074; 2 U.S.C., 1958 ed., sec. 252.)

SEC. 314. (a) Any person who violates any of the foregoing provisions of this title, except those for which a specific penalty is imposed by sections 312 and 313, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

Punishment for violations not specifically covered

Punishment for willful violations

(b) Any person who willfully violates any of the foregoing provisions of this title, except those for which a specific penalty is imposed by sections 312 and 313, shall be fined not more than $10,000 and imprisoned not more than two years.

Sec. 315. EXPENSES OF ELECTION CONTESTS. (February 28, 1925, ch. 368, sec. 315, 43 Stat. 1074; 2 U.S.C., 1958 ed., sec. 253.)

Legal expenses for contests not affected

SEC. 315. This title shall not limit or affect the right of any person to make expenditures for proper legal expenses in contesting the results of an election.

Sec. 316. STATE LAWS NOT AFFECTED. (February 28, 1925, ch. 368, sec. 316, 43 Stat. 1074; 2 U.S.C., 1958 ed., sec. 254.)

State laws, unless inconsistent, not affected

SEC. 316. This title shall not be construed to annul the laws of any State relating to the nomination or election of candidates, unless directly inconsistent with the provisions of this title, or to exempt any candidate from complying with such State laws.

Sec. 317. PARTIAL INVALIDITY. (February 28, 1925, ch. 368, sec. 317, 43 Stat. 1074; 2 U.S.C., 1958 ed., sec. 255.)

Invalidity of any provision not to affect remainder of act

SEC. 317. If any provision of this title or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and of the application of such provisions to other persons and circumstances shall not be affected thereby.

Sec. 318. REPEALING CLAUSES. (February 28, 1925, ch. 368, sec. 318, 43 Stat. 1074.)

Laws repealed

36 Stat. 822

37 Stat. 25, 360

SEC. 318. The following Acts and parts of Acts are hereby repealed: The Act entitled "An Act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected," approved June 25, 1910 (chapter 392, Thirty-sixth Statutes, page 822), and the Acts amendatory thereof, approved August 19, 1911 (chapter 33, Thirty-seventh Statutes, page 25), and August 23, 1912 (chapter 349, Thirty-seventh Statutes, page 360); the Act entitled "An Act to prevent corrupt practices in the election of Senators, Representatives, or Delegates in Congress," approved October 16, 1918 (chapter 187,

Fortieth Statutes, page 1013); and section 83 of the Criminal Code of the United States, approved March 4, 1909 (chapter 321, Thirty-fifth Statutes, page 1088).

40 Stat. 1013

35 Stat. 1088, 1103

Sec. 319. **EFFECTIVE DATE.** (February 28, 1925, ch. 368, sec. 319, 43 Stat. 1074.)

SEC. 319. This title shall take effect thirty days after its enactment.

Effective date

Approved, February 28, 1925.

Senator WILLIAMS. And I would also like to ask that it be followed by S. 1882, the bill which was introduced by Senator Morton and me. It would amend the Corrupt Practices Act to require complete disclosure of all campaign activities, and I welcome your support.

(The bill S. 1882 appears at p. 50.)

Now, Mr. Staats, the suggestion has been made, and perhaps it is worthy of consideration, that we allow both candidates to use the regular Presidential planes during their campaigns. I think you said that that would be worthy of consideration, and in order that we could consider that more intelligently, would you make available at this point in the record a list of all the payments that have been collected over the past 10 years by Presidential candidates who have used that plane?

Mr. STAATS. I assume these records are available.

Senator WILLIAMS. Well, to the extent that you have the records available. If that is too far back would you make those available so we could determine just what is involved in this proposal?

Mr. STAATS. These would be payments made by the President.

Senator WILLIAMS. By the respective parties for the use of the plane. Right.

(The following was subsequently received from the General Accounting Office:)

Payments made for use of various types of USAF aircraft in connection with Presidential trips during the last 3 Presidential administrations

Administration	Flying hours (approximate)	Amount
Eisenhower [1]	116	$102,761
Kennedy	18	34,701
Johnson	118	172,575

[1] Beginning in 1956.

Payments made for use of various types of U.S. Air Force aircraft in connection with Presidential trips from beginning of nominating convention to election day for years 1956 and 1964 [1]

Year	Flying hours (approximately)	Amount [2]
1956—Eisenhower	70	[3] $47,593
1964—Johnson	85	[4] 151,148

[1] No figures shown for 1960 since neither candidate was incumbent President.

[2] All flights by President Eisenhower were on the propeller-driven C-121. Commercial jet aircraft were not available at that time. The flights of President Johnson were primarily on the higher cost 707 jet.

Reimbursements were made by the appropriate national committee after presentation of the charges by the Air Force.

[3] Includes flights to and from nominating convention in San Francisco, costing $13,442.

[4] Includes flights to and from nominating convention in Atlantic City, costing $3,702.

Senator WILLIAMS. Now, the suggestion has been made that candidates in order to finance their campaign have been forced or induced to accept large contributions from constituents who are seeking ambassadorships with the inference that these ambassadorships may be, have been sold by candidates of one or both political parties.

Is it not true that under existing law there are already criminal penalties for any candidate for the U.S. Senate, or the Presidency, to make a promise to any constituent of an appointment, a Federal appointment, or assist in getting that Federal appointment in return for a contribution of any size?

Mr. STAATS. We understand that that is the case.

Senator WILLIAMS. So if that has been done what we need is enforcement of the laws and not a new law in that category, is that not correct?

Mr. STAATS. If your statement is correct, and as we understand it it is correct, then obviously it is one that ought to be fully enforced.

Senator WILLIAMS. That is correct.

Now, speaking of the question of improper handling of campaign funds, and while I am admitting that the Corrupt Practices Act does have loopholes in that certain committees operating within single States or as a committee operating in the District of Columbia and one State are now exempt under the Corrupt Practices Act from reporting requirements, the provisions of the bill which I introduced, and which I understand are in the administration's recommendation, likewise, would require complete and full reporting on all of those committees or at least that was the intention of it.

But there is an additional proposal in my bill. It has been mentioned that there are 7 million employees or individuals under the direct control of the executive branch either as a result of being civil service employees or in the military establishments. Now, it has been called to our attention that there is a loophole in the existing law as regards the solicitation of campaign funds from civil service employees. The existing law does prohibit, through criminal penalties, a candidate for a public office or a public official holding office to solicit such campaign funds. But there is no prohibition against having a committee to solicit those civil service employees on his behalf. S. 1882 which we introduced would amend that by extending that same prohibition to any solicitation on a candidate's behalf. Would you not support such a correction of the existing law to that extent?

Mr. STAATS. If I understand the point correctly, it seems to me that this would simply be a closing of a loophole.

Senator WILLIAMS. Of a loophole in the law, that is correct, and carrying out what I think was the legislative intent of the act at the time that it was passed. But this loophole has been discovered and it is working. So you would recommend that we also include that as a part of this correction.

Mr. STAATS. It would seem to me it was within the spirit, certainly of the Hatch Act.

Senator WILLIAMS. Now, in speaking of the evil of campaign funds, if we accept the administration's proposal, is there anything that would correct the evils associated with the raising of large amounts of campaign funds except as perhaps it would reduce the necessity of that much money? Would not the national committees of both parties still be at liberty to collect campaign funds from any source in the same manner in which they are presently collecting them?

Mr. STAATS. That is correct.

Senator WILLIAMS. There is nothing under this bill that would in any way correct that condition, is there?

Mr. STAATS. There is nothing in the bill which would in any sense limit the efforts or the amount of money which could be collected for purposes other than those which are defined as qualified expenses in this bill.

However, I think it has to be recognized that, if adequate funds are appropriated for these major purposes this would affect both the efforts to obtain funds and the willingness on the part of people to contribute.

Senator WILLIAMS. That is correct.

Mr. STAATS. This is a hard thing to measure, and we can only speculate, but I think it would be reasonable to assume that it would have both of these effects.

Senator WILLIAMS. And do you not agree that one of the most encouraging developments in our democracy, in our system of government, would be a plan, first, that would clean up or correct the loopholes that may exist in our laws, but, second, and even more important, any proposal that would encourage a greater participation on the part of the masses of the American people in the selection of their public officials.

Mr. STAATS. I think it would depend on how you defined participation. Well, to the extent that these are public funds——

Senator WILLIAMS. Either voting or contributing.

Mr. STAATS. Of course, these are contributed by all the taxpayers.

Senator WILLIAMS. Yes.

Mr. STAATS. It is not an individual act on the part of an individual, a separate act on the part of an individual, to write a check or to make a direct contribution. But to the extent that these are public moneys, you could say, I think, that these are contributed by all the people who pay taxes.

Senator WILLIAMS. But if we financed all campaigns in their entirety by direct appropriations, and the public in general, just sat back and said, "well, we are financing them, we have discharged our responsibility" and there was a complete letdown in interest, it would be bad, would it not?

Mr. STAATS. If it had that effect, I think it would be.

Senator WILLIAMS. Yes. So we are trying to encourage the American people to take part in their government, and to the extent that we could encourage that direct participation on the part of the individual, we are making progress in developing our system of government, are we not?

Mr. STAATS. Mr. Barr emphasized yesterday, and my statement this morning also emphasized, the concern about the growth in large contributors, and anything which is going to result in more direct involvement of all of our citizens in an election campaign, I think is

unquestionably a desirable objective. This has been part of our whole history.

Senator WILLIAMS. That was the main objective in back of the recommendation of President Kennedy.

Mr. STAATS. That is correct.

Senator WILLIAMS. And the committee which worked that program out.

Mr. STAATS. I don't know which was the main objective, Senator.

Senator WILLIAMS. I don't mean it was the main, no.

Mr. STAATS. But it had two objectives: One was to increase the base of political support, and that is the point you are making. The other objective it had was to increase the total amount of funds.

Senator WILLIAMS. That is correct. But increasing the base was likewise one of the objectives.

Mr. STAATS. They were coordinated objectives.

Senator WILLIAMS. Because to the extent that we could encourage these contributions and the financing of these campaigns with $5, $10, and $25 contributions, it would be far better than to lend encouragement to the $5,000 and $10,000 contributions.

Mr. STAATS. It certainly had as one of its objectives the decrease in the reliance upon the large contributions.

Senator WILLIAMS. And I gather that you do not look too unfavorably on a program to encourage the financing of our campaigns today, either through the form of some formula of tax credit such as recommended by President Kennedy, or a tax deduction as recommended last year by President Johnson. Either of them would be steps in the right direction, would they not?

Mr. STAATS. I think on this point that I would emphasize again that it would have a somewhat different purpose than the administration's bill. I would suppose I could be accused of having some conflict of interest here in that we would not be involved in the one approach, we would be involved in the other approach. We are not looking for additional responsibilities in the General Accounting Office. We have a big job to do, but this is a matter really for the Congress to determine. We are a part of the legislative branch, as you pointed out. But again, this is a hard thing to weigh. I think there is no question about it, the tax credit or the tax deduction approach does encourage broader participation. How much additional result this would have in terms of lessening the reliance on large contributions, it is hard to say. I don't think it would be possible to even demonstrate it if you had it. It would not do anything with respect to limiting the total.

One of the objectives of the administration bill is to provide a—not a limit, but a dampening effect upon the total amount of money spent in a presidential campaign.

I think your idea of shortening the campaign period would also be a move in that particular direction. I am not trying to avoid a direct answer to your question.

I am trying to say that I think somewhat different purposes are served if you go the tax deduction or the tax credit approach from the approach outlined in this bill.

Senator WILLIAMS. I appreciate your position. But I am merely trying to establish that there is some merit—I will phrase it this way: Were you a part of the committee that worked with the President to make this latter recommendation?

Mr. STAATS. I was—I represented the Budget Bureau in those discussions, along with the Treasury Department.

Senator WILLIAMS. And you were also a part of the committee that recommended the tax credit under President Kennedy, I think, and the deductions prior thereto?

Mr. STAATS. I am sorry, I want to be sure I understand your question.

Senator WILLIAMS. My question was, Were you a part of the committee that the President had which came up with these latter recommendations of direct appropriation?

Mr. STAATS. No; I misunderstood you, I thought you were referring to President Kennedy's proposal.

Senator WILLIAMS. You were not a part of the committee which recommended the finances. You were a member of the committee which recommended the tax credit proposals?

Mr. STAATS. Yes.

Senator WILLIAMS. On television, I agree with what has been said that we just could not move over into this industry and say, "You have got to give us free time." I am not suggesting that. But would you not agree, if the Congress decided to move in that direction, that before we approved a proposal here appropriating x million dollars to purchase TV time, that there should be some consultation with the industry as to the rates they are going to charge for that time?

Mr. STAATS. In responding to Senator Long's question on this same point a while ago, I indicated that it was my view we ought to ascertain whether we do have the authority. I do not think we ought to go into this without either authority or an understanding or agreement reached in consultation with the industry as to the charges that they would make. I think you are making the same point, if I understand it correctly.

Senator WILLIAMS. That is correct.

And that these determinations should be made prior to and not after making available x million dollars.

Mr. STAATS. I would agree.

Senator WILLIAMS. Yes.

Now, the bill of the administration which is being recommended deals only with improving the methods of raising campaign funds for the presidential and vice-presidential candidates only, and has nothing to do with the method by which Members of Congress or other candi- would raise funds. Do you think that the men who have been our candidates heretofore in either party or the ones who are apt to be our candidates in the future in either party are more susceptible to the evil of the influence of large campaign contributions or contributions from special interests than are Members of Congress?

Mr. STAATS. No, I would not say so. But I think in fairness I don't know that this bill implies that, either.

Senator WILLIAMS. I don't think it does. But the implication seems to be made or I gathered occasionally that part of the purposes of this bill is to remove these evils, and if that is the purpose, the evils exist. In fact, as a Member of the Congress, I would say they would exist even more so with Members of Congress because we are more readily available, if those interests want to come see us, than it would be for them to get to see the President. But I don't subscribe to the point that all men running for public office run on the premise that they can

be bought or sold or that they will change their positions on certain legislation based on how much money a given industry contributes. If a candidate running for President, Vice President, or a Member of the Senate or for any other public office, is so weak kneed that he can be swayed by political influence he is not a fit candidate and should be defeated anyway, shouldn't he?

Mr. STAATS. I think you are a little out of my field on this subject, Senator.

Senator WILLIAMS. Well, as an individual, would you not feel that way? Is not a candidate for office supposed to be a man of sufficient integrity that he can make his decisions independently, without being bought and sold?

Mr. STAATS. I certainly don't disagree with the point that you are making, but I think the additional point needs to be made that sometimes it is the appearance rather than reality which is significant.

Senator WILLIAMS. I am not questioning the need of legislation—I have a bill here to require full and complete disclosure. But I do question whether or not we can just interpret all contributions coming from the various parties as being for ulterior motives. I think some of them are made by citizens who want to support their Government, their candidates, the parties of their choice, and I think that the bulk of the public officials so elected accept it and run on that basis.

We do have occasions where men forget their public trust, and when we do we have a responsibility to act forcibly in that direct, both as Members of Congress, if it happens in Congress, as well as to ask for and expect enforcement of our existing laws in that connection, do we not?

Mr. STAATS. I think that is right.

Senator WILLIAMS. Has not part of our trouble in this criticism been the failure of the Justice Department in prior years, and I am not referring necessarily to this administration, in enforcing the laws that are already on the statute books?

Mr. STAATS. I really don't have any basis for a direct response to that. I really am not informed on that.

Senator WILLIAMS. I appreciate that question could be, and it will be, directed to the Attorney General, because I sometimes question whether or not we don't far too often try to gloss over something that has been discovered wrong or some misdoings on the basis that we will pass a law to prohibit such an act; and then try to proceed on the premise that we had no law against it prior thereto when in reality we do have laws. If we would enforce the existing laws, I think we would have better public officials all around. Perhaps a lack of understanding of these laws was the reason that I asked that the Corrupt Practices Act be printed at this point, because I think that many public officials would be surprised at the laws we do have on the statute books today. I thank you for your cooperation.

The CHAIRMAN. Mr. Staats, I think that concludes what I have to contribute.

In closing, I would say that it seems to me we have here a relatively simple problem and a relatively simple answer. Now, what is the problem? Well, the problem is that a relatively small number of Americans, less than 1 percent, far less than 1 percent, put up most of the money to finance presidential campaigns. The money they put

up amounts to less than one one-hundredth of 1 percent of Federal expenditures. Yet to a large extent this relatively small amount of money puts this small percentage of people in position to unduly influence or even to control the outcome of certain vital public issues and perhaps to determine the outcome of Government decisions.

What would be the answer? We ought to simply provide adequate funds for both major parties to make their case, thereby drastically reducing the need of candidates to seek private contributions, and leave those candidates in position to decline any contributions about which they had the least doubt.

Now, for those who prefer the status quo to so simple an answer, diversionary tactics are often the best defense. One good diversionary tactic is to insist that there must be guidelines spelling out in detail precisely what can be done and cannot be done.

The second is to say that before anything is done, we must pass other laws in other areas where we have never been able to find adequate answers in 180 years.

Then another proposal would be to raise 50,000 problems in connection with the so-called guidelines and minutia once it has been agreed upon that you are going to try to spell all that out.

Of course, if you don't want to do all that, if you want to try to find an answer, about the best way, as I proposed last year, is to have good people in both parties study these problems and come up with the answers to provide these guidelines in detail, to answer 50,000 questions that could be asked.

Just let your advisory group look at the question and try to provide a fair answer for both sides and let both sides conduct themselves by the same guidelines.

Another answer might be to try to split the difference. Say with regard to the major questions we would provide a legislative answer, and on the minuscule problems that the board, the bipartisan board, and the Comptroller General resolve those after consulting and deciding what you are going to do. For instance, can the candidate for Congress sit on the platform with the President or is he to be barred from sitting there. You worry about that. I would just as soon not be bothered with it.

But if you want it, it is all right with me, I will take the answer either way. And for these minor, piddling, inconsequential problems, such as, well, you can say on the sign-board for the Republican candidate, on the bottom, "Vote the whole ticket." I don't care how you do it. If they say it, I will urge the Democrats to say the same thing on our signboard, "Vote for the whole ticket." It is all right either way. Just tell me what the decision is and we will abide by it.

I think you ought to answer these minuscule problems which can be dreamed up by the thousands overnight. If somebody raises a question then you go ahead and provide the answer and we will both abide by it.

Another way that we could see that nothing happens to clean ud what is admittedly a bad situation is to insist that before anything is done we will make perfect a 42-year-old law that never has worked and probably never will work. "Oh, my goodness, that is the answer, make that 1925 Corrupt Practices Act work and that will solve the whole problem."

It won't solve anything. It won't answer the first question which is how do you find the money so both sides can make an adequate

presentation of their case to the public without having to call upon large contributors for large amounts of money and incur the obligations that are implicit in that.

Now, it has been said here that a law, and I am sure that it is in all sincerity, that if we had a law to forbid you from promising an ambassadorship or a job in order to obtain a financial contribution or in order to even obtain a vote—what kind of problem does that provide? Well, if one wants to get around it he doesn't promise a job, he says, "you understand, old friend, I am not promising this job as Ambassador but you will be considered" and the time comes and he gets the appointment. I am not pointing the finger of scorn at the Republican Party, it has happened on both sides of the aisle. What is the answer? Just fix it up so you just don't need his money, and if the donor is interested in being considered for Ambassador, if you really think he has got his heart set on it, and he would be severely disappointed, just don't take his money.

The same thing is true about a great number of other things that occur in Government, where the people are too sophisticated to come and ask that you promise to maintain their monopoly. They just look at your record, that is how you voted on down through the years so they don't need to ask any promise of that Senator. You have a magnificent record upon which they can rely on that basis if they are interested in preserving or protecting the special advantage they have, they can take him on faith, they don't need any commitment as to how he will vote in the future. That is how he voted in the past, didn't he, and he has a record of consistency.

I am not trying to solve the senatorial question, but I am saying suppose that Senator is running for President, and if they have his overall record they have something to look to and rely on. Frankly there is nothing to keep a man in his party platform from saying he is going to do and making speeches on what he expects to perform when elected, and some of that language can be so sophisticated the rank and file of the people won't know what you are talking about.

For example, you can go on television and say, "I am just convinced that the Federal Reserve Board must be independent and the stability of the dollar must be protected, we must not lose our gold," and any banker in America would interpret that to mean you are going to have high interest rates. So these things are matters that are very important.

The stakes involved amount to many billions of dollars. In the Government sector they amount to billions and in the private sector they sometimes amount to tens of billions of dollars. What I am advocating is that a person should be able to do whatever he wants to do about it and people ought to be able to vote for a candidate relying upon his campaign commitments and his record, what he stands for. But neither side should have any advantage one way or the other.

I have been very fortunate, may I say, that generally speaking, Mr. Staats, I think I have been better financed than my Republican opponent down through the years because I fear that most people didn't think he was going to win. I am not in position to complain about how these elections are financed today. But I do know that we we ought to lift the Presidency above the control of the money of 1 percent of the people. I don't mean the control, but above the

influence and above the necessity of obtaining a substantial amount of money from wealthy people.

I know labor contributes. My impression is that they contribute about 1 percent of the overall costs. I don't blame them for making it sound like more or anybody else from making it sound like more, but my impression is that the contributions of labor is relatively small. If he wanted to present his case to the American people in the race for President, that Office should be elevated above the necessity of accepting contributions from any particular group.

Mr. STAATS. I would think so. I just don't know.

Senator WILLIAMS. Just one question.

I understand both the chairman and you would now recommend that the bill be amended, if necessary, to require labor to report how much it spends on the campaigns.

Mr. STAATS. I didn't understand that——

Senator WILLIAMS. Would you recommend such a proposal or endorse it?

Mr. STAATS. Under the other bill any contributions——

Senator WILLIAMS. You think it should be yes.

Mr. STAATS. Any contribution in excess of $100 would have to be reported.

Senator WILLIAMS. One final question: The suggestion has been made or the inference that we should disregard the need of amending the Corrupt Practices Act because for 42 years, or since 1925, we haven't done anything. I don't think that is an excuse. But is it not true that President Johnson recommends to the Congress last year, when he recommended $100 deductions, and this year when he recommended the appropriations, both embraced a recommendation in the same message for a complete revision of the Corrupt Practices Act to require full and complete reporting?

Mr. STAATS. Yes, I think that is correct.

Senator WILLIAMS. Thank you.

The CHAIRMAN. Let me just make it clear so there will be no misunderstanding of my position here, that I am willing to support in, general terms, although I reserve the right to differ on specific points the President's recommendation in the field of amendments to the corrupt practices law. It will do some good. Generally speaking I think those recommendations sound pretty good. But I am not willing to settle for zero as an answer. If loading all that stuff on this bill means that you get no bill at all, then I am for providing a different and better answer. I suggest we do just as much good as we can for now, and then do more later on. Sometimes you make a mistake doing too much good all at one time. Maybe if you can do some now and a little more later on you might succeed where if you tried to get everything done at one time you fail. While you could sell part of the package you couldn't sell it all.

May I say, Mr. Staats, part of the problem I had with you is that during the time you were director of the Budget I couldn't do as much good as I wanted with my people because you were concerned with the cost of it on the Federal budget. But you did the best you could. You pinched some pennies on us and you provided some relief. And I propose to take the same approach. We will do the gest we can under

the circumstances and I hope the country will still be around a year or two later when we try to improve on it again. Thank you very much for your statement here.

Mr. STAATS. Thank you, Mr. Chairman.

(Whereupon, at 12:55 p.m., the committee recessed to reconvene at 10 a.m., Tuesday, June 6, 1967.)

POLITICAL CAMPAIGN FINANCING PROPOSALS

TUESDAY, JUNE 6, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 2221 New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Smathers, Anderson, Gore, McCarthy, Williams, Carlson, Bennett, and Dirksen.

The CHAIRMAN. The hearing will come to order.

Today we continue receiving testimony on various measures to improve the financing of political campaigns. Most of our witnesses today support a tax credit or a tax deduction approach to this matter.

Our first witness this morning is the Honorable Joseph S. Clark of Pennsylvania. Senator Clark is the author of S. 1547, one of the political campaign financing bills presently before the committee. It would allow an income tax credit of one-half of the amount of political contributions up to $40. Under his formula the maximum tax credit would be $20.

Senator Clark, we are pleased to have you with us this morning and we would be very happy to hear your views on the subject.

STATEMENT OF HON. JOSEPH S. CLARK, U.S. SENATOR FROM PENNSYLVANIA

Senator CLARK. Thank you very much, Mr. Chairman and members of the committee.

I appreciate this opportunity to appear before you. Actually, I appear in support not of one bill but of three; S. 1546, a bill known as the Election Reform Act of 1967, which was referred to the Committee on Rules and Administration when I filed it on April 14; S. 1547, a bill to amend the Internal Revenue Code to allow an income tax credit for certain political contributions made by individuals, and to repeal the Presidential Election Campaign Fund Act of 1966, which was referred to this committee; and S. 1548, a bill to amend the Communications Act of 1934 to provide for the furnishing to candidates for public office of free radio and television broadcast time on a fair and equitable basis, which was referred on the same date, April 14, to the Committee on Commerce.

These three bills, in my opinion, are or should be considered as a package, and I would suggest that they be so considered by the committee.

Of course, the rather peculiar parliamentary procedure by which the whole general subject of campaign financing, election reform, and

television and radio expenditures during campaigns ended up in this committee, is rather unusual, but I was assured by the majority leader, and I think the chairman of the committee would agree, that the purpose is to bring out a comprehensive bill and not to confine your activities to the mere question of campaign financing.

These matters are so interrelated that in my opinion, we cannot have adequate provisions for campaign financing, election reform, or television and radio time, unless we deal with them collectively.

I do not have a prepared statement, but I have a press release which, since it outlines the general purport of what I shall have to say, I would appreciate, Mr. Chairman, your having it incorporated in the record.

The CHAIRMAN. Without objection.

(The press release referred to follows:)

CLARK OPPOSES DIRECT SUBSIDY FOR PRESIDENTIAL CAMPAIGN: URGES TAX CREDITS, FREE T.V. TIME FOR ALL CANDIDATES

Senator Joseph S. Clark (D., Pa.) today urged the Senate Finance Committee to provide for election campaign expenses through a tax incentive approach similar to the one recommended by the Administration last year and by the Heard Commission appointed by President Kennedy which reported in 1962.

Clark said that assistance should be available to *all* candidates for public office, at *all* levels—federal, state and local. "Any plan which puts a Presidential candidate on the dole and leaves everyone else out in the cold misses the point," he said. "The real problem is corruption—the potential for corrupting political candidates through their dependence on large campaign gifts—and that potential exists in a much higher degree at local, state and Congressional levels than at the Presidential level. At the very least the legislation should cover members of Congress in addition to the President."

The Pennsylvania Democrat expressed disappointment at the Administration's action in backing away from the proposals it made last year for tax incentive assistance to candidates at all levels.

"It was my privilege to introduce the Administration bill last year," he said. "That was a good bill, if not a prfect one, and I was proud to sponsor it. But in my judgment the present Administration bill is not a good bill. It substitutes an unsound approach for a sound one. I would not have introduced it and I do not support it."

Clark expressed particular concern about the provisions of the Administration proposal which would channel federal subsidy funds to television and radio stations. "Instead of requiring licensees of the public airwaves to grant free campaigning time as a public service," he said, "the bill in effect would create a sizeable new federal grant-in-aid program to wealthy commercial radio and T.V. station operators and corporate networks. What we need is a legislative directive to the FCC to work out rules and regulations under which broadcasters *must* grant free air time to all candidates at all levels, —Federal, state, and where practicable, local—on a fair and equitable basis—not a 'Federal T.V. Station Owner's Assistance Act of 1967'."

Clark said that the Finance Committee had a special responsibility to see that election reform did not get lost in the shuffle, even though a separate bill containing the Administration's proposals in this area had been referred to the Committee on Rules and Administration. "As a matter of practical politics, the only way we can hope to tighten up the Corrupt Practices Act—to close its loopholes, to bring intra-state committees and primary elections under its coverage, and to make it enforceable by assigning monitoring duties to the Comptroller General—is by sweetening the taste of the bitter medicine with campaign finance assistance. In other words, we ought to get our penny candy, but only after we swallow the castor oil."

Clark urged the committee to give favorable consideration to a three-bill campaign finance and election reform package which he introduced earlier this year. The three bills are:

1. *The Fair Campaign Finance Act of 1967.*—provides a tax *credit* of *one-half* of all contributions of an individual taxpayer up to total credit of $20 a year ($40

for a husband and wife filing a joint return) to any candidate for any public office, whether federal, state or local, in any general special or primary election.

2. *The Election Reform Act of 1967.*—a strengthened version of the Administration's 1966 bill, closes loopholes in the Corrupt Practices Act, extends coverage to intra-state committees and primary elections, makes the Comptroller General responsibile for detecting violations, requires comprehensive disclosure of personal finances of Members of Congress.

3. *The Fair Campaign Broadcasting Act of 1967.*—directs the FCC to develop regulations requiring broadcasters to grant free air time to candidates for public office—federal, state, and where practicable, local—on a fair and equitable basis, as a condition to obtaining the right to use the public airwaves.

Senator CLARK. I would like to make a few general observations, if I may. In my judgment the four criteria for a good campaign finance bill are: first, it should be simple, and therefore relatively easy to administer.

Second, it should be equitable, by which I mean it ought to be fair to minor parties and it should not give any advantage to either major party.

Third, it should be accompanied by adequate controls and safeguards.

And fourth, in my judgement, it should apply to all candidates for all public offices—Federal, State and local, and to all elections—primaries, special and general.

Now, I appreciate that the mood of the committee and the mood of the Congress is probably such that to pass this year a bill which would have an impact and be binding on candidates for State and local office is probably not very realistic.

But I would urge the committee as strongly as I can that any legislation passed should apply to candidates for nomination and election in the House and in the Senate as well as for the President and the Vice President.

I would like to comment briefly on the three different approaches to campaign financing which have been suggested and debated as a result of the current interest in this matter.

The first one is the direct Federal subsidy, which, of course, is now the basis of the President's bill and is also the basis of Senator Long's bill, although in quite a different way—I beg your pardon, not Senator Long, Senator Gore, I beg your pardon, Mr. Chairman.

The difficulty I see with this direct Federal subsidy, which I would not completely discard, but which I think is not as good as the tax credit approach which I will come to in a moment—one of the difficulties with the direct Federal subsidy is that some agency of Government must have the power to determine the amount of the subsidy and how to apportion it. Therefore, there has to be some kind of an arbitrary formula, and if a formula is going to be simple, it seems to me it almost necessarily has to include a per capita contribution depending on the voting population of a State.

Now, it is obvious, I would think, to all that the cost of campaigning in a two-party State such as Pennsylvania, where we have 11,500,000 people or 5,500,000 registered voters is a good deal more expensive on a per capita basis then campaigning in Mississippi. The costs are higher, the methods of campaigning are more intense. When you have a two-party State you have to work an awful lot harder to get elected. You may have a contest in the primary election. Then there is the hotly contested general election. So

the costs of campaigning in a State such as mine on a per capita basis, I believe, are higher than the per capita costs in many of the States in the Middle West and of the South, where there is very little problem about getting nominated, and in many of the States not too much of a problem about getting elected.

This makes it difficult indeed to find a simple formula, arbitrary as it must be, which is also fair.

Now, whether it is intentional or not, such a formula is almost certain to contain a built-in bias. It will either help minor parties or penalize them. If it treats major parties alike it will fail to take into account differences in the popularity and the strength of the two parties in a State, and if it tries to distinguish between them, it is almost certain to be guilty of some kind of favoritism, whether willful or not.

I would suggest then that efforts to make an arbitrary formula appear impartial will only result in making it so complex and hard to understand that it is going to be unworkable. If you keep it simple, it isn't going to be fair.

I suggest also that the presence of direct Federal grants in campaign spending raises serious risks of graft and problems of control, particularly where an effort is made to limit the use of Federal funds to enumerated purposes. Almost immediately you get into the question of fairness, and there is a real possibility of conflict of interest, favoritism to certain categories of expenditures such as television and radio stations and the like.

Now, on the other hand, the tax incentive approach, to my way of thinking, is simple and familiar. It has been long in use for charities, and for religious organizations. Unlike the direct subsidies, it does not require an arbitrary formula for apportionment. The decision is not made by any Government agency but by millions of taxpayers individually.

However the tax deduction, which is presently available for charitable and religious contributions, is to my way of thinking not nearly as good for political contributions as a tax credit because it has a built-in bias.

In the first place, it favors upper bracket taxpayers. The higher your bracket the more the deductions save you or, in other words the more the Government pays the candidate of your choice. It favors taxpayers who itemize their deductions, a relatively small minority of all the filed income tax returns, thus benefiting homeowners with mortgage payments, et cetera, who are able to take an interest deduction; and it gives an additional built-in asset if the bracket is high enough.

Last year the administration proposed a deduction which would be available to all taxpayers, whether they itemized or not. This solution would take care of the homeowner bias noted above; that is, the mortgage situation, but it does not take care of the bias in favor of upper income bracket taxpayers, because if you give a deduction to a man in a 20 percent bracket, he obviously gets a much smaller credit on his tax than similar contributions would produce for a man in the 75 or 80 percent bracket.

So I suggest the fairest type of tax incentive is a partial tax credit. This is what was recommended by the Heard Commission appointed by President Kennedy.

This kind of a partial tax credit is available to all taxpayers, whether they itemize their returns or not. It costs the Government the same amount of money no matter what bracket the taxpayer is in, and with a 50-percent tax credit, which is what I would recommend, the taxpayer will be going 50-50 with the Government. In other words, the Government will match him dollar for dollar up to the specified limit.

And in my view that limit should be set at a maximum credit of $20 per individual, which would mean on the basis of a 50-percent credit, that there would be a $40 contribution of which the individual would pay half and the Government would pay half. For a married couple filing jointly, the maximum credit would be $40.

Under this incentive system the taxpayer has to demonstrate his commitment to a particular candidate by dipping into his own pocket. And when he does it the Government will match him dollar for dollar no matter what his choice is, no matter what bracket he is in.

I have given a good deal of study to the administration proposal. I do not favor it. I do not think it is a good bill. It has all the defects of a direct Federal subsidy which I have just referred to, plus some additional defects of its own. It is not as complicated, of course, as the original tax checkoff plan of Senator Long's, but it does contain an arbitrary formula about which I have already spoken. It subjects the whole scheme to the vagaries of the congressional appropriation process. In advance of the enactment of the appropriation, there is no way of telling, first, how much would be appropriated; secondly, if an appropriation would be blocked by a filibuster or if it would be voted down or even, third, if it would be vetoed; and fourth, if the President would refuse to spend it. Further, the administration bill enumerates the purposes for which the subsidy may be used, and this, I think, raises the danger of a misdirection of Federal funds and creates very serious policing problems.

In addition, among the permitted purposes of the subsidy are radio and TV costs. This, in effect, amounts to a Federal subsidy to commercial TV and radio, which need a subsidy about as much as we need a hole in the head.

There is no reason in the world that I can see for subsidizing television and radio stations which are already doing very well indeed by giving them money to pay for political broadcasts on airwaves which belong to the United States of America, and which are leased to networks or the individual stations only on a 3-year basis, the license revocable at any time, if the criteria and standards laid down by the FCC are not met.

It may be said that free time is unfair to the networks and it is unfair to the television stations. But to me when they can get a license from the Federal Government in effect for nothing, when they build up these great profitable empires, when they have so much impact on public opinion anyway, and when they can certainly raise their advertising rates if they want to take in the same amount of money, and when the amount of free time which is given is relatively minor in terms of the entire braodcasting schedule, I can see no reason whatsoever for giving a subsidy in any way, shape, manner, or form to radio or television stations.

One final point: the administration bill provides a subsidy to presidential candidates who need it the least, and who are the least likely to be influenced by political contributions, and it ignores everybody

else, particularly Members of the House and Members of the Senate, who are in far greater danger of the influence which comes from vested interests, and who are much more subject to that indirect influence which verges on the edge of corruption than any presidential candidate. The purpose of a subsidy is not to make it cheaper to run for the Presidency; it is to reduce the potential for corruption in our political life which arises from a dependence of candidates on "fat cats" for large campaign contributions.

I don't believe there is a Senator on this committee who isn't fully aware of the dangers which lie in the large contributions from the fat cats, whether they be labor unions or peace groups or war groups or corporations who, have found devious and successful ways of avoiding the prohibition against corporate or labor union contributions.

Moreover, I suggest that actually the potential for corruption is probably the greatest at the local level. If we really want to stop corruption perhaps we ought to start with candidates for city council and county commissioners. I realize that that is not a realistic place to start, but if you want to stop corruption that is really the place to start. As you gentlemen know, I have had some experience in local government myself.

So much for the President's bill.

S. 1548, which is my bill, and which is called the "Fair Campaign Broadcasting Act of 1967," is a very simple bill: it is only one page long. It would direct the Federal Communications Commission to frame regulations requiring broadcasters to grant free air time to candidates for Federal, State and, where practicable, local office, on a fair and equitable basis as a condition of holding the privilege to use the public airwaves for profit. It does not specifically include primary as well as general elections but obviously the FCC ought to study that.

I suggest that it is much better to place this responsibility in the hands of an administrative commission which has the general duty of regulating the communications industry under a broad general standard which is defined in the act. These regulations, of course, would be subject to judicial review as are all regulations of the FCC. Instead of having the Congress try to write an arbitrary law dealing with this subject, it would be wiser to place regulatory power in the hands of the FCC.

Now, my second bill, S. 1546, is called the Election Reform Act of 1967. Essentially it is a strengthened and improved version of the administration's 1966 bill, which I was privileged to introduce at the request of the President and which I thought was a pretty good bill. It is very different from the administration bill of 1967. The 1966 bill was referred to the Committee on Rules and Administration of which I am a member, but that committee failed to hold any hearings on it. Senator Cannon, who is chairman of the Subcommittee on Elections, has introduced the administration's 1967 bill. That bill has been referred to the Committee on Rules and Administration and I have no doubt in due course hearings will be held on it. But it is my understanding that you gentlemen have had granted to you jurisdiction over all these matters, and I would hope very much that you would seize the jurisdiction and deal with it accordingly.

The first of the two principal changes in my Election Reform Act of 1967, which I introduced as the President's bill last year, makes

the Comptroller General responsible for detecting violations of the law, and for reporting them to the Attorney General for prosecution in accordance with the criminal provisions which are set forth in the act. A second change would require comprehensive disclosure of personal finances by Members of Congress and their key administrative and legislative assistants. I point out that the administration bill last year contained a provision for limited, but mandatory disclosure of personal finances by Members of Congress. This provision has been dropped from the 1967 act, much to my regret, as introduced by Senator Cannon and referred to the Rules Committee.

I have already said a word about the jurisdictional problems, and I do not think I need to deal further with that. So I think, Mr. Chairman, that concludes my remarks.

I would hope very much that the committee and the committee staff would take a good hard look at S. 1546, S. 1547, and S. 1548, because they represent the result of some 10 years of study on my part. During the last 3 or 4 years I have been a member of the Committee on Rules and Administration, which is vested with the jurisdiction of one of these three bills.

The CHAIRMAN. Senator Clark, our time limit under the Senate instruction runs out today. I will have to ask for more time. We are not ready to report. As you know, the debate on the presidential campaign fund provisions, as an amendment to the investment tax credit, continued for some time after that instruction was voted.

The instruction in the recommittal motion by the majority leader read as follows—I will only read paragraph 2 because that is the one applicable here:

> To report back within six weeks provisions with respect to the Presidential Campaign Fund Law of 1966.

At the time that motion was made Senator Williams had modified his proposed amendment to include two provisions which had to do with the President's recommendations—and his previous recommendation relating to corrupt practices. We don't have jurisdiction broad enough in this committee to consider a bill that is in that field. The rules of the Senate would preclude that. We, of course, can do what any committee can do. We can amend a bill to go beyond that which is referred to us. But I do not interpret that instruction as requiring this committee or even instructing us to report back in the area of corrupt practices, which is before the Rules and Administration Committee. Of course, if this committee wants to do it it doesn't take anything but a majority vote to do it.

Senator CLARK. Mr. Chairman, may I most respectfully disagree with the chairman, and call his attention to the floor debate at the time the majority and minority leaders determined to support the floor action which resulted in our present hearings, as a matter of fact.

At that time I reiterated my concern about the problem of split jurisdiction, and I urged the creation of a select or ad hoc committee. The majority leader, however, was unwilling to go along with me. I thought there should be a special ad hoc committee consisting of members of the Commerce Committee, members of the Committee on Rules and Administration, and members of this committee, which could report out a comprehensive bill. The majority leader, however, felt differently, but he did say definitely on the floor, in a colloquy

with me, that all matters dealing with this broad general subject of campaign financing, election reform, and television and radio time, would be referred to this committee with jurisdiction to act, and he also said he had no doubt that the committee would consider all three of the bills which I have introduced.

Since Senator Gore has come in after I completed my statement, might I say for his benefit that I am here supporting S. 1546, S. 1547, S. 1548, but that if the committee does not look with favor on this legislation, I would certainly support Senator Gore's bill as far better than the President's bill or anything else which has been suggested to date.

I do respectfully disagree with my friend from Tennessee about the business of the Federal Government paying for campaign expenditures, but with respect to the other provisions of his bill I am in complete accord, and if the committee in its wisdom should decide it wants to stick to Federal financing, while I think the tax credit is far better, I would nevertheless support Senator Gore.

The CHAIRMAN. Senator Clark, let me just make it clear that I am not constitutionally opposed to invading the jurisdiction of another committee. We have done it before, and if the Senate wants us to do it I am willing to.

But I am opposed to biting off more than we can chew. I would rather do something than do nothing. I think my record in that regard is fairly clear.

Now, as I say, it is purely up to the members as to how far this committee wants to go. I am sure we will have some corrupt practices amendments offered, perhaps including those you have suggested. So far as I am concerned we will report whatever the majority of the committee wants to report.

Senator CLARK. That is good news, Mr. Chairman. I just want to make this additional comment. As I read the Congressional Record after this colloquy which resulted in the referral of this legislation to this committee, I think we came pretty close to giving unanimous consent, despite rule 25, for the Finance Committee to take jurisdiction over the whole matter.

The CHAIRMAN. Well, the vote wasn't unanimous, but it may be that is what the Senate wants us to do. I am willing to abide by the judgment of the majority of the committee. I just hope we can report a bill out which can be passed by the Senate and which represents the best collective judgment of our committee.

Now, you have suggested here that the Federal Communications Commission should frame regulations on a fair and equitable basis. Here is my question: looking at the situation that exists today, looking at an election which is a year away from us, if we are not able to draft legislation to provide how the time would be divided among the parties, how can we expect the Federal Communications Commission to do it? Can they do it any better than we can do it if we can't tell them what we mean by a fair and equitable basis?

Senator CLARK. Because, Mr. Chairman, they are experts in this field and we are not.

The CHAIRMAN. Well, the Congress created them, and we certainly are privileged to listen to them. We have requested them to be ready to testify on it, so we can know what they think. But just because someone is your employee to advise you in a certain area or to assume

certain responsibilities you assigned to him does not necessarily mean that his judgment is any better than yours once you understand why he is doing what he does do.

It occurs to me that as between the two major parties the only fair way you could divide time would be on an equal time basis. Do you see any other basis on which to divide it?

Senator CLARK. Well, I think there are two points to be made in that regard. I would certainly think we would want to repeal section 315, which is the provision that gets us into so much trouble year after year over minor parties.

The great advantage of referring this task to the FCC is that the FCC can frame administrative regulations which can be changed from time to time after a public hearing and which are subject to review by the courts, whereas the Congress is really a pretty clumsy body to deal with this intensely complex matter.

Let me point out that it never occurs to anybody anymore that Congress should pass on the question of whether the Pennsylvania Railroad and the New York Central should be merged. We refer that to the Interstate Commerce Commission. We do the same with matters delegated to a whole wide range of administrative agencies which the Congress has created—going back, I guess, well before the Federal Reserve Act of 1914. The Congress has delegated duties of this kind time after time after time in areas where it doesn't feel that its committees have either the time or the adequate expertise to frame legislation, particularly where the rules may have to be changed almost year by year. To me this is a typical situation in which an administrative agency can do a better job than the Congress.

The CHAIRMAN. It would seem to me that as between the two major parties, the only conceivable answer would be to treat them the same. How could you arrive at any different conclusion? If FCC is going to say how much time the various parties would be permitted to have for free, to broadcast their views to the American public, even though the Democrats did get more votes than the Republicans at the last election, how could we, on any basis whatever, authorize them to give our party or to give the other party more time than its major opponents?

Senator CLARK. Mr. Chairman, I think the chairman is thinking, and I can well understand why he should, primarily of presidential elections. I am thinking primarily of elections to the House of Representatives and the Senate and a wide variety of offices in the different States, where what is fair and equitable in one State is certainly not fair and equitable in another. I suppose one would say that if you are going to confine yourself merely to presidential elections, where I say the need is least, you might have good reason to say "Well, let's frame a radio and TV law in the Congress." That is not too hard to do. But if you are going to get into congressional and senatorial elections, then I think you get over your head pretty quickly.

The CHAIRMAN. How can the Commission, even in a congressional race, presume to divide time between a Senator or a Congressman and his opponents—suppose he has five opponents? I have had about every kind of opponent, I think. Perhaps you have had too, Senator Clark.

Senator CLARK. I have had quite a few.

The CHAIRMAN. I have had some of them who were really top-notch, tough opponents, and I have had others who were more or less nuisance candidates. Maybe they thought they had a chance, but nobody else thought so.

Now, how could a Commission presume to provide time other than simply to provide them all with the same amount?

Senator CLARK. Well, possibly this is true. In the first place you have in my State 27 different congressional districts in several of which there aren't any television stations at all. Those candidates for Congress don't buy television time, they have no use for it. They cannot afford the expenditure of putting television time into their congressional districts.

I would say out of the 27, as a guess, maybe 21 or 22 are running in districts where television time, is readily available. But the candidates in Montgomery County outside of Philadelphia have to buy time in Philadelphia from the Philadelphia stations. You get into a mass of complexity as soon as you get into this, and with every congressional district in the country you have got to some extent a different situation.

The CHAIRMAN. Here is the problem that bothers me most about this—I am limiting myself to a 10-minute rule and I will ask other Senators to also.

I would judge that about 40 percent of the Senate would just as soon not do anything about this matter, maybe even a higher percentage over in the House. Of those of us who would like to do something about it, we have a variety of opinions, and if we are not able to agree on some measure to support, then it would seem to me that we are just exercising ourselves in futility because sooner or later we are going to have to try to arrive at a consensus of those of us who would like to do something in the field. Otherwise, it would appear to me that the net result will be a zero, a cipher, after we get through with 2 years of debate or 4 years of debate, that we would wind up achieving nothing and that some of those of us who might favor one plan would not favor the other. We would wind up voting with the 40 percent who want nothing, and the result would be that we would have 4 years of conversation with nothing achieved.

Now, this particular area does lend some basis for that fear because we have not done anything in the corrupt practices area and absolutely nothing in the campaign financing area. The last time we did something important in corrupt practices was in 1925, and that is an act that is honored more by its avoidance and evasion than it is by its compliance.

Would you mind advising me what your thoughts are in that area, Senator?

Senator CLARK. Well, Mr. Chairman, I am compelled to reflect that this problem which you have raised is a pragmatic one which confronts every Member of the U.S. Senate practically every day in the week. We always have to make some sort of decision between what is feasible and what we think is right. Some of you gentlemen may remember the story which the late Senator Claude Swanson of Virginia used to tell. I won't bore you with the whole story, but the punch line is that he attributed a good part of his political success to the fact that, when in doubt, he did right, and this might be a guideline not only in this, but in many other matters.

Now, may I also point out, Mr. Chairman, that we talked and did nothing about civil rights for over 100 years, but we finally did it. Maybe one of these days we will do something about campaign financing.

The CHAIRMAN. I hope it won't take a hundred years. My time is up. Senator Anderson.

Senator ANDERSON. Well, the other qualification that you mention was when Senator Swanson said that when water reached the second deck, it was time to leave, desert when the rats get——

Senator CLARK. "When the water reaches the upper deck follow the rats and be as bold as a lion on the rising tide." I had not intended to tell the whole story.

Senator ANDERSON. You were saying that you would leave it to the FCC because you said they were experts.

Senator CLARK. I think the FCC, Senator Anderson, by reason of its daily contacts with the communications industry has a good deal more expertise, I would certainly concede, than I have, and I would suspect with all deference to my very able, learned, and senior colleagues on the Finance Committee, perhaps a little more than they do.

Senator ANDERSON. They may know something about communications but they sometimes boasted of the fact that none of them have ever run for public office.

Senator CLARK. Of course, that can easily be handled by having public hearings at which all of us can testify.

Senator ANDERSON. You mentioned you wanted personal finances to be reported.

Senator CLARK. Yes, I do. You know I have been trying to get that done since the year 1, at least since the first year I came here, and title 3 of S. 1546 does require financial disclosure along the general lines which I have advocated from time to time in the Senate. It is very easy to strike out title 3 if you don't like it. To me it is an inherent part of any kind of a disclosure rule which is intended to prevent corruption in the elective process.

Senator ANDERSON. You are undoubtedly familiar with the record of Senator Couzens, who came into the Senate a very wealthy man. Was he a bad actor?

Senator CLARK. No, I don't know that he was. I am not sure Bill Vare was. I am not entirely sure that Senator Newberry out in Michigan was, but to me the most feasible answer pragmatically for all of these problems is disclosure. My bill does not create any penalties for misconduct; it just requires disclosure. If you willfully fail to disclose, there would be a penalty. But your disclosure would reveal any kind of rotten apple performance.

Senator ANDERSON. Wouldn't you also suggest that the family of a candidate——

Senator CLARK. The spouse. I think the spouse should reveal her finances.

Senator ANDERSON. Children? Didn't you have children?

Senator CLARK. No, I didn't have children then, and I must say although it is not in my bill, in view of some or the activities of several of the very wealthy families in my State which have been well publicized, the Mellon family and just over the border in Senator Williams' State, the Du Pont family, where little children hardly out of the crib contribute $5,000 to campaigns from time to time, I would be inclined

to make the $5,000 limit on contributions apply not only to the head of a family and his spouse, but also to all minor children.

Senator ANDERSON. That sort of concerns me because I don't realize how children have any responsibility to their parents, sometimes it is the other way.

Senator CLARK. Well, they do until they are 21 don't they?

Senator ANDERSON. Not all of them do.

Senator CLARK. They should. [Laughter.]

Senator ANDERSON. We had the more recent case in my own State involving Senator Cutting who was a very rich man. He died in an accident, and his entire fortune, $4 million, invested in trust funds was given to people that he helped. It cancelled effectively all their debts. Was that improper?

Senator CLARK. No. Far be it for me, Senator, to attempt to exclude well-to-do individuals from running for public office, or for doing whatever they want to with their money. I would be in bad shape myself if such rules were passed.

Senator ANDERSON. You wouldn't be in such bad shape as other people.

Senator CLARK. I don't think so. It comes down to what is the definition of well-to-do.

Senator ANDERSON. I don't think I have many questions except to say to you I am very touchy about this subject that is going to involve children.

Senator CLARK. Senator, it is easy to just strike out the part that applies to parents. How about infants? How about that little du Pont baby, mewling, and puking in his mother's arms, who gave $5,000 for the Republican candidate?

Senator ANDERSON. He was very precocious.

Senator CLARK. Yes. [Laughter.]

Senator ANDERSON. I am glad you had the courage to keep fighting these bills and putting them up as long as you have.

Senator CLARK. Thank you, Senator.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. First, Senator Clark, I want to say that I agree with you to the extent that the best method of rendering assistance in this direction is either through the form of a tax credit or a tax deduction as was proposed by President Johnson last year. Personally, I would be more inclined to go along with some form of a tax credit, or perhaps a combination of both, but in any event, I don't think it is so important as to which procedure we use as it is that we maintain the principle that each individual who is contributing can contribute to the party or the candidate of his choice, and that we keep the figure low enough that we can encourage the masses of the contributions from the average man rather than finance our campaign from these larger contributions.

Senator CLARK. This is my pious hope, Senator. If I am to come back to the Senate, I shall have to run next year. If we could get this bill passed for a $20 tax credit I would breathe an awful lot more freely because then I would not have to rely on the fine and reputable and honorable people who contributed to my campaign, with great generosity, who then think they own me. Well they find out they don't, and that is unpleasant for both of us.

Senator WILLIAMS. Now, as I understand it, it is your opinion that any legislation that would be reported by this committee that dealt

with the method of financing campaigns, either through a deduction, a tax credit, or public financing, that at least a part of that bill should and almost must be full disclosure of all campaign contributions. In other words, I mean a general broad revision of the Corrupt Practices Act to plug these obvious loopholes.

Senator CLARK. I do indeed, Senator.

May I say with all deference to my beloved colleagues on the Committee on Rules and Administration, you are not going to get that kind of a bill out of them. If this committee doesn't do it, it is just not going to be done.

Senator WILLIAMS. Well, it was my understanding, and as you outlined, when the Senate instructed this committee to act in this field, that we were given jurisdiction to report a bill dealing with revisions of the Corrupt Practices Act, the Hatch Act, or any other reforms that we felt were necessary in this particular area. It is my understanding, and I certainly, as one member of the committee, am proceeding on the premise that we do have jurisdiction for these proposals, and I can assure you that they will be considered by the committee because I think that that is the No. 1 objective. I think it is even more important than the sections dealing with financing arrangements, and I am also in favor of doing something in that area.

Senator CLARK. I think this is not the first time, although there are not too many, when the Senator from Pennsylvania and the Senator from Delaware have found themselves in accord.

Senator WILLIAMS. Well, we sometimes find ourselves in accord and I always am glad when I find the Senator from Pennsylvania right.

Senator CLARK. So am I. [Laughter.]

Senator WILLIAMS. I will not take any further time to ask questions at this point. I will say that I agree fully that the time is long past due, and much has been said that a committee should report some legislation in this area, and I am hoping that the Senate will act.

I do not think that we can deal with this piecemeal. I think it should be a one-package approach, and shall certainly do what I can in that direction to achieve some constructive results. I thank you.

The CHAIRMAN. Senator Carlson? Or Senator Gore.

Senator GORE. To provide funds or to facilitate the acquisition of campaign funds, you have suggested as your choice, tax deduction.

Senator CLARK. No, tax credit.

Senator GORE. Tax credit?

Senator CLARK. Not a tax deduction. I mean you could do that if want, but it is so favorable to the very wealthy taxpayer that I don't think we ought to do it.

Senator GORE. If campaign funds are provided by a tax credit, what percentage of the funds thus provided would be from the Treasury of the United States?

Senator CLARK. Well, it works out indirectly at 50 percent, because the taxpayer gets a 50-percent credit on his tax for the contribution he makes. For example: If a married couple contribute between them $80 dollars, they get a $40 tax credit and, therefore, Uncle Sam would be putting up indirectly $40, too.

Senator GORE. So one-half of it would be from the Treasury?

Senator CLARK. Yes, I mean you could change that percentage. This is arbitrary.

Senator GORE. I understand that.

If the funds were facilitated by way of tax deduction and we couldn't arrive at an exact percentage, would you give an estimate of what percentage would be from the Treasury by way of tax deduction?

Senator CLARK. Senator, it seems to me that is terribly hard to do. Perhaps the Internal Revenue Service could come up with some useful figures based on charitable contributions and religious contributions and we would then make some arbitrary rule of thumb as to whether they think the same percentages would apply to political tax deductions.

Senator GORE. In any event, it would be substantially from the Treasury?

Senator CLARK. Yes, indeed.

Senator GORE. And if we provide or facilitated funds by way of the checkoff, as was in the bill we passed last year, 100 percent would come from the Treasury, wouldn't it?

Senator CLARK. Yes, sir.

Senator GORE. If we appropriate funds, as the President recommends for presidential campaigns, it comes 100 percent from the Treasury?

Senator CLARK. Yes, sir.

Senator GORE. So whichever route we go we are providing public funds for campaign purposes.

Senator CLARK. Yes, sir. The difference is that under your proposal, there is no free choice by the taxpayer to select his own donee, and to me this is a very important part of American democracy. As I said earlier, I have a fallback position which is in accord with yours. But I do not think to maintain the choice of the individual taxpayer as to where he wants his money to go, is a very useful and indeed almost a fundamental part of the democratic process.

Senator GORE. Well, I would like to come to that a little bit later. The principle I was trying to nail down here is that in any manner we deal with this subject we are providing public funds for campaign purposes?

Senator CLARK. Yes, sir.

Senator GORE. So the choice, it seems to me, is not on the principle of whether or not public funds shall be provided, but which is the best, the most equitable and the safest way to provide them.

Senator CLARK. I entirely agree.

Senator GORE. Now, after the debate in the Senate, and a good deal of consideration within the executive branch, the President and his staff concluded that the most equitable way would be to provide for appropriated funds.

Senator CLARK. He might have thought of it as the most pragmatic way.

Senator GORE. I think I would agree with that. I think it has an additional merit. It would keep in the hands of the legislative branch a considerable element of control, thus minimizing the danger of concentration of political power within two political bosses in Washington.

Senator CLARK. That is important.

Senator GORE. I think it may be the most, the single most important element in the exercise of choice between the methods of public financing.

Senator CLARK. But is the Senator addressing himself only to presidential elections, because I think it is quite different——

Senator GORE. No, I was addressing myself to the principle of by what means we could most advisedly provide public funds for political campaigns.

I would like to come, however, now to this second question. Secretary Barr expressed the view, with which I agree, that the greatest danger from influence of money in our political campaign is not in the presidential campaign, but in senatorial campaigns.

Senator CLARK. Well, I said before the Senator came in that I think the greatest danger is at the level of city council, sheriff, and county commissioner. As you go up the line the danger does to some extent decrease but certainly in terms of the Senate and the House the danger is far greater than with the President.

Senator GORE. Well, we are not here undertaking to deal with local and State elections. I would hope, however that in providing for clean Federal elections we would provide a standard an example, a high-level example of conduct of elections to Federal office, to which State and local officials and governmental bodies can repair.

Senator CLARK. One can always hope.

Senator GORE. Now if we agree upon these things then I take it that you would favor the inclusion of the legislative branch, election to all Federal offices within the same bill?

Senator CLARK. Yes, sir.

Senator GORE. Well, so would I.

Now, those of us who seek election, and who support this view, must be prepared for the charge that we are undertaking to provide funds for our own campaigns.

Senator CLARK. It doesn't frighten me.

Senator GORE. Well it does not frighten me either. I think I can survive without it. So that is not the question. We would also be providing, let us acknowledge, financial support for competition.

Senator CLARK. Yes, sir.

Senator GORE. What is wrong with that?

Senator CLARK. Nothing.

Senator GORE. If I may be personal in this matter, while I have been able to succeed without very much political financial support, it is becoming increasingly more difficult for young men to rise through this route.

Senator CLARK. Senator, I have been told by people who know Pennsylvania pretty well that it will cost me $500,000 next year for television time alone if I have, as I expect, a contested primary and a contested general election.

Senator GORE. Well, this is certainly forbidding.

Thank you Mr. Chairman.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. Senator Clark, you have spent many years in this field, and I want to commend you for the work you have done on it. I know you have three bills pending, S. 1546, S. 1547, and S. 1548. Looking through our file here, I believe we have only before this committee, S. 1547.

Senator CLARK. That is right, sir, because one of the others was referred to the Committee on Rules and Administration, and the second to the Committee on Commerce, because I put them in some weeks before the controversy on the floor which resulted in this committee being invested with jurisdiction. I would hope that some

procedure could be followed by which I would either file copies of the other two bills with the staff here or by which perhaps the other two committees would yield jurisdiction. I don't care how it is done.

Senator CARLSON. You would have no objection, I assume, in our deliberations not necessarily to take over the bills 1546 and 1548, but consider their contents?

Senator CLARK. I should be delighted.

Senator CARLSON. S. 1548, I believe you stated was introduced by you last year as the President's proposal, is that correct?

Senator CLARK. I didn't hear, sir.

Senator CARLSON. I say was the bill, S. 1548 introduced by you last year—

Senator CLARK. No, this is new.

Senator CARLSON. This year?

Senator CLARK. As of April 14, 1967. This bill has gone to the Commerce Committee because of the FCC's involvement, and of course, there is where it belongs.

Senator CARLSON. As one member of this committee, I agree with other statements that have been made that it is a problem that should have consideration and I sincerely hope we can come up with something that will be helpful as we deal in this field of financing. Personally, I have some difficulty with going much further than just presidential financing as sort of a pilot program. But I can understand the merit in these other cases, and certainly will keep them in mind. I want to commend the Senator for his actions.

Senator CLARK. Thank you.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Mr. Chairman, I think the subject has been pretty thoroughly explored with the Senator from Pennsylvania and I have no further questions.

The CHAIRMAN. Can I ask you just one or two more questions?

You said it would cost $500,000 of TV time in Pennsylvania alone. What do you guess the cost of a tough contested race to be in the Senate in Pennsylvania?

Senator CLARK. Well over $1 million. TV is the biggest single item, but literature is important, traveling expenses less so. In Pennsylvania we have what I consider to be the iniquitous practice of paying watchers at the polls so, for example, in Philadelphia, where there are over 3,000 precincts, it's customary to put $100 or $150 into a division to pay watchers at the polls.

Now when you have a senatorial race combined with a presidential race or a gubernatorial race, as is always the case unless somebody dies or resigns, the cost of that campaign is met by the county committee, and in effect all the candidates on the ballot share that expense. But as you can see because of this practice in Philadelphia, constituting about one-fifth of the total population, and similar practices in the larger cities such as Pittsburgh, Scranton, Wilkes-Barre, Erie, the cost of paying watchers at the polls is very heavy indeed.

The CHAIRMAN. Senator Clark, I imagine that is in just a general election or is that primary plus election that you are thinking of?

Senator CLARK. I was trying to be conservative so I included the primary. But I think my figures are a little low.

The CHAIRMAN. What is the population of Pennsylvania?

Senator CLARK. 11,500,000; 5,500,000 registered voters.

The CHAIRMAN. I was trying to get just some rule of thumb. In Louisiana the cost is higher than the average State bordering it. My guess is that in a tough race $200,000 would be a minimal expenditure in a tough primary. So far we haven't had very expensive general elections, because about 95 percent of the people are registered Democrats.

Senator CLARK. Yes.

The CHAIRMAN. But I would gain the impression, Senator, that on a per capita basis the problem in Louisiana is about the same as far as financing is concerned as it is in Pennsylvania.

Senator CLARK. Well the major difference is you don't have a general election and we are very apt to have two fights; one in the spring and one in the fall. Under Senator Gore's bill on a per capita basis he tells me that a candidate running in Pennsylvania would get $900,000 and I think if both sides were confined to that we could make do, although if there is no such limitation, if the Gore bill does not pass, the expenditures on both sides will unquestionably go higher.

The CHAIRMAN. Now, we had discussed this matter of committee jurisdiction at some length. I have indicated that if it be the will of the committee I am willing to vote to report a bill that would go beyond the jurisdiction given to this committee by the Senate rules. I would object to some other committee relieving this committee of its jurisdiction, however, because we have reported repeatedly in this area. We reported the deduction plan, we reported the presidential election campaign bill, and so far as I am concerned if it be the will of the majority we will report even the tax credit you are suggesting here, Senator, but I would say in fairness, do you know of any reason why this committee should be relieved of its jurisdiction to report in this area?

Senator CLARK. None whatever. I have talked this over with the Parliamentarian and the general rule appears to be that where a bill, usually of some complicated nature, is up for reference to a particular committee, the Parliamentarian refers it to that committee which he thinks has a majority of the matters covered by the bill within its jurisdiction. This is obviously satisfactory and, as you know, there have been a good many cases where one committee was unwilling to take complete jurisdiction, but would refer the bill to another committee for its approval and understanding. We do that fairly often, as I am sure the Senator will recall, in the Foreign Relations Committee.

The CHAIRMAN. About the only situation that I know of where we had any problem about jurisdiction in many years, as far as the Finance Committee is concerned, is that the Judiciary Committee wanted to report a bill relating to bankruptcy and taxes and this committee opposed them and the reason we did was because we thought they were wrong. It wasn't we were unwilling to have them act, but we just thought they were wrong about it; and I still think they were wrong.

Senator CLARK. We have another problem up right now. The omnibus civil rights bill sent down by the administration has a title dealing with fair employment practices which is clearly within the jurisdiction of the Labor Committee. So I introduced a separate bill dealing with just that. It was referred to the Labor Committee, and

I have some hope we will report some kind of a bill out, perhaps a good deal sooner than the Judiciary Committee will.

The CHAIRMAN. Senator Clark, would you just mind giving me your idea as to why we should act in this field? Would it be your thought that our purpose in acting would be to make it easier to finance campaigns or to relieve candidates of the need of making commitments or tailoring their campaigns to the need of raising money to finance them?

Senator CLARK. Well, I think both of those purposes. But also a third one, to minimize corruption in elections.

The CHAIRMAN. Well, you say to minimize corruption. Would that be related to the idea of candidates making commitments that they should not make? I take it that you are not planning to reduce the amount of money available for the campaign. You are planning to make it easier to obtain more, and in doing so I would wonder if it is just a matter of making it easier to finance a campaign or is it to relieve a candidate of the burden of making commitments or of recognizing the reality that if he campaigns for what he would like to campaign for he couldn't find the money to do it?

Senator CLARK. I think it is both, Senator, and, of course, the disclosure provision is very important indeed in terms of the corruption issue.

The CHAIRMAN. Right.

Now, with regard to this matter about equal time which you favor—of course, I personally would favor providing equal time to both major parties in the presidential race, as you know—my thought is that we ought to pay for it.

Now, would you feel that we should require the television station to provide equal time even though it is competing with a newspaper that might be making more money than the television station is making.

Senator CLARK. Yes, that doesn't bother me. As a matter of fact, I think we all know there is hardly a newspaper in the country making much if any money, whereas all the television networks are making money hand-over-fist. All you have to do is look at the annual reports.

In my area, Pennsylvania, there is hardly a newspaper that is doing much more than scraping by, one or two, perhaps. They go out of business every year. When I was a boy there were 12 morning newspapers in Philadelphia. There is only one now. Then you get into that monopoly status which I think is most unfortunate.

The CHAIRMAN. Senator Smathers, do you have any questions?

Senator SMATHERS. Thank you, Mr. Chairman. I am sorry, I didn't get to hear the distinguished Senator's opening statement, but I have heard it before, I guess, in debate on the floor. I basically agree we have to do something and it may be that I could go for the tax credit idea, if we cannot go for the chairman's bill. I am for that public concept; public financing with appropriated funds first. In the absence of that I am for Senator Clark's.

Senator CLARK. Senator, it is even possible that you will hear it again.

Senator SMATHERS. I have no doubt about it. It is always interesting.

Senator ANDERSON. Senator, you referred several times about the tie-in between wealthy people and corruption, you are talking about the corruption situation?

Senator CLARK. I think the Senator misunderstood me. I didn't mean that wealthy people are more corrupt than less well-to-do people. I suppose we may be on the air so I shouldn't——

Senator SMATHERS. You think that is how they got to be wealthy?

Senator CLARK. No, it is possible.

Senator GORE. At least become more sophisticated about it.

Senator CLARK. Yes.

Senator ANDERSON. I only want to know what your tie was with the corruption story. I don't think corruption has anything to do whatever with people of wealth.

Senator CLARK. I think we are all human beings. Who was it who said "man is the most quarrelsome of the apes"? The Senate certainly gives good evidence that this is the fact. [Laughter.]

Senator ANDERSON. You have spoken several times about corruption, what is your tie-in on that, what is your suggestion?

Senator CLARK. What is my what?

Senator ANDERSON. Does it's treatment of the corruption issue make some better reason for one bill than for another. Do you favor some particular bill?

Senator CLARK. Yes, I think the disclosure provisions of my amendments to the Corrupt Practices Act, which is S. 1546, deal with this subject in considerable detail, not only with respect to requiring meticulous disclosure of all campaign contributions and all campaign expenditures, but also meticulous disclosure of the financial condition of all candidates. I think this is the best way in the long pull to minimize elective corruption. You are not going to eliminate it. You are never going to eliminate it. We all know that, but this will minimize it.

Let me say again, Senator Anderson, there is no connection between my bill and wealth or poverty. It has nothing whatever to do with it.

Senator ANDERSON. I just hope I have the transcript, I want to check your answers on the thing, because I don't quite understand where you tie-in corruption to a man, who is able to support his own family.

Senator CLARK. Senator, let me say again so it will be crystal clear, in my opinion a poor man is just as apt to be corrupt as a well-to-do man or a very wealthy one. We are all human beings and we are all subject to the same temptations. I think a case could be made for the fact that the rich man is less subject to corruption than a poor man, but I wouldn't want to make that case. Thank you, gentlemen. I appreciate your courtesy.

Senator GORE. Senator Clark, the statement you make about all being human and the poor man possibly being more tempted to corruption, you could say the same thing about criminality, couldn't you?

Senator CLARK. Yes.

Senator GORE. But the fact is that we have laws to protect all.

Senator CLARK. That is right.

Senator GORE. And to encourage law obedience by all.

Senator CLARK. That is right.

Senator GORE. So if we aim at the cleanest possible election, then we wish to provide, it seems to me, the candidates themselves an

opportunity to seek public office without submitting themselves to corrupting influence.

Senator CLARK. I certainly agree.

Senator GORE. And then we need also to provide protection of the ballot boxes and to encourage all to conduct their politics in the cleanest possible way.

Senator CLARK. The Senator is correct.

Senator GORE. Thank you.

Senator CLARK. Thank you very much, gentlemen, for your courtesy.

The CHAIRMAN. Thank you. Our next witness is the Honorable James B. Pearson of the State of Kansas.

Senator Pearson is the author of S. 1794, another of the political campaign financing bills before the committee. It would allow a tax credit of one-half of political contributions up to $10 for a maximum credit of $5, or alternatively it would allow a tax deduction for political contributions up to $500.

His bill also makes a number of changes in the reporting requirements of the Corrupt Practices Act and establishes a Registry of Election Finance in the General Accounting Office to oversee the financial activities of political committees and candidates.

Senator Pearson, I believe this is the first time we have had you before the committee since we heard you on the Meat Import Act of 1964. We are pleased to have you here again and to hear your views.

STATEMENT OF HON. JAMES B. PEARSON, U.S. SENATOR FROM KANSAS

Senator PEARSON. Thank you, Mr. Chairman. I am very pleased to testify on campaign finances or the reform of campaign finances in general, and in specific deal with S. 1794 which the chairman indicated is now before the committee.

I believe, if the Chair would permit me to do so, I would ask that my statement be inserted in the record in full, and I have made some notes and I think perhaps I can cover this matter because it is so familar to the committee, within the 10-minute rule which might be applied to the witness as well as to the members of the committee.

The CHAIRMAN. We won't hold you to that, Senator, but we will accept that suggestion and incorporate your statement. (See p. 237.)

Senator PEARSON. Thank you very much.

The problem is that the cost of seeking public office or political office is growing in relative and absolute terms.

Present laws have many deficiencies; and candidates, whether they do or not, the public now believes have a great reliance on sources of wealth from private interest or pressure groups. So what we seek to do is to hopefully reduce the costs in some manner, to broaden the base of participation, to make it possible for all to seek public office, and to reform without creating greater evils and to reform without altering the character of our political systems. All start with the premise that there is need for the participation of the Federal Government.

The chairman's proposal, Senator Gore's proposal, Senator Clark's proposal, that he just testified upon, the administration proposal, and the one that I endorse, all accept this as the first premise.

Although they are cold statistics, and probably already before the committee, let me give some reference to the cost today of seeking public office.

The Republican and Democratic committees at the national level or at least those reporting to the Clerk of the House of Representatives, spent in 1956, $17.2 million; 1960 it was $25 million and in 1964, $34.8 million or it doubled within 8 years, and this did not include those expenses at the State and local level for national candildates, nor the expenses for Senators or Congressmen, nor the expenditures for seeking a nomination in the primary or the nomination for President or Vice President.

The estimates of total cost, both reported and unreported, increased about $5 or $6 million a year and run something like this: In 1952—$140 million; in 1956—$155 million. When President Kennedy was elected in 1960, it was $165 to $175 million; and the last presidential election it hit $200 million.

Now, along with this there are statistics and reports that indicate that the number of people that are contributing is also increasing about 2 million over 4 years, and so those figures show that in 1956 about 8 million people were contributing to political campaigns and in the last campaign it had risen to about 12 million.

While the number of people that are prepared and desire to participate in the public affairs is increasing, the cost is increasing even more rapidly, as the figures I have given indicated. Thus, I think the first premise that I mentioned, that of Federal Government participation, is not only necessary but proper.

The second premise upon which the legislation that I submitted rests, applies the same principle by which Government subsidizes, and properly so, education, religious, and charitable institutions today through tax deductions. S. 1794 applies the same principle, in part, to the election of Federal officers only.

So this bill would provide a tax credit seeking to encourage the small contributor, to broaden the base, and a tax deduction, which is difficult to ascertain either in the amount it would cost the Federal Government or in the amount that would be raised, to bring in the medium-sized contribution.

The tax credit would be 50-percent donation or 50 percent of a donation, I should properly say, of $10 and on a joint return of 50 percent of $20. This would be either to candidates or committees. It would apply either in the primary or general election. It would permit only one per year, and it has as an alternative proposal the tax deduction mentioned of $500 per person.

Of course, the matter of what is the Federal share is of concern to the committee, and I noticed the concern of some Members in their questioning.

This is a very difficult thing to ascertain, but I cite as authority the work Herbert Alexander who made certain reports as to election finances in 1960 and 1964. In 1961 he publised a work called "Tax Incentives for Political Contributions," and there he estimated that the tax credit of 50 percent of $10, if that were within the law today, based on whatever scientific measure he may have used, and assuming that 25 to 30 percent of the American families would contribute, which would equal between 14 and 19 million contributions, would generate

between $140 million and $190 million. Thus the Federal share would be between $70 million and $95 million.

I make reference to the fact that it would apply only to Federal officers. The President and Vice President, candidates for the Senate and for the House. I notice also there is great concern that any or all of these measures may tend to choke off the possibility of legitimate third party movements in this country. The bill, as drafted now, applies to candidates or committees of major parties, and that is defined in the bill as parties who have had qualified candidates for President and Vice President in the preceding presidential year on the ballot in 10 or more States.

I think this gives some balance, although it is always open to questions and in a gray area as to the maintenance of the two-party system, while not improperly discouraging the legitimate proposals of a third party.

Let me say that in this proposal, and this may be a deficiency in the bill, the particulars of a verification system are not spelled out. However, it does require some system of verification, and the committee and perhaps the Secretary of Treasury should give some very careful thought to adequate safeguards so that possible fraud and corruption would not result in providing of the tax credit. Whether this be in the form of some receipts or special stamps or postal money orders or otherwise is a matter that requires the attention of all who are interested in the subject.

Let me shift to another provision of this particular bill which I think is of particular importance. That is some reform in the system of reporting. This bill would require that every committee report every contribution expenditure over $100 in both primary and the general election. Every candidate, primary or general election, report every contribution and expenditure made, and that those contributing over $2,500 likewise make a report. These reports would be filed with an office known as the Registry of Election Finance in the General Accounting Office. The records are public, providing for publication of these reports. Also severe penalties are provided in the bill for violation.

I might say that the bill also provides and removes all limits on campaign expenditures. Limits, which some of the proposals still views as valid, I think have failed to serve the purpose and added to the evasion and the avoidance of present election laws today. Section 609 of title 19 of the United States Code says any interstate committee for a national office, President or Vice President, can only spend $3 million. This has done nothing more than lead to a proliferation of committees. In 1960, there were 70 national committees for the Republican and Democratic Parties, in 1964 there were 107 such committees, so the $3 million or the limitation put upon it simply doesn't work.

Likewise, the Corrupt Practices Act provides that the total amount that may be spent by a Senator is $25,000, and the total amount to be spent by a candidate for the House, $5,000, measured back against a prior witness' testimony to this committee that $500,000 would be required in the State of Pennsylvania for TV alone, and so here again, in the Senate and the House, because of limitations in the amount concerned, you have a proliferation of committees, all across the land. Likewise, the limitations upon the contributions of any individual,

set now at $5,000, do not limit the number of committees he may give $5,000 to. So likewise almost all limitations that have been brought to my attention, give ground for evasion.

So this bill provides that the limits are out, but it also provides for full disclosure of all campaign contributions and expenditures, thus assuring the hard light of full publicity upon those reports.

So, in summary, I think the present laws, in a climate of high cost for seeking public office, which is increasing, and in view of the evasion of the present laws which now exists, in view of holes which are now present, provides dangers which actually threaten the integrity of our political system. It provides a situation where, while I have no illustrations whatsoever, I feel sure many talented people are deprived of the opportunities of seeking public office. It provides a situation where candidates or officers rely upon sources of wealth of special interests and this reduces the broad base of citizen participation we find so necessary. It reduces indeed, I am sure, the independence of public officials and candidates.

Let me summarize even more briefly and say that under S. 1794, Mr. Chairman, I see the advantages as follows: One, to encourage a broad, public participation in contributions in small and medium amounts.

Second, to preserve the relationship between the candidates and the contributor.

Third, that the approach is simple and that the administration relatively easy.

Fourth, that it would apply to primary as well as general election, and Alexander Heard has pointed out that the real value of money in political camapigns is often greater in the primary, in determining who the candidate is going to be than which candidate will prevail.

And, fifth, it applies to the Senate and the House as well as the President and Vice President.

Sixth, it makes party committee contributions eligible, and I think there is great value in a candidate receiving the moneys he has received in a campaign from party committees as an insulation, so to speak. I think it will revive, and this may seem glib, a new dignity to political contributions.

I see this measure as imperfect as most measures are, and with disadvantages. For example, it provides no control over the amount raised and spent. However, I am convinced that this is fully offset by the publicity I mentioned to full reporting. The second possible difficulty is that of estimating the costs to the Federal Government, particularly in the field of deductions, tax credits. And, third, the point I mentioned, the necessity of some verification of contributions made and claimed either as a tax credit or as a tax deduction.

The CHAIRMAN. Thank you very much, Senator Pearson.

You have given us a very thoughtful statement in depth here and I have reference to your prepared statement as well as your testimony before us this morning.

Senator PEARSON. I thank the Chairman.

The CHAIRMAN. Do you feel that there is any dearth of contributions from wealthy people to Federal campaigns at the present time?

Senator PEARSON. I am sorry, I didn't catch the full meaning of the Chair's question.

The CHAIRMAN. Do you feel there is any shortage of political contributions to those who have wealth putting up less than should be expected of them to contribute to campaigns at the present time?

Senator PEARSON. I can't answer except to speculate and that would be in the negative.

The CHAIRMAN. The reason I ask that is because thinking of the campaigns I am familiar with, the campaigns I helped to finance for others as well as myself, my impression is that the overwhelming bulk, I would say 80 percent, of the contributions, even for one who is a populist-type candidate, such as myself, tend to come from people of substance, mostly businessmen. As a matter of fact, I have made a point not to accept contributions from labor just because I felt that it is usually subject to being misunderstood. Nobody seems to misunderstand a businessman contributing; it is most expected that business people of some substance will contribute to campaigns, but my impression is—and I would ask if yours isn't the same—that most money that comes into finance campaigns tends to come from people who are relatively well-to-do in their communities.

Senator PEARSON. I think that is so, and I don't see any real great evil in this in itself. I think those who have money or those who have the means to make a contribution to political candidates or political parties should do so. I simply say in reference to the provisions of this bill, that there is a better way and that is the broadening of the citizen participation on a much greater base, and this would be available through the tax credit.

The CHAIRMAN. I favor broadening the base, but I would question whether there is any need whatever for us to encourage people of substance to contribute more than they are contributing already. In other words, it seems to me that that group which represents about 1 percent of our population are paying somewhere between 80 and 95 percent of the cost of carrying the campaigns right now.

Senator PEARSON. That may be true.

The CHAIRMAN. Now some of them do it for selfish reasons, and some of them do it as a matter of conviction to their party or to the candidate whom they are supporting. But it would seem to me that with regard to people in the 70 percent tax bracket——

Senator PEARSON. May I interrupt the Senator? I don't see in this proposal anything that is encouraging the wealthy contributor to contribute anything more than he does nor would it prohibit it.

The CHAIRMAN. My impression, Senator Pearson, is that you have two proposals.

Senator PEARSON. Yes.

The CHAIRMAN. The $500 deduction proposal in your bill would permit a person who might have contributed $200, who is in a 70 percent tax bracket, to contribute $500 at no greater burden to himself than it would have been had he simply contributed the $200 that he would put up to begin with.

Senator PEARSON. That is a valid impression.

The CHAIRMAN. We ought to be encouraging contributions from people who are in the 14 percent tax brackets or even people who pay no tax at all. But, at the same time, have an interest in what is going on and would like to have someone speak for what they think would be

right and who might be interested in making a $1 contribution or a $2 contribution, but really could not even consider making a $40 contribution, and would have some difficulty making a $10 contribution.

I would just like to submit to you that the deduction plan would tend to either reduce the burden on people who are well able to pay it anyhow or, on the other hand, encourage them to put up more than what they are probably putting up, more than their share already.

Senator PEARSON. I can appreciate that, and I would say to you that the deduction part of this proposal is based on the premise that those who make the contribution to the institutions of government are entitled to a deduction just as one who contributes to a school, to the Red Cross or the Boy Scouts.

You can make the same argument: why should one who has a great deal of money contribute to the Boy Scouts and receive any deduction for it at all?

It is there frankly because I think in the tax credit and the deduction combination you are going to get not only the small but encourage the medium size; I say, perhaps a more truthful expression would be, a large contributor.

The CHAIRMAN. It would seem to me we should recognize that some of these contributions, particularly in the larger areas, are self-serving contributions.

I would quite agree that some people contribute because they are strongly sold on someone's political philosophy. But in many instances people contribute for other very selfish reasons.

Some of them contribute because they want the government to pursue a policy that is very favorable to their industry. Others contribute to candidates who oppose policies that the government is pursuing. And I would ask if in many instances that would not be the case, that people are contributing to advance their business or even to protect their business.

Senator PEARSON. I think that is true.

The CHAIRMAN. For example, take someone in the business of providing private power. He has big investments in private power.

From time to time he finds that public power is moving in on what he believes to be a legitimate area of private enterprise. He is protecting his business there, and I would look upon that on a different basis than someone who is just contributing to charity where he does not expect any pecuniary advantage out of it one way or the other.

Senator Anderson.

Senator ANDERSON. Do you include primaries in this?

Senator PEARSON. Yes, I do, Senator.

Senator ANDERSON. Won't that be a shock to certain people?

Senator PEARSON. Would it be a shock to some people? Oh, perhaps so. But I made reference to the fact that some authorities, and I would concur, find that the greatest value of campaign money is in primaries rather than in general elections. The determination as to who is going to be a candidate is equally as important as to which candidate will prevail.

Senator ANDERSON. It has been a long time since I was a member of the House of Representatives, but at that time I think people told me that 80 percent, 77 percent, of all Members of Congress were reelected, and more than half of them without opposition.

Would this fund here help to finance other candidates that might be interested in primary elections?

Senator PEARSON. Perhaps to a degree. I now understand what you meant by the word "shock" a few minutes ago. [Laughter.]

Senator, I have not served in the House, and did not have that experience to draw upon. But I see the point you are developing.

Senator ANDERSON. There are a great many of them who are returned, and I think it is a valuable thing when they are returned, because they can make an important contribution.

Senator PEARSON. Yes.

Senator ANDERSON. And I think this is probably a wise provision you have in your bill, but it may scare somebody else.

I do not have any other questions. I am glad you brought this matter up, and I am glad you introduced the bill.

Senator PEARSON. Thank you.

Senator WILLIAMS. First, I want to congratulate you on a most contructive statement, Senator, and one which I think deserves the consideration of this committee.

As to the question about the primaries, is there anything wrong in our system of government in developing a little more competition? Would it not perhaps be good for our political system if we had more interest in our primaries, and various areas?

Senator PEARSON. Senator, as one who just went through a very difficult primary, I find it hard to agree with you. [Laughter.]

But, of course, in a very serious way, we seek the fullest participation.

Senator WILLIAMS. The point I am making is that it is a part of our political system.

Senator PEARSON. Indeed it is.

Senator WILLIAMS. The opportunity for a man to seek to replace one of us who may be holding the job, and that those who believe in this philosophy of government or believe in that candidate, have a right to contribute to that candidate just the same as those who contribute to you or me.

Senator PEARSON. That is right.

Senator WILLIAMS. With respect to that point I think your bill is meritorious.

Now, the suggestion is made that allowing the deduction method, favors the extremely wealthy man, and to a certain extent that is true.

But I think it should be pointed out just mathematically here for the moment, that assuming that this very wealthy man is contributing $5,000, and they usually would be if they are wealthy and interested in this, they would only get a deduction, under your bill, of $500, is that not true?

Senator PEARSON. That is correct.

Senator WILLIAMS. And that credit ——

Senator PEARSON. And on the reporting part of it, any contribution over $2,500 must be reported and made a public record.

Senator WILLIAMS. That is correct.

But assuming that he gets the 70-percent credit, the maximum bracket, he would get a tax credit of $350 on his $5,000 contribution, which average about 7 percent if you wanted to put it on a averaging basis.

Senator PEARSON. Yes.

Senator WILLIAMS. And if it was a $2,500 contribution it would figure about 14 percent.

Senator PEARSON. That is right.

Senator WILLIAMS. And so I think we should put this in proper perspective, although I am not sure that the $500 is the figure.

Senator PEARSON. I am not sure either, Senator.

I might say that the Heard report in 1962, which was a commission that President Kennedy established to study this matter, came up with a recommendation that the deduction be $1,000.

We arbitrarily took $500 in drafting this bill. I do not know what the accurate judgment is about the amount to be allowed for a deduction.

Senator WILLIAMS. That is correct.

I think both President Kennedy and President Johnson, in submitting their original proposals, had a suggestion, I think—I think President Kennedy's was a combination of a tax credit, I think about 60 or 70 percent of the first $25, and the next $75 would be a regular deduction.

Senator PEARSON. Yes, that is right.

Senator WILLIAMS. I think President Johnson—I know his proposal last year was a $100 deduction. That would be a special deduction beyond the standard deductions on Form 1040.

But regardless of what the figure may be decided upon, the principal point of your proposal, as I gather it, is that in all circumstances it ought to be a voluntary contribution made by the individual to the party or the candidate of his choice.

Senator PEARSON. I think I neglected really to bring that out in the statement or my notes.

One of the very valid arguments, I think, that can be made for a system such as this, is that the voluntary contribution and the connection between the contributor and the candidate still remains. I think this is very vital.

Senator WILLIAMS. I agree fully with that, and that is the reason why I want to emphasize this. The privilege of the giver to select——

Senator PEARSON. To select a candidate or the party.

Senator WILLIAMS (continuing). To select a candidate or a party of his choice, whether it be you, I, or their opponents, is vital to this system.

Senator PEARSON. Yes. I am very grateful to the Senator for bringing it out.

Senator WILLIAMS. The second thing I want to bring out is the part included in your bill, and that is the full and complete disclosure of all campaign expenditures and contributions. I think that that would go far, once we got that disclosure factor, toward making our election system a little more proper and dignified.

Senator ANDERSON (presiding). Senator Gore.

Senator GORE. Senator Pearson, I am a little generous in my attitude this morning.

Senator PEARSON. I understand.

Senator GORE. I want to say that the more I see of your performance, modest and quiet but able and courageous, the prouder I am to call you a colleague and to acknowledge that you are a native Tennesseean.

Senator PEARSON. I thank the Senator. [Laughter.]

Senator GORE. With that beginning, I think it will be a little easier for us to reach some agreement.

Senator PEARSON. I expect the questions to be more difficult. [Laughter.]

Senator GORE. I think you have been entirely constructive, and I wish to congratulate you. You have crossed the bridge of decision that the time has come when it is necessary to provide in some public way incentives for political contributions or to provide sources for campaign contributions. I think that is—I do not really ask a question on that.

It seems to me that is an observation from your statements and your bill.

So the question is what kind of public participation?

You heard my statement to Senator Clark that we have discussed several ways: tax credit which is 100 percent from the Treasury; tax checkoff, 100 percent from the Treasury; tax credit with a limitation, which is, in part, from the Treasury; tax deduction which, in part, would come from the Treasury and public appropriations which would come 100 percent from the Treasury.

Now, I had heretofore been unwilling to support either a tax credit or a tax deduction. I have concluded that I am not closing my mind to that any more. It may be an appropriate approach.

Others have said they were opposed to providing funds by appropriations, and I heard some of my distinguished colleagues say that they now have open minds as to that approach.

As for my own conclusion, and it is on this I wish you would comment, I have concluded that it might be best to appropriate funds for those who elect to seek public office entirely with public support. But I would not wish to force anyone to make that choice. And I have suggested a tax deduction such as you propose, or a similar one, for those who elected to seek public office in the traditional manner.

Would you comment upon this proposal for an election by the candidate himself and the consequences that might flow therefrom?

Senator PEARSON. Senator, I think, first, in all the complexity involved in politics and political campaigning, that the first order of business is to seek simplicity to the greatest possible degree, and to that end I find that the election whether a candidate seeks private or public funds, a complex thing, and I am estimating in operation, it is just my view, and I am familiar with the Senator's proposal and heard him speak on the Senate floor and read his statements, that the selection is not necessary; but a combination of public and private funds, whether it be in a tax credit or tax deduction, or whether it be in some manner by public appropriations, one of the things that I keep coming back to in my mind is that the broadest possible base must be applicable, not only to the general election but to the primary, too. I think this is where money has its greatest value. I do not know what has persuaded me that this is so, but I think it is so.

Senator GORE. Well, I thank you for your comments.

I would like to examine with you a bit, if I may, on this question of complexity.

Differing from your opinion, it seems to me that if a candidate has the option of seeking office entirely with public support, eschewing

private contributions entirely, and requiring as a condition for his application for public funds, the statement that he would neither receive nor accept private contributions, that this would, in fact, be the most simple way to handle that particular problem.

Senator PEARSON. Well, perhaps it would. I do not want to respond by asking the Senator another question, but the point comes to my mind as to whether or not one candidate will take public funds and one decided to take private funds, and I would be very much interested to see the campaign budgets of those two candidates.

I do not mean to be glib about that either.

Senator GORE. Well, it seems to me that a limitation upon campaign expenditures would be necessary.

Senator PEARSON. Well, as I pointed out, I just do not think the limitations have worked. They are unrealistic as they are. Perhaps the Senator's figure of $14 million in a presidential campaign is correct.

Senator GORE. Of course, I agree with you that the present limitations are unworkable. I think they are unworkable because they are so utterly unrealistic.

I think in Ohio it is $2,500 for the Senate, or some such thing.

Senator PEARSON. Well, every Senator is $25,000.

Senator GORE. Well, it is even lower in Ohio, I think. There is no uniformity in the limitations imposed by State laws.

Senator PEARSON. I think the Corrupt Practices Act provides a total expenditure by a Senator of $25,000.

Then you have the proliferation of committees under him.

Senator GORE. But some of the States have——

Senator PEARSON. I see. Beg your pardon.

Senator GORE. Some of the States have even lower amounts.

Senator BENNETT. Will the Senator yield?

In my State until 2 years ago it was $2,500 at the State level, and you had to account to the Secretary of State, and prove that you did not spend more than $2,500, even though the Federal level was $25,000.

Senator GORE. Well, I thank the Senator.

This illustrates the point that where the limits are so unrealistic no effort is made to enforce them, and numerous ways are available to avoid them.

I think the first requirement of a limitation is that it be related to the cost of the campaign in some realistic manner. But it seems to me that some limitation is in order.

Now, let me go to one other question.

Senator PEARSON. If the Senator would use history as a reference, then the limitation on the presidential campaign ought to go up $5 to $6 million every year.

Senator GORE. I think it must be related to the population, to the size of the electorate.

Senator PEARSON. So the limitation, I would just suggest that if one is set, it is going to have to be a sliding scale type thing.

Senator GORE. Yes, an escalation in accordance with the growth in the population and the electorate, I agree.

Senator PEARSON. On the cost involved.

Senator GORE. I agree.

Now, on this question of complexity, I would like to examine the bill which the President has recommended from this standpoint.

As you know, he proposes that public funds be provided through appropriations. I prefer that over a deduction, credit, or checkoff. I think it provides greater protection against the dangers which Senator Kennedy pointed out in the debate recently, the concentration of power in the hands of two political bosses in Washington.

Through the appropriations procedure Congress itself would maintain the maximum degree of control over this new venture in our body politic. This is the principal reason why I favor the appropriations route.

But, be that as it may, the President's bill provides that public funds be appropriated to the extent of about two-thirds of the cost of the campaign.

Now, with respect to your point of complexity, would it not be incredibly complex to commingle public and private funds, appropriated public funds, and contributed private funds within the same campaign?

Senator PEARSON. Well, of course, the answer is in the affirmative. But I think under all these proposals, while I am not sure, I understand that under the direct appropriations methods here, under your bill—it has some limitation—or the administration bill which has no limitation at all, the private contributions are still available, and so if your question is directed toward complexity, why, of course, this is a complex thing, too.

Senator GORE. Any way we go about it.

Senator PEARSON. Except reporting under the administration bill is complete, and I am sure it is in your bill, too.

Senator GORE. Well, the chairman has suggested the 10-minute limit, and I think my time is up. But I thank you.

The fact that you come with this constructive suggestion, and contributing this amount of work indicates, I think, there is a broad consensus in the Senate that something must be done in this field, and so long as all of us can keep our minds reasonably open and as constructive as you have attempted to be, perhaps we will achieve something. Thank you.

Senator PEARSON. Thank you.

The CHAIRMAN (presiding). Senator Carlson.

Senator CARLSON. Mr. Chairman, I just wish to commend my colleague from Kansas for a very excellent statement that he has given the committee this morning, and for what I would say is a very constructive approach to a problem that is confronting not only this committee in Congress but the Nation.

I think the issue has been well discussed here by questions from other Members, so I shall not detain the Senator any further on that.

But again I say this is a greatly appreciated statement, well-thought out, and I can assure you I am going to give it every consideration, as I know that the committee will.

Senator PEARSON. I thank my senior colleague.

The CHAIRMAN. Senator MCCARTHY.

Senator MCCARTHY. No, I do not have any questions.

The CHAIRMAN. Just one additional question as far as I am concerned.

In your prepared statement you referred to $140 million in campaign spending in 1952; $155 million in 1956; $165 to $175 million in 1960, and $200 million in 1964.

Senator PEARSON. $200 million.

The CHAIRMAN. In 1964 that was $200 million.

Can you give me a guess how much of that was in the presidential campaign?

Senator PEARSON. Well, I cannot because the presidential campaign in 1964, of the national committees reporting to the Clerk of the House, was in the sum of $38.2 million. But this did not include all expenditures of State and local committees. Just the national committees, and there is no way to know.

You can just guess, and I would guess, based on the $38.2 million, that probably twice that much was spent, and that was in your $75 million for the presidential campaign. But that is just out of the clear blue sky, and I have no authority whatsoever.

The CHAIRMAN. The House committee estimated in 1956 about $52 million was spent in the presidential campaign between the two parties.

Senator PEARSON. I would accept that, for I have no way to disprove it.

The CHAIRMAN. Thanks very much.

(The prepared statement of Senator Pearson follows:)

STATEMENT OF SENATOR JAMES B. PEARSON BEFORE THE SENATE FINANCE COMMITTEE, JUNE 6, 1967

CAMPAIGN FINANCE REFORM

Mr. Chairman, it is an honor and a pleasure for me to be able to testify today on a matter of great concern, not only to the committee and to me, but to all Americans; the need for reform in financing campaigns for public office.

This need is both great and immediate, for the cost of seeking political office is growing rapidly in relative and absolute terms. In addition, the present campaign finance law has many deficiencies and is circumvented so easily and so often by so many candidates that it has become a mockery.

Thus, we are faced with a two-fold problem: first, how to broaden the base of contributions to make it possible for all men, not merely those who are fortunate enough to be wealthy themselves or have wealthy friends, to seek political office, and, second, how to reform the law to insure that campaign spending is fully reported so as to control abuses and achieve full compliance with the law.

There is also the need to increase the amount of citizen involvement in political affairs, and to limit the incredible growth of campaign spending as far as it is possible to do so without imposing still greater evils or altering the character of our political system.

The rate of increased spending in campaigns for public office in recent years has been dramatic. For example, in 1956, the Republican and Democratic committees operating at the national level reported spending $17.2 million; in 1960, this figure had increased to $25 million; and by 1964, these committees were spending $34.8 million.

Alarming though these figures may be, they represent only a small portion of total campaign expenditures. Because of the loose character of the present law and the requirement that only national level committees file reports, a tremendous amount of campaign spending goes unreported. For example, state and local expenditures on the behalf of national party candidates are not reported, neither are committee expenditures in Congressional and Senatorial campaigns. Expenditures for all primary or nomination campaigns go similarly unreported.

In 1952, total campaign spending was estimated to be about $140 million. In 1956 the figure had grown to an estimated $155 million. By 1960, it had reached between $165 and $175 million and by 1964, total campaign spending was approximately $200 million. Thus total spending is growing by an average of $5 to $6 million a year.

These high costs have created considerable dangers which threaten the integrity of our political system. One example is the loss to the American public of many talented men who are deterred from seeking public office simply because they do not have the money necessary to meet the high costs involved. The value of this lost talent cannot be measured.

Another, more serious problem is the need for candidates to rely upon a few wealthy sources for their campaign funds. This situation is dangerous, for it reduces the importance of individual citizen participation in campaigns and may limit the political independence of the candidates themselves. Even if the political independence and integrity of the candidates is not compromised through "deals" with wealthy interest groups, the suspicion of a cynical alliance between those seeking office and those attempting to influence the office seekers lingers in the public mind, lessening respect not only for the candidates, but for our democratic system as well.

Statistics indicate that more people are giving more money to political campaigns than at any time in our past. In 1956, approximately 8 million people contributed to political campaigns and by 1964 this figure had increased to 12 million.

These figures lead many to ask why any Federal financing of elections is needed when more people are contributing than ever before and thus the reliance of candidates on a few wealthy sources may in fact be declining. This reasoning ignores the quantum jump in campaign spending. It is growing so rapidly as to outstrip the increase in the number of individual contributors.

Thus, there is an immediate and crucial need to broaden the financial base of our electoral system and to encourage greater citizen involvement. To achieve these ends some Federal participation is not only necessary, but proper. For the public certainly has as much interest in securing the election of unobligated candidates as it does in furthering the growth of educational, religious and charitable programs which it now subsidizes through tax deductions.

There are several ways in which this government participation may be achieved. One is through direct appropriation. On the surface, this is a simple and straightforward method of securing adequate financing at little risk to the candidate. The limits of Federal financing can be easily controlled and the cost to the government is clear.

It is fraught with several risks, however, when examined in greater detail. It may concentrate too much strength in the hands of national committee chairmen who will have the power of life and death over candidates, in need of their assistance. If this danger is circumvented through a system of geographic apportionment, other evils may be inadvertently created. Thus, one area may get too much money and another too little because of the inflexibility inherent in any system of automatic allocation.

The candidate might find himself forced to spend money in areas where he does not wish to do so. For example, a candidate for President might feel that it is fruitless to invest any money in a small state where his opponent has an overwhelming advantage and would prefer to invest his energy and funds in a large swing state where he has a chance. Under any system of mandatory minimum and maximum allocation, he would be forced to spend more money in the small state than he might like.

In addition, under such a system of allocation an individual taxpayer could find his money going to support a candidate he doesn't even know in another area.

Furthermore, if direct Federal appropriations are used to finance elections, the average citizen may feel that he has already made his contribution through his tax payment and thus may not contribute voluntarily as he did in the past. If we act hastily, we may severely damage the willingness to contribute and as a result reduce the amount of citizen involvement in our public affairs.

There is also the problem of administering any system of allocating the appropriated funds. Aside from the aforementioned difficulties connected with geographic allocation, the administrative problems could prove insurmountable. What would the ruling be, for example, if a broadcast originated in Washington, D.C., yet reached both Maryland and Virginia? Would the cost be allocated by the percentage permitted for the campaign in the District of Columbia or would it be divided on the basis of population, or equally among all three areas, or by some other system? How would the independence of ostensibly local fund-raising committees be determined? The system of administration which would have to be devised to meet these and other questions would either be ineffective and farcical or so complex as to be more expensive than the campaign itself.

Another difficulty with direct appropriation is that whether the money is appropriated by a Congressional committee or through a check-off system, the link is broken between the individual contributor and the candidate he supports. This intimate connection is extremely important, for it is at the heart of our democratic system. Such a link provides a greater sense of private involvement

in our public affairs than any other system of campaign financing. Direct appropriations would so completely shatter this relationship between donor and recipient as to encourage apathy and indifference on the part of many citizens.

Therefore I believe some system of indirect federal subsidy is preferable. This federal subsidy can be in the form of a tax credit or tax deduction or a combination of both.

I believe that a combination of credits and deductions offer the simplest and most effective method of obtaining the necessary contributions by providing twin incentives to encourage both small and medium sized donations.

The Campaign Finance Act of 1967 (S-1794), which I introduced May 17th provides a 50 percent tax credit for gifts up to $10.00 for candidates for Federal office and to state and national party committees. Thus each individual could receive a tax credit up to $5.00 per year and a husband and wife filing a joint return would be permitted to claim a credit up to $10 for a maximum of $20.00 in contributions.

The bill also provides for a tax deduction for contributions up to a maximum total of $500.00 for each person. This measure is a complementary incentive designed to stimulate medium sized gifts. Such donations are needed, for small contributions alone are not sufficient. These medium sized contributions are needed, but must be kept within reasonable limits. A $500.00 ceiling provides a control that is neither excessively generous nor unrealistically low.

A contributor could choose whichever incentive gave him the greatest benefit, but he could not take advantage of both in the same year. Also the contributor would be allowed only one tax credit per year.

These benefits would apply to contributions to candidates for nomination or election to the office of President, Vice President, Senator or Congressman. If contributions to state and local candidates are to be encouraged, I believe this action should be more properly undertaken by the states.

These benefits would not apply directly to contributions in gubernatorial campaigns, for this again is a state matter and would also prove rather expensive and difficult to administer. However, contributions which go to the state and national party committees would be eligible for tax benefits. And as these committees are usually quite active in gubernatorial campaigns candidates for governor would receive indirect benefits by being able to draw on the larger central party funds that would be made available through legislation such as I am suggesting today.

These or other incentives could be limited to Presidential and Vice Presidential candidates, but it would be far better to reform the overall system of Federal election finance while the entire process is receiving such careful study. To enact reform measures on a piecemeal basis would be particularly unwise in a field as complex as campaign financing.

There is the additional factor of need to be considered. While Presidential campaigns are expensive, nominees usually are better able to raise funds through the established party apparatus. At the Senatorial and Congressional level, however, the need for money can be much more critical and thus the susceptibility to undesirable pressure from wealthy interest groups can be greater. If we are to achieve a meaningful reform of campaign finance, therefore, these tax benefits should apply to all Federal levels.

These incentives would also apply to contributions in primary campaigns as well as in general elections. The influence of money is certainly as great in primaries as it is in general elections, if not greater. If campaign reform is to be meaningful, therefore, a broader base of contributions is needed in primaries as well as other electoral contests.

These tax measures would also be applicable to contributions to state and national committees and Congressional and Senatorial campaign committees on a year-around basis. Thus, it would be possible to improve the staffing and professional expertise of these political, but necessary groups.

Furthermore, as a matter of political principle it is desirable that candidates receive as large a percentage of their financing as possible from the central and national party committees. This is another device to help isolate candidates from large donors in search of favors and to enable them to choose positions without a sense of obligation.

The cost of these incentives would not be prohibitive. In his 1961 book, *Tax Incentives for Political Contributions*, Herbert Alexander estimates that between 25 and 33 percent of American families would make a political donation of $10 if they were given a 50 percent tax credit. Today that would mean between 14 and 19 million contributors would give a *maximum* of $140 million to $190 million.

Of this, the government, in effect, by virtue of these tax incentives, would pay half, or $70 to $95 million.

It is true these estimates are very rough approximations. Claims for tax benefits would probably increase as the public became more familiar with the program and as the complementary $500 deduction took effect. Nonetheless, it is unlikely that contributions would increase as dramatically as the *maximum* projections indicate, for many who say they will contribute often do not do so when they are confronted by a party solicitor.

These incentives should apply only to contributions to political committees and candidates of major parties. A major party could be defined as one that has presented candidates for President and Vice President on the official election ballot of ten or more states in the last Presidential election. This would be a simple device to help prevent the fragmentation of our political system by avoiding the encouragement of a large number of small political parties.

Under this definition, if a third party arose that had a genuinely strong base of popular support, it would qualify for these tax benefitted contributions. Splinter groups, on the other hand, who had not developed such a broad base of support, would not be encouraged by legislation of this sort.

Other definitions of major parties could be used. The important point to bear in mind is that only parties of demonstrated popular strength should receive tax encouraged donations. If this principle is not maintained, our democratic system could become dangerously divided into a number of small factions, each partially subsidized by the Federal Government. Thus, the definition of a major party, however worded, must be rather restrictive if a workable balance in our political system is to be maintained.

These tax benefits would also have the additional advantage of giving official sanction to the practice of political donation. Political contributions would thus gain a measure of respectability they now lack and which they sorely need. Political parties have not been as successful in raising funds as have charity programs, in part because of the differing degrees of social respectability accorded them.

Regrettably, political donations are often viewed with a jaundiced eye and politics is considered a rather tainted profession. This attitude is deplorable, for it tends to create the very situation it decries. If our political system is to function as intended, political office must not only be regarded as respectable, but must also be considered as being in the highest tradition of public service.

If this official approval were linked with an educational campaign, these tax incentives would go far toward eliminating the cynical view of public life which now cripples any effort to achieve a broad base of citizen participation in campaign finance.

These tax benefits, or some similar ones, are necessary if we are to secure a broad base of citizen involvement in our political campaigns. They will help revitalize our democratic system. Nonetheless, we must be careful to also provide adequate safeguards against their misuse. Some system of verification is absolutely necessary.

One way in which tax credits could be abused, for example, would be to falsify receipts. If simple receipts for donations were employed, they would have a value up to the maximum tax benefit. Thus, they could be handed out free or at a discount and then claimed for half their full value. This would be vote buying at public expense.

Another method of abuse would be to falsify reports. As an illustration the candidate could enter a single contribution of $1,000 as 100 separate contributions of $10 each, listing 100 different names and addresses on the financial reports. The candidate would not only retain the $1,000, but would also gain the support of 100 taxpayers who had received tax credits for contributions they never made.

I hope this committee will study the various forms of verification which might be effective and will make recommendations to the Secretary of the Treasury so they may be implemented simultaneously with the tax benefits.

This verification could be in the form of notarized receipts, special stamps, postal money orders, etc. Regardless of the system eventually adopted, the important point to remember is that *some* form of verification is required if the tax benefits are to work as intended.

I have spoken of the need to encourage contributions, but of equal importance is the necessity to overhaul our system of campaign expenditure reporting and limitations on contributions and spending. The need for such a reform has never been more clear. Today our campaign laws have become so ineffective and are circumvented so often by so many that the integrity of our political system itself is thrown into question.

The simple fact is that present regulations have failed to control campaign financing.

For example, experience has shown that the current limitation of $3 million imposed by Section 609 of Title 18 of the U.S. Code on the annual expenditure of an interstate political committee in no way effectively limits national campaign spending. It merely encourages the proliferation of these committees. Thus, in 1960, there were 70 national level committees in operation by both parties. By 1964 this figure had increased to 107.

Another provision in the law which should be changed is the limitation imposed by the Corrupt Practices Act on spending by candidates for the Senate to a maximum of $25,000 and by candidates for the House of Representatives to a maximum of $5,000.

These limitations are artificially low and are easily circumvented by the establishment of a large number of independent fund-raising committees. Furthermore, most of these committees currently have no limitations upon their spending as present law confines itself only to the operation of interstate committees. Thus, these state and local committees though they support Federal candidates are exempt from any Federal reporting regulations.

Similarly, at present an individual is legally prohibited from giving more than $5,000 to any one national committee or federal candidate in a given year. Yet he may make as many donations as there are committees supporting the candidate he favors.

In sum, therefore, limits on spending and contributions are unrealistic and ineffective. They should be repealed, for they are easily circumvented and encourage disrespect for the law.

An alternative would be to impose stringent spending limitations on all committees and individual contributions with severe penalties for disobedience. Such a step, however, if coupled with Federal appropriations for some campaign expenses, might tend to discourage donations and make the campaign financial base even more narrow, while at the same time proving to be extremely burdensome, both to the public and to the bureaucracy which would have to be created to administer such a restrictive system. Moreover, it would be virtually impossible to specify precise dollar limits that would be realistic for all political contests today and ten years from now. Full and effective reporting and publicity are far more effective means of controlling campaign spending than artificial limitations.

Rather than limiting individual contributions to $5,000 a year, a more effective control would be to require that all individuals making contributions aggregating more than say, $2,500 in a given year submit a report on their donations. These reports would then be published, focusing the glare of public disclosure on any excessive contributions.

In addition, I feel that with regard to committee spending, all committees—national, state and local—which support Federal candidates and receive contributions or make expenditures, in the aggregate of $100 or more annually, should periodically report every contribution and every expenditure in excess of $100. This regulation would apply to contributions and expenditures in primary campaigns as well as general elections. Thus the loopholes in the present law, which applies only to interstate committees, would be removed.

Another weakness in the current law is that the Clerk of the House of Representatives and the Secretary of the Senate are the repositories of campaign finance reports. Frankly speaking, these offices are not equipped to handle the flood of information which effective reporting would bring. They are quite sensitive politically and have shown no inclination to report expenditures effectively even under the present system. Moreover, they are not required to publish the information they collect.

I would favor instead the establishment of a Registry of Election Finance in the General Accounting Office. This office would be established solely to monitor campaign financing and would be organized to effectively administer the large number of reports expected. It would be required to periodically publish the reports it receives, thus focusing public attention on the quantity and character of campaign spending for all Federal elective offices.

Furthermore, the Comptroller General and the Registrar, the latter being appointed by the Comptroller General, would be assisted by a bipartisan Advisory Board composed of private citizens, Members of Congress, and the Executive. This blue-ribbon panel who would advise and make recommendations to the Comptroller General and to Congress with regard to techniques for improving the publication of information received and any additional legislation which might be needed.

In addition to stringest reporting and publicity requirement, I feel severe penalties should be levied on those who fail to obey the law. If an individual does

not comply with the reporting requirements, he should be sentenced to a $1,000 fine, one year in jail or both. If the non-compliance is willful, the violator should be sentenced to a $10,000 fine, two years in jail or both. Thus, an individual would be facing a strong deterrent if he plotted deliberately to violate the law, whereas the "innocent" or supposedly ignorant violator would still face a rather stiff penalty, but it would not be as severe as in the case of a willful violator.

The statutory prohibitions against direct political contributions by corporations and labor unions should definitely remain in force. Moreover, these regulations should be strengthened by barring these groups from buying advertisements in campaign publications and other similar political devices. At present these advertisements are not tax deductible, but they are still permissible. Thus, for example, a corporation may buy a $15,000 advertisement in a convention magazine and be completely within the law. But the fact remains that such a practice is merely a transparent device for extracting large amounts of money from groups which would otherwise be prohibited from contributing directly to campaigns. This practice should be completely eliminated.

In addition, any reform of campaign financing should prohibit any individual or group who enters into a contract with the United States Government from making any political contributions. If such a contribution is made, any individual attempting to solicit it or the person making it should be fined up to $5,000, imprisoned up to five years or both.

The exact nature of the reform is open to debate. Nonetheless, the general need for reform is strikingly evident. Some method for encouraging citizen participation in political financing is needed. Effective control and publicity over spending is also required. I believe that a system of balanced tax incentives, full reporting requirements, and an effective system for publicizing these reports is the most equitable and administratively reliable system of achieving these ends.

Mr. Chairman, I once again wish to state my appreciation for the opportunity to testify here today on this extremely important problem and I am looking forward to the report of this Committee and the discussion on the Floor which will follow.

The CHAIRMAN. Our next witness is the junior Senator from New York, Senator Robert F. Kennedy.

Senator Kennedy has not introduced a bill dealing with the matter before the committee today.

However, we all know the important role he played in the 1960 campaign for his brother, the late John F. Kennedy.

We also know the contribution he made to debate in the Senate regarding political campaign financing problems.

I am sure his testimony today will be very helpful in dealing with this important subject.

Senator Kennedy, we are pleased to have you with us, and you may proceed.

STATEMENT OF HON. ROBERT F. KENNEDY, U.S. SENATOR FROM THE STATE OF NEW YORK

Senator KENNEDY. Thank you very much.

Mr. Chairman and members of the committee, I appreciate the opportunity to testify this morning.

These hearings—and the interest of Congress and the executive branch which accompanies them—represent an important chance for legislative action. For there exists now a constructive momentum toward enactment of campaign financing legislation. We must therefore discuss and debate, then compare and resolve our differences while the interest and the momentum remain.

I will confine my testimony today to campaign financing, but I do want to say that I believe the enactment of disclosure reform legislation is equally essential, and I hope we in the Senate will act in that

field as well during the current session. I support President Johnson's proposal in this area, as contained in S. 1880, which Senator Cannon has introduced. And Senator Clark's proposal on this matter in S. 1546 is also constructive and deserves careful consideration.

There is wide agreement, I think, that some form of public support for election campaigns is needed. Holders of public office should not have to be obligated, or even appear to be obligated, to large contributors who made it possible for them to stand for office. Able young people should not be deterred from entering politics by the fear of having to compromise their values and their independence in order to obtain financing.

These are some of the attributes of the present system. I think most of us agree that it is unsatisfactory and should be changed.

Although we have differed on the precise mechanics of the proposal we should adopt, I want to take this opportunity to pay tribute to the chairman, the Senator from Louisiana, for his efforts to enact a campaign-financing law. More than any other individual, he has forced this matter onto our agenda of action. And no matter what form the final law takes, a lion's share of the credit will be deservedly his. He has taken debate past the issue of whether there should be a law—so that our only debate now, though a vital one, is what kind of law we shall have.

I also want to pay tribute to Senator Williams of Delaware and Senator Gore for the efforts that they have made to bring this to the public's attention.

What approach should we take? In this regard, I believe certain fundamental characteristics of our political structure are instructive, and may suggest the way to the kind of law we should enact.

It is an essential tenet of our political creed, for example, that we seek the broadest possible citizen participation in the electoral process. We value a large turnout at the polls on election day. We value widespread interest in the issues and personalities involved in an election campaign. We value extensive volunteer work in campaigns. We value, in short, all types of individual, voluntary initiative in support of the candidate of one's choice.

Campaign financing is but another application of these principles. Broad financial participation in campaigns at all levels—local, State, and Federal—based on individual choice of the candidates to be aided, would contribute to an informed involvement that is at the heart of the democratic process. And large-scale giving in small amounts would free candidates from having to solicit and rely upon a small number of large gifts.

I believe that we can best accomplish these objectives by some form of tax incentive—by which each citizen can contribute to the party or candidates, the committees or organizations of his choice, and receive partial forgiveness of his contribution on his income tax.

Tax incentives have a number of advantages. They permit aid to candidates and committees at all levels—local, State, and Federal. They permit each citizen to determine who will receive his contributions. They can encourage contributions to candidates in primary elections as well as general elections, so that aid is truly available to men who would otherwise face great financial barriers to entering public life. And they allow for the esprit which comes from getting people

out to raise money in small amounts from a large segment of the population.

There are two possible major tax devices to encourage individual participation—a credit, and a deduction.

I prefer a tax credit. It is the most equitable approach. It is a flat subtraction from the amount of income tax otherwise owing, and is therefore of equal benefit to all taxpayers. A credit of $10 benefits all taxpayers $10 worth.

For this reason, I think it is preferable to a deduction, which is a subtraction from the income on which taxes are computed, and is of greater benefit to taxpayers in higher brackets. A deduction of $100 benefits the taxpayer in the 50-percent tax bracket $50, and the taxpayer in the 20-percent bracket only $20.

Nevertheless, a deduction does promote individual choice and participation, so I would favor it as a second choice. The President's Commission on Campaign Costs recommended both a credit and deduction in 1962, as did President Kennedy in his message to Congress that year.

Senator Metcalf's voucher proposal—S. 1390—would also encourage individual choice and participation. I believe his idea therefore merits serious consideration along with the various tax incentive alternatives.

But I believe a tax credit is the best approach and I hope the committee will give it careful consideration.

I would support a tax credit of one-half of contributions of up to $20 for individuals, and one-half of contributions of up to $40 for married couples filing joint returns. The maximum credit would therefore be $10 for individuals, and $20 for those filing joint returns.

Such a credit, in my judgment, would raise substantial amounts of money. There were 12 million individual contributors in 1964, the vast majority of whom were $1 and $2 contributors. The credit would encourage more individuals to contribute, and encourage the existing contributors to increase the size of their contributions.

Experts estimate that the average annual revenue loss would not exceed $50 million, and would probably be considerably less. In addition, this figure does not mean that $100 million in new funds would be raised, since much of the revenue loss would cover money now being contributed.

There is, of course, no particular magic in the 50-percent tax credit. I would not advocate a 100-percent tax credit for two reasons—a healthy sense of responsible participation will flow from an individual having a financial stake in his contribution rather than being wholly reimbursed, in effect, by the Government; and, the revenue loss from a 100-percent tax credit might be extensive. However, a 75- or 80-percent tax credit would ease the burden of contributing for the lower income taxpayer even further, and therefore might well be considered.

No one can be entirely sure, of course, whether the amount raised will exceed or fall short of these figures. For that reason, I suggest that we begin with the very modest tax credit which I have described. If it does not raise enough money, we can easily raise either the percentage or the amount of the credit.

By comparison to tax incentives, I believe individual participation will be discouraged if we use direct subsidies from the Treasury to finance campaigns. I would therefore prefer to have the committee

consider moving in the direction of encouraging individual contributions through tax incentives.

Let me make clear that if I had to choose between dollars from the Treasury and a candidate having to go hat in hand in order to raise money for political office, I would prefer dollars from the Treasury. But the committee's choice is not so confined, and that is why I urge the consideration of tax incentives, and particularly a tax credit.

I might suggest, too, that I hope the committee will also explore the idea, proposed by Senator Clark and Senator Gore, and others, of requiring the television networks to provide free time, at least as to presidential candidates. This was done successfully in 1960, and since the airwaves are the public's property, we should consider making a similar provision for the future. If this were done, it would cut down considerably on the money required for presidential campaigns, since television time has become a major cost component in this age of instant communcation.

Aside from the all-important point of individual participation, I believe tax incentives have other advantages not offered by direct subsidies from the Treasury.

First, tax incentives would aid candidates before their nomination for the Presidency, or for any other office. We all want to remove any financial qualifications for office and particularly for the Nation's highest office. It is deeply wrong for the Presidency to be limited either to those who are rich—or to those who are able to raise money from large contributors, as the Senator from Louisiana pointed out a number of times on the floor of the Senate.

But a direct subsidy, almost necessarily limited to activity after the conventions have nominated their choices, could not prevent rich men from determining the nominees; indeed, it might only shift their efforts from the election campaign to the preelection campaign. For a man without great wealth to become a serious contender for the Presidency, he must have access to campaign assistance long before the convention: for primary elections; for work among the State parties in States which do not have presidential primaries; as as well as for travel and advertising and for staff, and all the other mounting expenses of securing a nomination.

In 1964, according to Herbert Alexander, executive director of the Citizens Research Foundation, Senator Goldwater spent $5.5 million in quest of the nomination. Governor Rockefeller spent up to $5 million, including $2 million in the California primary alone. Clearly, no postnomination direct subsidy would help a man without great wealth, or one without access to big contributors, to meet these necessary preconvention expenditures.

Second, the tax incentive plan would help candidates for offices below the Presidency—Federal, State, and local alike. Such help is vital. Not only is it important to have qualified men at all levels of government, but campaign contributons for offices below the Presidency are even harder to raise, and far more likely to be dominated by a few large givers.

Moreover, presidential candidates do not spring, like Minerva, from the brow of Jove: men earn consideration for the Presidency by their performance in other public offices—most often, Governor or Senator. The expense of nomination and election to a Governorship or a Senate

seat—especially in the large States from which most presidential candidates are drawn—is by itself a substantial barrier to all but men of wealth, or their favored candidates. Thus, fair consideration for the Presidency itself requires public support for campaigns for lesser offices at all levels. This support can come only from tax incentives to individual contributions.

Third, a tax incentive for individual donations, Mr. Chairman, does not raise the most serious objection to direct subsidies—its potential for centralization of political power, for a major realinement of our traditional political system. Our political parties have always been collections of separate State and local organizations. But a subsidy fund, controlled by a central authority, could all too easily be used to build a party to the liking of the national committee or the presidential candidate—to enforce party discipline and party ideology by advancing particular local candidates, and starving others.

In an effort to meet this criticism, the proposal now before the committee places a 140 percent ceiling on the amount that can be spent in any State in excess of its per capita share. However, the proposal contains no minimum figure which must be spent in each State.

The national committee and the presidential candidates therefore retain a large range of leverage in each State. On the other hand, if a stricter requirement of equalizing expenditures among the States were provided, the result would be serious interference with the flexibility which all presidential campaigns need to enable them to spend money where it will do the most good.

The question of how funds will be allocated is therefore a problem no matter what is provided. If the standards of allocation are loose, the result could be a national domination of local politics which is inconsistent with almost two centuries of American tradition. If the standards are tight, an unsatisfactory constraint will thereby be placed on campaign decisionmaking.

These problems are not raised by tax incentives. For if contributions to all candidates and campaigns are treated equally, the allocation of power between the national party and the State and local parties will be made by millions of individual Americans. If these individuals want to, they can give to the presidential candidate, and deny funds to a Senate or House candidate who differs from his national party. If these individuals desire, they can finance a local or sectional candidate who opposes his national party. Or they can give to both—or to neither.

We cannot avoid the problem of allocation of power, nor can we preserve some particular allocation forever. What we can do—and all that we can do—is insure that the choices are made democratically, with the direct participation of as many individual Americans as possible. That will be done best, in my judgment, by tax incentives.

Fourth, any attempt to extend direct subsidies from the Treasury to State and local contests and organizations—whether the contests are for State or Federal office—would raise the most difficult problems. Would the subsidy be automatic to all who qualify to run under State law? Would it therefore encourage a proliferation of candidates who would in turn bankrupt the system?

What formula would decide how much the mayor of Albany is worth in relation to the mayor of Indianapolis? Would differences in

their charter powers be taken into account? What about county assessors and sheriffs? What formula would decide how much each is worth?

And, too, in many State parties, in dozens of local organizations, there are conflicts of principle and power and office. What formula would show how to choose between regulars and reformers, in my own city of New York? Or between regular Democrats and moderate Democrats and Negro insurgents in Mississippi? Or between regular Republicans and Goldwater Citizens' Committees in 1964, in any number of States?

In my judgment, these quarrels are not for intervention by a national authority equipped with public funds. They should be settled by local forces—on the basis of who can attract the greatest support from the local citizenry which has most to gain or lose, the most direct interest, in the positions and policies of its local parties. We can help those individual citizens assert their voice—by an individual tax incentive.

Fifth, I believe there are constitutional dilemmas of two types associated with the idea of subsidy from the Treasury. The first concerns minor parties. In my judgment, the provision of a cutoff point below which minor parties will not be financed raises serious questions regarding the abridgment of first amendment freedoms of speech and association as applied to the formation of political parties. Yet such a cutoff point is essential if the subsidy is to be workable.

The second constitutional problem relates to the proposal that private contributions be prohibited in the areas where public financing is provided. It can be strongly argued that the right to contribute is as much a facet of the freedom to express a choice of political candidate as the franchise and other forms of advocacy. Yet, if no provision is made to limit private contributions, there is a serious danger that the subsidy will simply be an added fund on top of the private contributions already collected.

It appears, therefore, that no matter how the subsidy idea is structured, it raises fundamental problems—constitutional problems if the subsidy takes one form, and serious problems of regulatory policy if changes are made to take account of the constitutional issues.

Sixth, there is the question of appropriation versus checkoff. As Senator Gore has pointed out so effectively, the checkoff was inconsistent with our traditional idea that citizens should not be permitted to earmark the place where their taxes are to be spent. Yet, if the checkoff is removed, as has been done in the proposal now before this committee, the whole subsidy becomes subject to the vagaries of the appropriation process.

If a Democratic Congress felt 1 year that it did not wish to appropriate funds to help finance the candidacy of a challenger to an incumbent Democratic President, there would simply be no funds. Tax incentives do not pose this kind of problem.

Finally, I would return to the point with which I began—our national tradition of individual participation. To aid campaigns by direct subsidy from the Treasury would only further separate the individual citizen from the political process—insulating the party organization from any need to reach citizens, except through the one way communication of television and advertising. The political parties

would talk to the citizen; but the individual could not effectively talk back.

But if we enact a tax credit for individual giving, the entire effect will be toward greater individual participation. Parties and candidates, to take advantage of a tax credit, will have to contact millions of individual citizens—to persuade these individuals that the parties and candidates are worthy of their support. The parties will have to listen to these individuals; and they must inevitably draw closer to the American people themselves.

I believe this is the direction for reform. I hope these thoughts are helpful to the committee as it continues its deliberations.

I congratulate the committee chairman and members of the committee for their efforts they are making in this field.

The CHAIRMAN. Thank you very much for your statement here, Senator Kennedy. I deeply appreciate the compliment you paid the chairman of the committee, and I want to congratulate you for bringing your views to the committee, and to suggest ways that you think we might meet this problem.

One thought that occurs to me is that in any event, whatever we do in this area it should not be a step backward. It ought to be a step forward, and I felt that way consistently from the beginning about it.

Do you have any different view than the view of the Senator from Kansas on this question as to whether or not the relatively well to do, the 1 percent of the people, or less than 1 percent, who are putting up most of the money to finance these campaigns, are contributing too little? Is there any need to encourage them to put up more, or should the effort and the main thrust be to broaden the base to bring contributions from other sources?

Senator KENNEDY. Well, Mr. Chairman, as I said in my statement, first, I would try to broaden the base so that as many individuals as possible would participate.

Second, I support the recommendations of President Johnson and Senator Clark, and others, for placing a limitation on the amount of money that could be contributed by any individual or by a family. President Johnson proposed an overall limitation of $5,000, and I would certainly support that.

I think the system has been dominated too much in the past by large contributions, but I think we can't limit ourselves to banning large contributions. We have to have an alternative to that, and that is why I have suggested encouraging individual participation through small individual contributions.

I think it is very difficult at the present moment, but I think if we have this kind of tax incentive that there would be wide participation across the country.

The CHAIRMAN. Well, those of us who have been Democrats down through the years like to think of our party as the one that has been responsible for most of the advances in the field of antitrust legislation, and we generally like to think of ourselves as a party that has succeeded with regard to keeping interest rates at a lower level.

Now, that was something that the 1960 campaign was based upon, at least in part—I am not sure how well we delivered, but at least we were firmly committed in the area of monopoly and in the area of interest rates.

My impression is, as one who stood for a strong position against monopoly and for lower interest rates, that it does not encourage a single campaign contribution.

Do you know any that your brother got on this basis when he ran for President of the United States?

Senator KENNEDY. No, I did not.

The CHAIRMAN. But, on the other hand, I know if you are trying to look after the public interest and trying to look after the rank and file of people, that is one area where somebody ought to make a fight. It should be an issue if you think the party in power is not making an adequate effort to resist the demands of monopoly for undue profits or for undue concentration of profits, or to reduce interest rates. I have been able to attract some campaign contributions from bankers, but not because I was for low interest rates. It had to entail some forgiveness in that area.

I simply cannot see that there is any need whatever to encourage the relatively well to do, who are presently financing these campaigns, to put up any more money than they are presently putting up.

Now, with regard to the rank and file contributors, I cannot see that tax forgiveness will bring any contributions.

Just offhand, my guess would be that there are more than 16 million Americans living on retirement income. I do not see anything in a tax deduction or credit that would help these people if they contribute a dollar because they do not pay an income tax. I think Congress wisely exempted them from paying it.

Senator KENNEDY. I would say for those individuals who do not file an income tax, they would have to go along and continue as they are at the present moment. But for all of the others who do file income tax returns, this would be a tremendous incentive to make contributions and participate actively in a political campaign.

The advantage of this plan, Mr. Chairman, is that it would be not just for the presidential campaign, not just after the nominations have taken place, but during the period of the primaries, which is so important.

You talk frequently about the little boy born in the manger, that you think should be elected President of the United States.

The CHAIRMAN. I think he would be qualified.

Senator GORE. There was also one in the bulrushes.

Senator KENNEDY. Yes, someone in the bulrushes, and Frank O'Connor in New York. [Laughter.]

The CHAIRMAN. The one in the bulrushes did not make a bad leader, may I say, from the standpoint of the Judeo-Christian religion.

Senator KENNEDY. That touched me very deeply, so I thought if we could make it possible for a lot of people in the United States to make a contribution, it would be most worthwhile.

The CHAIRMAN. My original approach was that we simply ought to say, every American, when he votes for a candidate, can contribute a amount to his campaign, perhaps a dollar or perhaps 50 cents, or some amount to carry the cost of that person bringing his message to the public.

If Robert S. Kerr had lived, he would be chairman of this committee today. He expressed the opinion to me that the success of your brother in 1960 had to do with two factors: one, that Richard

Nixon agreed to go on that joint television debate; and, two, that the Republicans were late in bringing Eisenhower out. Those were the two mistakes that caused the Republicans to lose that election and I sometimes think that it probably did have a lot to do with it.

Now, in that instance, the TV companies were permitted to make time equally available for the two men to appear.

Senator KENNEDY. That is right.

The CHAIRMAN. And a great number of us think that the joint appearance, on balance, and I think that even the Republicans at that time felt that on balance, the joint appearance of the two men on television did more for the Democrats than it did for the Republicans. Your brother made a particularly fine showing on the first debate, and I think even Mr. Nixon's writing afterward indicated that he felt his poor experience on that first debate was, perhaps, crucial as to the outcome of that election. It was a very close one, as you and I both recall.

Now, what is wrong with providing the two major parties with the money to simply pay for the time for both of them to go on television and on radio, and explain what they stand for?

Senator KENNEDY. I do not think there is anything wrong with it. I think there are various ways of doing it, and I think that is the question, the best way of doing it.

I have suggested that the best way of doing it, I think, is through a tax credit, so that the individual candidates will have the money to purchase the time, and I have also suggested in my statement, Mr. Chairman, that we have the same kind of provision in future presidential campaigns, at least, that we had in 1960, and that we have legislation passed which would require the networks to make time available to both candidates of the leading political parties to participate in a television debate or television appearance.

The CHAIRMAN. I would agree that there is some television station making a lot of money, but their principal source of competition is the newspapers.

In a city such as New Orleans, where a television station might not be making as much money as a very good newspaper which, incidentally, is the only daily newspaper publishing company in that city, would there be any particular reason why we ought to require a television station to donate the time when his competitor in disseminating information might be making more money?

Senator KENNEDY. Well, I think we decided that in 1960 it made sense.

You have just made a very strong argument in favor of the fact that it made sense in 1960. I think it permitted all of the people of the country to have an opportunity to see both political candidates.

The first debate, I think, attracted some 60 million people, the next debate approximately 58 million people. The figure went down somewhat thereafter, but there were a great number of people, much larger than would ordinarily watch a political performance on television.

During the campaign of 1956, for instance, I think the largest audience Mr. Stevenson ever had was approximately 15 million, and I think one of the great advantages for Senator John Kennedy was in the debate, not only in the fact that he did well, but also the fact that he was able to appear before a much larger group of people than he would have under ordinary circumstances.

So, I think it is a great advantage for the electorate; and secondly, the point that I made earlier, Mr. Chairman, is that I think it is extremely important that we understand that the air waves are owned by the American people. A license is given to the various networks to use those air waves, and I think it would be perfectly proper for Congress to say that for a period of time during a presidential campaign those air waves should be utilized by presidential candidates.

The CHAIRMAN. Well, now, in that regard, all we are talking about is the question of whether they get paid for the time or whether they are required to volunteer it freely. That is really the only issue on the point insofar as the two major parties are concerned.

Senator KENNEDY. As I say, I would like to have them first make some time available. I think that would be extremely important. But it does not take away from my point also that I think that a tax incentive is necessary to raise money.

The CHAIRMAN. My time has expired.

Senator Anderson?

Senator ANDERSON. Senator Kennedy, I'm glad you started right out in the beginning and said we should strike while the iron is hot. You have a great deal of evidence of the fact that there is a great deal of interest in this matter. I am glad you stressed it.

Senator KENNEDY. I believe we should act now.

Senator ANDERSON. It ought to be stressed a whole lot more.

You have indicated that you believe we can best accomplish these objectives by some form of tax incentives, by which each citizen can contribute to the party or candidates, the committees or organizations of his choice.

I think we can very well profit by what you said there. We ought to keep available—I do not completely agree with the size of certain contributions or requirements, but I do think it is a fine thing to have every person able to contribute in a meaningful fashion.

You said that the tax credit is the best approach. We have been giving consideration to it, have we not?

Senator KENNEDY. Are you asking if it has been studied in the past?

Senator ANDERSON. The committee has been giving some study. The Congress has been talking about it.

Senator KENNEDY. A good deal. There were some suggestions made back in 1962.

Senator ANDERSON. I think it is a very fine statement.

I am not sure about this 140-percent ceiling. I guess you have had some question on that also.

Senator KENNEDY. Yes, indeed.

Senator ANDERSON. But I have no further questions. I just wanted to commend you in saying that we ought to do it now.

Senator KENNEDY. I think we should.

Senator ANDERSON. While we can pass legislation. At some other time we might not be able to do it at all.

Senator KENNEDY. I think we should try to resolve the differences that exist, and pass at least some legislation.

Senator ANDERSON. It is very important that they do exist, because I find Senator Williams and I were agreeing on certain points, and that is almost tragic. [Laughter.]

We are going to try to keep our sense of humor and so forth until it is finally finished.

I am very glad we have these divisions and controversy now.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Thank you.

Senator KENNEDY. I, too, want to thank you for your statement. It is most constructive, and since Senator Anderson has mentioned the spirit of agreement, I would not say I cannot agree fully with your recommendations.

I think your proposal for a tax incentive is a proper approach because it does preserve that principle where the individual can select a candidate of the political party of his choice to which he can contribute. I think that is a vital part of any program that we enact.

If I am not mistaken, the committee appointed by President Kennedy in 1961 or 1962 recommended this approach; is that not correct?

Senator KENNEDY. Yes. They recommended tax incentives as a combination.

Senator WILLIAMS. A combination.

Senator KENNEDY. Yes, a tax credit and a deduction.

Senator WILLIAMS. I believe it was a tax credit for the first $25, and then I believe the next $75 was a deduction.

Senator KENNEDY. Yes, something like that.

Senator WILLIAMS. But anyway it was a combination of the two. In any event this same principle was involved.

Senator KENNEDY. Yes; yes, it was.

Senator WILLIAMS. I certainly support it.

Now, as for the television case. I think we should sit down and negotiate a reasonable amount of pay and not just set aside *x* dollars that would be paid to an industry, and then negotiate the terms afterward.

Senator KENNEDY. I think that makes sense.

Senator WILLIAMS. As I understand it, your suggestion is that we would enact into permanent law the provisions which were enacted on a temporary basis to take care of this equal time provision in the 1960 campaign?

Senator KENNEDY. That is what I would suggest. Again it probably would have to be studied carefully.

Senator WILLIAMS. Yes.

Senator KENNEDY. And the point that you make about whether there should be some money that would be available to the television networks to pay for it, I think again could be looked into by the committee.

But I think without question there should be some effort made to have that time available for presidential candidates on a continuing basis in the future.

I would add that I thought a good deal about suggesting it for other candidates. But I think that runs into all kinds of difficulties. So I thought that, perhaps, the best way to start out was with a presidential candidate, and if it is possible maybe we can extend it to other candidates, at the local level or the senatorial level or gubernatorial level. But that, I think, does raise some problems.

Senator WILLIAMS. Yes.

Now, one final question: Holding our national conventions in July and early August is more or less a tradition beginning back from the

time when it was necessary for the presidential candidate to tour the country on a whistlestop tour and hit all the States.

But in this day, with modern facilities of communication, television, radio, and circulation in the press, what would be your opinion as to the advisability of shortening our campaigns somewhat by moving our national conventions forward, we will say, into September, and have a 5- or 6-week campaign rather than as long as it is?

Senator KENNEDY. Well, Senator, I think there could be considerable advantage for the incumbent, for the individual who is, and the political party which is, in office at the time.

I would have some reservations about it, because I think that even though the citizens can see a candidate on television and can hear him on radio and read all his views in the newspaper, I still think they want to see him personally or have the feeling that if they want to see him they can see him.

I do not think that they want to have the feeling that he is just going to be a robot sitting in front of a television camera in Washington or New York or one of the large major cities, and they would never have any access to him personally.

So, I would have some reservations about trying to limit it to 5 or 6 weeks.

Also I think you get into the whole question of the struggle that would take place in the political party of obtaining the nomination. There would be those who would be actively involved in 1 year in obtaining the nomination and working right up until the convention time, and other years, if somebody had the nomination sewed up, he might not be active at all. So, I think it would change the situation a good deal.

I would have some reservations about taking that kind of a step.

Senator WILLIAMS. Of course, the suggestion has been made that in the case where there is a contest for the nomination, they are getting their exposure.

Senator KENNEDY. Yes, that is right. I recognize that.

Senator WILLIAMS. Well, I appreciate your suggestions. Again, I won't take the time of the committee, but I do thank you for your constructive suggestions.

I agree with you fully that this is the opportunity, we have generated a lot of interest in this subject, and this is our chance to get some constructive legislation in this area at this time, and I am hoping that we can achieve that.

Thank you.

Senator KENNEDY. I thank you, Senator.

The CHAIRMAN. Senator Gore.

Senator GORE. Senator Kennedy, I find your suggestions able and provocative and helpful.

I would like to solicit your view with respect to two or three points.

On the last page you cite the constitutional problem of limitation or rather of prevention of private contributions. Unquestionably, as a lawyer, one can recognize the difficulty of prohibiting a contribution. I think the prohibition is one order of legal difficulty. Regulation and limitation is another. Would you agree with that?

Senator KENNEDY. I am sorry.

Senator GORE. I was saying that in my view, as a lawyer with limited experience, that prohibition of a political contribution by a citizen is of one legal order of magnitude, while limitation and regulaton is another.

Senator KENNEDY. I would agree with that.

I think, may I add, I still think there are some constitutional questions even as to limitations. The laws that are on the books at the present moment have never been tested. I think there are some constitutional questions about limiting the amount of money that an individual can contribute.

Senator GORE. Certainly limitation would have to be in the order of reasonableness.

Senator KENNEDY. Yes; and I would support it.

Senator GORE. Now, I would like to relate to you how I undertook to approach this problem, different from the proposal of anyone else.

I am not sure that it is the better, but it seemed the better to me.

In my proposal I undertook to place maximum responsibility upon the candidate himself. After all, it is upon the honest and freedom from corrupt influences of the candidates that we must rely because it is from the candidates that our Presidents and Senators and our Congressmen come.

Now, in order to provide an option for a candidate for President, or for the Senate, to seek the public office with public funds, my proposal provides that the candidate himself must make application for the public funds, and one of the requirements would be a certification on the part of the candidate himself that he had not received and would not accept private political contributions.

In consequence of such a certification then campaign funds in a reasonable amount to take the issue to the American people would be provided by direct appropriation.

Now, it appeared to me—and I solicit your view, although I realize that you may wish to give it more thought than extemporaneous opinion would make possible—that if a candidate received public money upon specific certification that then the violation of the certification would constitute a fraud and, therefore, it would be a matter not only easier of enforcement but freer of constitutional limitation.

Senator KENNEDY. I think that is right.

Senator GORE. Would you agree with that?

Senator KENNEDY. Yes, I would.

Senator GORE. You dealt with one other question——

Senator KENNEDY. Could I just say about that problem generally, I still have reservations, Senator. I think it is a most imaginative suggestion, and I congratulate you on that. I still have the reservation that I think politics and political life in the United States should serve to encourage people to participate rather than to discourage them, and that is why I think that the proposal that I made, which others have made in the past, has an advantage over some of the other suggestions, and even yours, because I think it does encourage people to participate and to contribute at least some money in a political campaign.

That makes—an individual feels he has an investment, that he has contributed a dollar, $2 or $5 or $10, and he is going to watch that candidate and he is going to know about the issues because he feels he has a financial investment in him or the political party.

I think, therefore, that it can serve the political life of the United States in a very positive way, and could be extremely important as far as the future is concerned.

Senator GORE. Well, it was precisely to that point that I was coming next in my interrogation.

I submit that there is great merit in your point of view, but that there are at least two points of view in that regard.

I find that the greatest discouragement to voting in our country arises from the feeling that either the elections are unduly influenced by money or the candidates are unduly influenced by money.

One of the deficiencies of our democratic process is the small percentage of our people who vote. It is sometimes embarrassing to find that in other countries there is a much larger percentage turnout of voters.

I submit to you that while your point of view has great merit, and I agree with you that a small contribution in the campaign of the candidate operates as an investment. As a candidate I would rather have $10,000 contributed by 1,000 voters than $30,000 contributed by 30 voters. The political rewards are much greater.

Senator KENNEDY. Much.

Senator GORE. Even so, if the American people were confident that every man has one vote, and only one, if the American people were convinced that every vote, and the franchise of every voter, the political support of every voter, was reasonably equal, then I think this would be a greatest possible incentive for a large voter turnout.

This is one thing that impelled me to suggest this proposal, to give to the candidates for Federal office an opportunity to break out of this vicious circle of current political practices, and those who desired so to do could seek public office asking no one for anything and receiving nothing from anyone, except votes and personal support.

I would solicit your further consideration of this, as I am to further consider your proposal.

Senator KENNEDY. Fine. I shall do that, Senator.

Senator GORE. Thank you, Mr. Chairman.

Senator KENNEDY. Thank you, Senator.

The CHAIRMAN. Of course, it leads to a degree on what we would like to do on this matter. It is, of course, the feeling of this Senator that just as we require people to pay taxes for a lot of different purposes of government that it might be well to require them to sustain the cost of bringing to them the issues in a presidential campaign.

I am not opposed to the idea of going beyond that.

Now, I do not believe I gave you the opportunity to answer the question—I think I, perhaps, answered it for you—but would you agree that those who are well to do are already contributing enough money to the financing of all of these campaigns? That really there is no shortcoming of contributions in those areas.

Senator KENNEDY. Yes. I understand that was the first question you asked me, and my answer is the same now as then.

The CHAIRMAN. Well now, is the answer yes or no? I mean to say, you say it is the same——

Senator KENNEDY. I said, yes.

The CHAIRMAN. Well, thank you.

So that we really have no need for encouraging those people to contribute more, as I see it.

That was my objection to the deduction plan. It seemed to me all we would be doing there is to provide a further incentive for people who are already finding it to their advantage to contribute to these campaigns.

I would hope that we could find some way to encourage smaller contributions and to encourage them even from people who do not pay taxes.

Do you see anything wrong with someone being encouraged to contribute to a campaign if he pays no income taxes at all?

Senator KENNEDY. No. I would be glad to have that, too, Senator.

If you can work out something in addition to the tax credit to encourage those who do not pay taxes to contribute to political campaigns, I would certainly support that. That would supplement my suggestion.

But, as I said, I think there are great advantages for doing it in the way that I have outlined over doing it by direct subsidy.

I have outlined the advantages of it, the fact that everybody participates. You can give to the candidate that you wish to give to. You can give to local candidates. You don't just give to the national party. You can give to local candidates, give to gubernatorial candidates; you can give to local political parties, not the national party, and you can give in primaries and you do not have to wait until the individual has received the nomination for President of the United States. So you do not have to worry about the poor boy that both of us are worrying about.

The CHAIRMAN. The Senator from Montana, Mr. Metcalf, suggested that the Secretary of the Treasury should simply mail a voucher to individuals, and to anyone who had a Social Security number, which would permit them to contribute *x* amount, perhaps 50 cents, perhaps $1.

Does that program run into the objection that you had in mind with regard to the distribution of funds?

Senator KENNEDY. I do not think it does. I think it has a good deal of merit. I do not know, however, just what the problems would be as far as the administration of the program goes, Mr. Chairman.

I expect that you would have to have some expertise, some expert testimony from the Treasury Department, to make that judgment or determination, but I thought that the idea, at least on the face of it, made a good deal of sense.

The CHAIRMAN. Now, with regard to the constitutional problems, so long as we provide an appropriation to pay for what we propose to do, can you find anything unconstitutional about Congress' appropriating money——

Senator KENNEDY. No.

The CHAIRMAN (continuing). To any person or for any purpose? It seems to me that we certainly would have the power to appropriate money to candidates to pay for the expense of making their campaign.

Senator KENNEDY. The constitutional questions that I raised in connection with this piece of legislation have nothing to do with that. I think you have the right to take that kind of a step. But the constitutional questions that I raised were developed a little bit in the exchange between Senator Gore and myself.

No. 1, the subsidy proposal before you specifically states that an individual cannot contribute to a candidate for those activities covered by the subsidy. I question whether constitutionally we have the right to do that.

Secondly, on the question of individual parties or individual candidates, you have a subsidy for the major political parties and for a minor party which acquires a certain number of votes.

But I question whether that does not raise constitutional questions for even a smaller party than that, which would feel that it was interfered with by a subsidy from the Federal Government for larger parties, but no subsidy for them.

As I say in my statement, I think it is required, that we have that cutoff, but I think if you do have the cutoff you raise serious constitutional questions. That is my point, Mr. Chairman, that you give it to certain groups and refuse to give it to others.

The CHAIRMAN. We are going to seek the advice of the Department of which you were formerly the head, the Justice Department, on that. But my impression is that the basis upon which the President's recommendation was made had been considered by the lawyers in the Justice Department, and their view is that so long as you do this by an appropriation that there is no problem.

Based on the recommendation that the President has sent down, they have studied that, and I think their conclusion is that the constitutional problems there are not insurmountable.

Senator KENNEDY. Could I just suggest that maybe it would be worthwhile to have some views in connection with the constitutional question. It concerned me, and I think it concerned some others. But perhaps there would be some legal scholars across the country that the committee might think it would be worthwhile writing to or getting their views or ideas in connection with that aspect.

The CHAIRMAN. We would certainly be happy to have them.

Now, with regard to the equal time proposal, we are aware of the fact that Governor Wallace is thinking about running. The Gallup Poll indicates as of this moment he would get about 13 percent of the votes.

In the event that that should occur, a candidate of that dimension, would be a serious candidate, and he would be a serious factor in the election.

How would you suggest that the stations or the Federal Communications Commissioner or even we in Congress should undertake to meet the third party problem in providing time for the two major parties to express their views?

Senator KENNEDY. You mean, this is on the question of television?

The CHAIRMAN. Yes, free time.

Senator KENNEDY. Well, we were able to do it in 1960 and of course, there are always minority parties represented in every presidential campaign.

We were able to work it out, Congress was able to work it out in 1960. It seems to me that it can be worked out now in 1968.

The CHAIRMAN. However, in 1960 the two major party candidates together received about 98 percent of the votes.

Now, with a third party in prospect of getting as much as 13 percent, it would seem to me that in fairness you would have to make some al-

lowance for its candidate to be heard. I just wondered how you would propose to handle it, looking at the facts of life.

I do not see how you can ignore a party that would appear to have that much support.

Senator KENNEDY. I would suggest if he is going to be a serious presidential candidate that he has the right to be heard on television also.

The CHAIRMAN. You see, we have a problem of allocating time, and private contributions do not meet that.

Would you provide that he be equally heard?

That is one area where the President's recommendation would seem to meet the problem, that the third party candidate would worry about his own financing, but if he received more than 5 percent of the votes, then he would be entitled to at least be reimbursed for money that he had expended or for obligations that he owed on the basis of the number of votes that he received.

The only other alternative that I know of is to give him equal time.

Senator KENNEDY. In 1960 it was not that great amount of time that was allocated. There were five debates, I think, and 5 hours for two candidates at that time. It was 2½ hours apiece. I do not think that is an excessive amount to give to a third-party candidate.

So, I am sure you can work out a formula for it. And, perhaps, if that is the only way you can work it out, you give him equal time. But I am sure it could by worked out.

As I say, if it cannot be worked out, it does not affect my basic suggestion, which is that we have a tax credit and that we make the money available thereby to the individual candidates.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Not to delay it, but is your basic argument here, that they be allowed to contribute to their party of their choice and this would help the third-party candidate?

Senator KENNEDY. That is correct.

Senator WILLIAMS. On the same basis that it would help the major parties.

Senator KENNEDY. That is correct.

Senator WILLIAMS. And it would give them help at the time they needed it most, and that is when they are running for election.

Senator KENNEDY. That is right.

Senator WILLIAMS. I must frankly admit I do not know of any better proposal than the President offered to solve the third-party problem, if the candidate were able to get 5 percent of the votes. But if he ended up with 4.9 percent of the vote, all he would have would be a lot of debts and a defeated candidate.

Senator KENNEDY. That is right.

Senator WILLIAMS. I do not know how it could be worked out any differently.

Senator KENNEDY. That is right.

It seems to me that the proposal we are talking about here is fair to all of those who are running, and it is fair again to the small man, the man of low income, and the individual who is a candidate, who has very little income and very few rich friends.

This permits him, in fact, to run for office, and permits him to run in the primaries and permits him to run in the final election. It offers

support to the local party and to local candidates, and permits the individual to make his own individual choice as to who he wants to support.

It seems to me it has got a great advantage over some of the other proposals.

The CHAIRMAN. Senator Gore.

Senator GORE. Mr. Chairman, I would like to raise three points very briefly.

One, if I may just make a statement or observation myself, I find it a bit galling that the greatest medium of communication that we have, which belongs to the whole people, is licensed for private use, and yet it is proposed to ask the taxpayers to provide the money to buy a small percentage of its time.

It seems to me that in the granting of a license, that there can be a reservation saying that one-half of 1 percent of the time be reserved for specific purposes. This might mean a miniscule reduction in profits or, perhaps, a satellite might make for them $160,000 a year instead of $165,000.

But it seems to me that with this medium belonging to the whole people, that in granting a license to use it, as profitable as it is, that a minuscule part of the time should be reserved for public purposes.

Senator KENNEDY. I agree with you.

Senator GORE. Thank you. I find myself in full agreement in that with you.

Now, I would like to ask you a question about this problem of concentration of political power. I think it is a very important factor, and I find quite persuasive your suggestion that a tax credit would minimize this, would diffuse it.

Senator KENNEDY. That is correct.

Senator GORE. Throughout our electorate.

But it seems to me if we are to have appropriation of public funds by Congress that this, too, operates as a safeguard because the appropriations originate in the House of Representatives. Each Congressman, coming from a district of a population of roughly 400,000 people throughout the country, that this itself would provide some safeguard against the concentration of power that would flow from, well, the checkoff system of the public funds.

Senator KENNEDY. I agree with that, Senator.

I said in here the question of a choice is the system that we have at the moment or the system that you have just outlined, and I would take the changes. I think there is a better way of doing it, and that is why I have made the suggestions that I have. But I think anything along these lines is an improvement over what we have at the moment where the individual presidential candidate must go hat in hand around the country to raise the astronomical sums of money that are required to run for President of the United States.

Senator GORE. So, our differences are in matters of choices here.

Senator KENNEDY. That is correct.

Senator GORE. On how we agree and use public funds that we provide for presidential campaigns.

Senator KENNEDY. I agree that it is essential. I think all the legislation that has been suggested, practically all of the legislation which has been suggested, is an improvement over the present situation. It is

essential that we have legislation passed this year. But I think there are much better ways of doing it, and much more effective ways of making it possible for people to contribute to the candidate and party of their choice, and thereby diffusing the moneyraising responsibilities across the country.

Senator GORE. Now, assume that we finally come to a choice or we make the choice, to provide public funds by direct appropriations. It would seem to me, if we make that choice, that instead of providing public funds for two-thirds, and only two-thirds of your estimated costs of the campaign, with one-third to be financed by private contributions, that for this one-third we incur all of the problems of commingling of the public and private funds, and then for the lack of going a whole mile instead of two-thirds, we still have remaining many of the inequities of the present system and, therefore, I felt, although the President's proposal has much merit, that we should, if we choose to go this route, that we should make it 100 percent appropriated funds instead of an estimated 66⅔ percent.

I solicit your views on that.

Senator KENNEDY. Well, I would agree the subsidy fails to the extent it does not discourage large private contributions.

As I say, I think that the President's suggestion and the suggestions that have come here have some merit.

I think that there are some liabilities in them, one of which you put your finger on. However, I would vote and support that legislation, rather than have no legislation at all. But I think it could be vastly improved.

Senator GORE. You mentioned in your statement sheriffs and county clerks and mayors. I really do not think that is involved here. We are dealing or are undertaking to deal in all of the proposals before the committee only with elections to Federal office.

In my view, that is as far as I think we should go. I'm not sure we could go any further. But even so, if we provide examples for proper and high conduct of the election to Federal office, will it not have a salutary effect, hopefully, upon State and local elections?

Senator KENNEDY. I think that is correct. I do think we have the authority to permit a tax credit for——

Senator GORE. Tax credit, I agree.

Senator KENNEDY. That is what I'm talking about. If an individual wants to give rather to a presidential candidate, a gubernatorial or senatorial candidate, if he wants to give to his local candidate or local sheriff, he should have the right to do so.

Senator GORE. I agree. I would raise serious questions, however, in the appropriation of Federal funds.

Senator KENNEDY. Yes, I would, too.

I would think that would be very—that would raise very serious objection.

Senator GORE. One final question. If we undertake to deal with election to public office by providing public funds in some manner or other, whether it is the checkoff system, whether it is the system of a voucher or tax credit, an appropriation, or a tax deduction, either method is public funds for political campaigns. Now, if we undertake by any of these methods to do it, should it be confined just to the Presidential office? Should we not include all Federal offices?

Senator KENNEDY. I think we should.

Senatoro GORE. Thank you, Mr. Chairman.

The CHAIRMAN. Well, Senator Kennedy, I have been advised by at least one public relations firm, which has worked in the campaign financing area, that they feel if they knew how much money they had available to them at the beginning of the campaign, and could plan a campaign on that basis—with half as much money they could do a more effective job than they could if they do not know whether they have the money or not.

Now, in either event, whether you are going to use a tax credit of 50 percent of the amount of money put up or whether we are going to provide it directly, there is some advantage is there not, for a candidate to know in advance how much money he might rely upon making available for his campaign?

Senator KENNEDY. Yes, there is an advantage. It is not anywhere near, in my judgment, what the individual said to you.

I mean, the campaign, as we all know, Senator, really consists, in the last analysis, if you are talking about once a campaign has started and you have received the nomination, of the last 6 weeks. You spend the money in the last 6 weeks, by and large, and that is, in fact, when you start to have some effect on people's views and ideas, some of the things that Senator Williams said.

When you are starting to spend the money, you spend, I suppose, 70 percent of it in the last 3 weeks under ordinary circumstances in any case.

So, I do not know when they talk about the fact that they need to know how much money is going to be made available months and months in advance. I have never seen a campaign like that.

The CHAIRMAN. Now, between a tax credit and a deduction, I personally think that the tax credit might be a more appropriate way to proceed if we are going to use one of those two approaches.

Are you aware, however, that the most important tax credit we have in the law right now is the investment credit. I helped your brother put it on the statute books, and the same people in the Treasury who advised on it and helped so hard to put it over are very strenuously opposed to another tax credit if there is any way in the world to avoid it.

I think that their feeling is that this could be an area that could be very easily abused, and they are very reluctant to see it extended to other areas.

Senator KENNEDY. Well, I would say the person who was primarily responsible for initiating the tax credit in 1962 was President Kennedy, and he was in favor of the tax credit that you put through, and he was also in favor of this.

Senator WILLIAMS. But at that time it was endorsed by the Treasury Department.

Senator KENNEDY. It was endorsed, this legislation was endorsed by the Treasury Department.

Senator WILLIAMS. That is correct.

The CHAIRMAN. Since that time we have had a number of other tax credit proposals come in, some of which could cost billions of dollars. I believe we also have retirement credit for old people.

So, that is in the law now, H.R. 10. I opposed that, the administration opposed that. Incidentally, that will cost a lot more money, it will be a lot bigger burden on the Treasury, than anything that we might do in the field of financing the presidential campaign or financing all Senators and Congressmen put together.

Senator GORE. Would the Senator yield?

The CHAIRMAN. Yes.

Senator GORE. I am glad the Senator brought that up, because what we are talking about here, even if, as the chairman says, the bill finally provides full expenses for all the campaigns of the House, the Senate, the Presidency, are still talking about a very small item in the annual budget. Yet the benefits from it might be very great.

The CHAIRMAN. Yes.

Now, the thought that occurs to me very much is that really we do not have anything to encourage those, the well-to-do, to contribute any more to campaigns than they are contributing. They find it to their advantage. They are carrying 95 to 99 percent of all the costs now, depending upon how you are going to define the well-to-do, and it would occur to me that what we are trying to do is to try to find a way to make it more attractive and more desirable for condidates to think more in terms of what is good for the rank and file of people, and less in terms of the political necessities of life in order to finance a campaign.

Senator KENNEDY. That is what I think my proposal does.

The CHAIRMAN. I certainly agree on the objectives.

Senator KENNEDY. But I do not think it is a great advantage, if I may say so to the chairman. I do not think it is a great advantage for a wealthy person to feel he is going to get a tax credit of $20.

The CHAIRMAN. Well, it would help him to that extent.

Senator KENNEDY. Yes. But this is not what he is waiting for with bated breath outside the floor of the U.S. Senate. He is not waiting to find out if he is going to get a tax credit for $20. But for somebody who is in the lower income bracket $20 is very important, and that is why I think this legislation is so important because it does, in fact, give an advantage to those in the lower incomes barckets, and also the second part of that, it permits people with lower incomes to run for political office, not after he gets the nomination for President of the United States. The legislation sent up here is not going to help poor old Frank O'Connor.

The CHAIRMAN. Well, the Metcalf plan could conceivably help Frank O'Connor.

Senator KENNEDY. I agree. I said I thought that that would have merit.

The CHAIRMAN. But, unless and until we have provided an answer for our own Government, it does seem presumptuous for us to provide an answer for the State and city situations where the cost is so much less.

But you do recognize that by raising this money through small contributions you have a number of factors to overcome. One of them, very few people who would put up $1 realize why it is important that they put up the $1 at all. They tend to think of it as "what difference is my $1 going to make".

The inertia, that is a very big factor. Why should they put up $1 and what difference would their $1 make? This fellow up here put up

$5,000. Why can't he make his campaign on the $5,000 that that man put up. Why ask them for a buck.

In the second place, the people who would put up the small contributions, generally speaking, have a need for that money. They do not know how they are going to meet the next month's bills and they are, therefore, somewhat reluctant to contribute.

If we are going to use the tax approach it should be a tax credit, and it should be for an even smaller amount than $20.

For example, if we are going to use the tax credit approach, why not give an 80 percent credit on a $1 contribution so as to generate the maximum number of contributions and spread it just as broadly as possible among those.

Well, any other questions?

Senator Gore.

Senator GORE. I would like to observe that this same theory, Senator Long, that you cite, that it is hard to persuade a man to give a dollar because he feels like his dollar will not amount to much, the same principle applies, as long as we believe our elections are financed by 1 percent of the American people, to the average fellow saying "Why do I go and vote? The few are dictating the elections anyway". So I want to be really democratic. Let every man have one vote, and then I believe we will have a far larger turnout.

Senator KENNEDY. Can I add to that also, if I may.

You talk about the fact that individuals think "Why should I give a dollar or why should I vote?" The fact is that 70 million Americans do go out and vote. Maybe there should be 30 million more who should go and vote as well, but 70 million voters do vote, and I think if they also felt and understood if they could contribute to a political campaign, then that, in turn, would make a difference, and whether it is a dollar or $2 or $5, it makes a tremendous difference for the candidate of their choice. They would feel closer to their candidate and closer to the political party. I think it is very important.

Senator GORE. Well, 70 million is a good turnout until you compare it with the 200 million people.

Senator KENNEDY. Yes.

Senator GORE. We ought to have not 30 million additional; we ought to have another 50 million people voting.

The CHAIRMAN. Senator, my original proposal which I submitted to the committee more than a year ago, was that every American, when he went out and voted, that automatically made a contribution of $1. The fact that he voted when he pulled the lever for John Kennedy for President, $1 right there, one man, one vote, $1. So that——

Senator GORE. You mean he gets paid?

The CHAIRMAN. The candidate would be entitled to $1 to use in making his campaign when somebody voted for him. That is the way I started out.

Then Senator Douglas suggested that we modify it to provide the same amount for both parties so that they would have an equal opportunity to present their case. I now find myself, having completed the entire trip around the merry-go-round, having come back to where I started out; but that is one more way one can approach it.

There are a lot of ways we can do it. I hope we are able, however, sooner or later in the spirit of give and take, agree upon something that we can all support.

I am willing to forego some of my views if others will do the same, and try to arrive at something we can all agree upon that will be good for the country.

Thank you very much, Senator Kennedy.

Senator KENNEDY. Thank you very much.

The CHAIRMAN. We are also fortunate to have with us the Honorable Jim Wright, Representative from the 12th District of Texas. Congressman Wright is the author of a very informative-type article entitled "Clean Money for Congress," which appeared in April 1967, edition of Harper's magazine.

This article reflects the keen insight Congressman Wright has regarding the matter before the committee. I know we will all benefit from what he has to say to us on this occasion.

Congressman Wright, I will instruct the clerk to print this very fine article that you wrote on this subject at the close of your testimony. (See p. 278.) We are very happy to have you with us here today.

STATEMENT OF HON. JAMES C. WRIGHT, JR., A REPRESENTATIVE IN CONGRESS FROM THE 12TH CONGRESSIONAL DISTRICT OF THE STATE OF TEXAS

Mr. WRIGHT. Mr. Chairman, you are very kind to invite me over to share my thoughts with the committee. The hour is late, and I shall be brief.

If you would permit me, I would also like for my statement to appear in full.

The CHAIRMAN. I will do that. But I want to assure you that I will read with interest every word you have.

Mr. WRIGHT. Thank you very much.

The CHAIRMAN. The very fine record you made and the uphill campaign you conducted in your election to the Congress in the first instance and the very fine record you made in the House of Representatives are an inspiration to all good people.

Mr. WRIGHT. Mr. Chairman, you are more than kind.

It occurs to me that some people might be wondering if it is not strangely irrelevant and even inconsequential that we should be sitting here today, talking about the future of American political campaigns, while the Middle East is in flames.

I should like to suggest that nothing could be more relevant or more consequential to the maintenance of American political institutions and American free processes than this. Consequently, nothing could be more important to the preservation of freedom in the world. Therefore, I think it is very important.

Since my particular experience is confined to attempts to finance congressional and, in one case, Senate campaigns, permit me, if you will, to limit my suggestions to that realm rather than attempting to advise with respect to presidential campaign matters.

I would like to discuss five or, perhaps, six general areas into which various recommendations have been brought to this committee. All have been excellent.

First, let me touch briefly on the recommendation made by the President for a complete and binding disclosure of all gifts and expenditures.

It is the recommendation of the President that all contributions and all expenditures of $100 or more should be reported whether given to or spent by the candidate himself or any committee acting in behalf of the candidate for Federal office.

I think this is an important requirement.

Obviously it is evaded today under the patently absurd theory that the candidate himself does not know what is done by the so-called voluntary committees, and like Pontius Pilate simply washes his hands of the whole sordid mess.

This makes us, I believe, something of a laughing stock to the public. The public realizes these antiquated laws are not truly observed, and I think it lessens public respect for our institutions. Therefore, I think we should enact that provision.

Secondly, the President has recommended that there be a disclosure of all sources of income for members of the House and Senate. That recommendation came in last year's presidential package, and I am not certain whether or not he repeated it this year. I see nothing wrong with it. I think it should be done.

Why, you may ask, should a public official be asked to hang his public finances out on the public wash line like so many garments?

I think the answer is that we knew this was a gold fish bowl when we entered it. If any of us have any financial connections of which our own constituents are unaware, and if we have some of which we are ashamed, we should not have them.

If any of us have financial connections that would be truly hazardous to our continuance in public office, perhaps we should not be continued in public office. Therefore, I think that is an important provision.

A third area lies in the field of limiting the amount that any one individual might give. I am not prepared to enter into discussion with you of the constitutionality of such a limitation. That has been discussed among the Senators.

I should simply like to point out that a limitation does exist in the present law, permitting only $5,000 to be given to a candidate. I believe the spirit of the law is being evaded.

The President described the practice of making multiple $5,000 contributions to various committees organized for a given candidate as analogous to putting the maximum contribution into several pockets of the same suit.

I think the $5,000 surely ought to be enough. If it were to be changed, I think perhaps in the interest of healthy democracy and maximum participation by all people, it ought to be cut from $5,000 to a lower figure.

In the fourth place, the recommendation has been made that we change the presently meaningless limitation of the Corrupt Practices Act of 1924 and the amount of money that individuals might spend in campaigns.

All of us know it is meaningless. All of us evade it at will. It is a common laughing stock.

As it now stands the law, of course, provides that no more than $5,000 can be spent in a campaign for the House, and no more than $25,000 in a campaign for the Senate.

If I were to pretend to you that I had abided by that law, you would know I was a hypocrite. I think the same might apply to 95 percent, if not indeed all, of our colleagues.

One of my fellow members of the House reported following the 1964 election that he had expended $193,000. I admire his candor and his honesty; I think this is to be commended.

But how does that make those of us in the Congress look and what does it do to encourage law obedience among the citizenry?

I think, perhaps, we might forgive the average citizen for disobeying a commonly ignored ordinance. But what excuse is there for those of use whose very profession it is to make the law and to make it mean something if, indeed, we want it to mean something?

I think by refusing either to abide by the law or to change it we present a pretty sad spectacle to the public.

Now, I happen to disagree with the President's proposal to lift the meaningless limit and impose nothing in its stead. I believe there should be some limit on the amount expended in congressional and Senate races. I am not certain that I know precisely what it should be, or that I am capable of devising a formula that would be fair and applicable in all cases. However, I introduced a bill in the House last year, and again this year, which would impose a limit of $30,000 for a primary race for the House, and an additional $30,000 for a general election campaign for the House. This, coincidentally enough, adds up to the sum that the congressional candidate, if elected, would receive in salary for his 2-year term—$60,000.

For the Senate, of course, no single figure could apply with fairness to all States, because they vary so much in population.

My bill would use the $30,000 as a factor and multiply it by the number of House seats in a given State. In States like New Hampshire and New Mexico, with two House Members, the maximum would be $60,000 for a senatorial campaign for the primary, and an additional $60,000 for the general election.

In a State like Texas, with 23 House Members, $690,000 would be allowed for each of these campaigns. In New York and California the sum would come to a little over a million dollars.

This, I believe, should be adequate for a sufficient campaign of public enlightenment. Perhaps these figures would not be enough for a lavish campaign or brainwashing, ad infinitum and ad nauseum, but something should be attempted.

The important thing with which this committee has been wrestling, and, I think the key to the workability of election reform is what you have been discussing this morning. I favor a tax credit of, let us say, up to a modest figure of $20 or $25. I think this is preferable to tax deduction of up to $500.

I agree with the chairman that there is really no need to encourage those of great means to expand the amounts that they already give to political campaigns. But I think there is truly a very great need to broaden the base and make it popular and attractive for the average citizen with no ax to grind except good government to participate actively and feel that he has a personal stake in his Senator or his Congressman.

I think it would be a great thing if a person were allowed to contribute up to $25 to the candidate or the party of his choice and to be able to deduct this as a tax credit.

If it should be argued that this would become a great burden upon the Treasury, then that presupposes that it would be a great success, and it would encourage a great many people through the country to participate.

I think this would reduce the sometimes disgraceful reliance upon the big contributors.

The only one other area that I think might be worthy of my attempting to comment upon is the suggestion that television stations should be required to give a certain amount of prime time to candidates for the Senate and the House.

I favor this requirement. I think inherent in the licensing process is the assumption that a television station or radio broadcasting station is going to devote a certain amount of its prime time to public service. How better by definition could we isolate or dignify public service than by allowing the public to know the public views of those who would be their public servants.

I think this would elevate and enhance the very quality of our elections. It would reduce the importance of spending vast sums of money on these little quickie commercials that shout a slogan at you or pop out with a singing jingle before you have a chance to turn them off. I think these are really juvenile, and I am inclined to believe that they have a tendency to talk down to the intelligence of the American public.

I would rather see intelligent discussions in some depth by candidates of both parties presented to an adult constituency in an adult way in, perhaps, 30-minute segments of prime time.

In all of this, Mr. Chairman, I think what you are undertaking to do is, possibly, as important a reform as has come about in American politics in our time. I think it is long overdue.

We have a chance to revitalize and revivify American democracy. Or simply by making a perfunctory attempt and letting the dust of long neglect settle back into all the accustomed corners, I am afraid we could confirm the suspicion held by much of the American public that we in Congress really are content with these gaping loopholes that make a mockery of our election laws, and that we do not really want reform in spite of all of our pious protests.

So I congratulate you and all the members of this committee for the interest they show here today.

I look forward anxiously to the product of your labors. I think it is in the mainstream of American history, because what we have done from the beginning has been systematically to broaden the electorate.

We have stricken down the cruel protocols of a vested caste system. We adopted manhood suffrage under Jefferson's leadership. We moved on to let the women vote. In the last 2 years we have done away with the white man's primary, we have destroyed the maladjustment of a rotten borough system in districting; we have said one man, one vote. We have passed civil rights voting laws, so that everybody, in theory, gets an opportunity to vote.

But, Mr. Chairman, what good is all of that if, in reality, the costs of elections and the difficulties of raising campaign money from the little handful of the fat cats who hold in their hands the power and the keys to public office are so restrictive that the public does not have much choice among those for whom it gets to cast its votes? Therefore,

I suggest that this is truly in the mainstream of the democratizing process of America. Thank you.

The CHAIRMAN. I want to thank you very much for a very fine statement here, Congressman Wright. I believe that your statement is very eloquent, as well as very logical, and your writings on this subject are most persuasive.

Your statement reminds me of a story that my father used to tell about the days when he used to sell patent medicine. He had two products. One was named "High Popalowrum" and it sold for $1. The other was named "Low Poplahighrum" and it sold for 50 cents. Both bottles were the same size.

Folks practically always bought the dollar bottle. The only real difference was that it was a product that had been extracted from bark skinned down the tree, while the other was extracted from bark that had been skinned up the tree.

He contended in most instances that people really do not have much choice. They usually get the same product.

Now, what you are saying is that in many instances because of the problems of financing a campaign, the public oftentimes does not really get much choice. Both candidates pretty well have to be acceptable to the small percentage of people who are paying the campaign expense of those candidates in any event.

Mr. WRIGHT. Mr. Chairman, I am afraid this is true to a great extent in all the bigger States. I think it is true in my own State, and while I cannot speak with any real authority on other States, I know the cost of seeking office in the bigger, more populous States is just simply prohibitive unless a man is wealthy or is a willing recipient of the largesse of the wealthy.

The CHAIRMAN. Since you mentioned tax credits, such as the investment credit or credit for retirement income, who is it that really pays the cost of the tax credit?

Mr. WRIGHT. Well, it is the taxpayers, of course, who pay the cost of any tax credit.

If there is merit in that, as opposed to the alternative idea of appropriating directly from the Treasury, I think the merit might be in the fact that the individual voter and taxpayer would have the choice of the party which receives this contribution.

The CHAIRMAN. Now, when we are using the tax credit approach, it is obviously true that the 100-percent tax credit, the nearer you get to the 100 percent, the more obviously taxpayers are paying for someone to do what we want that person to do.

Now, would it not be more appropriate for the average voter, who is also a taxpayer, to have an arrangement that pays $1 for a man running for office rather than have to pick up the tab for somebody else contributing $10 or $20 which might not be contributed to the candidate of his choice?

Mr. WRIGHT. Mr. Chairman, I have no quarrel with your proposal as it affects presidential elections. I supported your proposal in the bill as it came to our House from yours. I think it is a definite move in the right direction.

May I say that while there is no basic philosophical distinction between races for the Presidency and for other Federal offices, I believe I can see a practical distinction between them.

While I can believe that the program you advocate would be wholly workable and extremely desirable for presidential campaigns in which presumably every citizen of the United States has an interest, I think it might be difficult to apply that same principle with regard to a House or a Senate campaign. For one thing, it might encourage a proliferation of candidates that would bankrupt the system.

Mr. Rayburn said to my colleagues in 1955 when I first came to the House—he spoke to all the Members who had come in that class. He said, "The first thing to remember is that there are in your district, wherever you come from, at least 1,000 men who would like to have your job, and most of whom really think they can do it better than you."

Now, I should not want to encourage a thousand men in each district to come to the Treasury asking for money with which to run for office. I think it might have that effect if we expanded it into Senate and House races.

But for the major candidates, for the Presidency of the United States, an occurrence that comes about only once every 4 years, I think it is an eminently fair and logical approach.

The CHAIRMAN. I believe that what you are saying will prove to be correct, generally speaking, that the best answer to the financing of these various campaigns will probably depend upon the particular race that you have in mind.

The top deduction plan that was recommended by two Presidents cannot stand full debate. About all it does is reward the people who have been contributing in the past to continue to do what they have been doing.

I do not think they would put up any more than they were putting up. Their out-of-pocket costs would go down. Today it is like bread cast upon the waters. They achieve fantastic influence in the Government far beyond their numbers, which they find it very desirable to do.

But I also think that you are right in saying that what would appear to be the most desirable method to finance a presidential campaign, which entails amounts of money that no more than a dozen families could hope to lay their hands on, is not necessarily the answer at all to a congressional campaign. In congressional compaigns, you might be simply encouraging people who would not be appropriate candidates or desirable candidates at all just to go ahead and run because their expenses would be covered.

Now, in that area, it seems to me, there should be a certain amount of financial responsibility for a man to undertake to run for Congress. If he thinks that he has something to offer the public he ought to have a little responsibility in putting his name on the ballot.

Of course, we do have some with the qualifying fee, as you know. But when a man wants to run, I would think it would still be desirable that he had to not only have spent some effort, but spend some of his money or have some friends who are willing to accept the responsibility of backing him to some extent to make that race.

Mr. WRIGHT. Perhaps we could put the emphasis, Mr. Chairman, on that latter qualification. A person seeking public office presumably ought to have some friends who believe in him. If we do make it attractive for widespread participation among average Americans, and if he does have friends, then this can permit him to run. As it

stands today, of course, the public has not been educated to the necessity of participating in the costs of political campaigns, and a candidate finds it extremely difficult unless he is born with a silver spoon in his mouth or is a willing ward of the wealthy.

The CHAIRMAN. I would say, as one who has tried to raise some campaign money in years gone by, it is a lot easier to persuade some fellow in business to put up $100 than it is to persuade a workingman to put up $1. The main reason is that if the man in business who would put up the $100 has done so in the past, he understands why he is doing it and the importance of it, and he is inclined to think it might have some effect on the outcome of the election, while the workingman, who is asked for the $1 is inclined to feel that this could not possibly make the difference in the outcome of the election, and with the contributions so small he is inclined to wonder whether the man asking for it is really going to put that dollar where it is supposed to go.

So that I believe you will find this thing of raising $1 is not very practical.

Mr. WRIGHT. Mr. Chairman, I might tell you my personal experience in this regard. I have a rule that I will accept no more than $100 in contributions from any one source. I made this work pretty well because I have a very understanding constituency.

The average contribution in my first race was, I think, about $11, and there were some 8,000 contributors.

I have not been able to make this principle work, however, in a statewide race. I made an abortive attempt to run for the Senate in 1961 after Mr. Johnson vacated that position as a candidate for the Vice-Presidency.

I had two basic fallacies. One was that by announcing first, my candidacy would be so formidable that it would keep everybody else out of the race. Seventy-one others followed my example. I argued that that makes me a leader of men, and my second fallacy was that I could make up in hard work what I lacked in finances.

I said I was going to get up earlier and go to bed later and travel more miles and shake more hands and make more speeches and wear out more shoes than anybody else in the race.

I think I did those things. But it was like trying to siphon off the Gulf of Mexico with an eye dropper. You just cannot get around the State as big as Texas.

We spent around $270,000—which was not enough. I came in a close third, just barely missed making the runoff with the present Senator Tower; and wound up owing $68,000.

It took me 2½ years to pay that off. That is pretty tough thing for a fellow in somewhat modest financial circumstances, but it is not anything compared with the experience of James E. Turman, who ran a very close but unavailing race for Lieutenant Governor in our State the following year. He is now with the Office of Education here in Washington, and he has been paying systematic sums for 5 years out of his monthly income, and he calculates that on that amortization schedule, it will take him 14 years or more for him to pay for one near miss at the polls. Imagine it—19 years to pay off one attempt at the polls.

Some people might argue that this is just tough luck, that a fellow with modest circumstances ought to have better sense than to get

into a race like that. Maybe they would be right, but where does that leave the old American dream that a mother can look at the infant son lying in the crib and say, "There lies the future President of the United States."

Where does it leave the sincere young American who wants to give of himself and of his time to the political life of his country but does not happen to have fantastic wealth and does not happen to want to be obligated to the people who do have fantastic wealth—where does it leave him? It leaves him at the mercy of the fat cats, as you have mentioned a while ago.

So I think that the public is going to have to be educated, if we can do so, to the idea that its dollar or its $5 do mean something. We must broaden this base of participation so that the candidates will not be so reliant upon this little coterie of big givers who give in the multiple thousands of dollars, and cause one to wonder if they do so from a purely philanthropic motivation.

The CHAIRMAN. One of the suggestions that we have before us is that the Secretary of the Treasury would simply mail out vouchers to the individual, and that those vouchers would be good for, perhaps, a dollar each, and a person would simply write his name on it and mail it back in, that that could be contributed to the congressional races as well as to Senatorial races and presidential races.

If one sent those vouchers in that could raise a large amount of money with regard to any particular race. For example, it might raise more than needed.

Mr. WRIGHT. Mr. Chairman, it truly could. I do not know what safeguards would be imposed to prevent the forgery of such vouchers or the various abuses that might creep in.

The CHAIRMAN. I put one in that provided a fine of $10,000 and 5 years in the penitentiary for forging one of those certificates or for trading them.

Mr. WRIGHT. That ought to be a pretty good deterrent.

The CHAIRMAN. Deterrent.

Mr. WRIGHT. Yes, sir.

The CHAIRMAN. So there are ways that we can explore it. We ought to make a start, and it was my thought, perhaps contrary to what some other people think, that the costs are so insurmountable in a race for the Presidency that, perhaps, it would be the best starting point because that office has more importance to all the American people than any one office they are going to vote on in the Federal area.

Well, thank you very much, Congressman Wright, for your contribution both today and also the contribution that you have made in your writings and in your prepared statement.

Mr. WRIGHT. Thank you, Mr. Chairman.

The CHAIRMAN. I appreciate it very much.

(Congressman Wright's prepared statement, and an article written by him, follows:)

STATEMENT OF CONGRESSMAN JIM WRIGHT IN BEHALF OF ELECTION REFORM ACT OF 1966

LET'S REVITALIZE AMERICAN DEMOCRACY

This Committee has a rare opportunity to rejuvenate and revitalize the free elective processes of this country. I am convinced that it is long overdue. Since my

only real experience in campaign financing has been in the field of Congressional elections, I shall confine my remarks largely to that subject rather than attempting to advise in the question of Presidential elections.

In the critical matter of Congressional election reform, I believe the answer lies not in subsidizing campaigns with public funds, but in establishing enforceable limits on total expenditures and individual contributions, requiring absolute disclosure, and making it attractive for average Americans to contribute in modest amounts to the candidates and parties of their own individual choice.

The enactment of a fair, realistic and workable campaign spending law could pump new life into the bloodstream of our elective procedures and restore public confidence in both the integrity of Congress and the viability of our democratic institutions.

Or by giving these bills a mere perfunctory hearing, failing to push for legislative reform, and simply letting the dust of long neglect slowly settle back in all its accustomed corners, we could confirm the shadowy suspicion held by many that Congress is content with the gaping loopholes which make a mockery of our ancient and inadequate campaign spending laws, and that, in spite of our pious protests, we do not really want reform.

SHAMEFUL NEGLECT

And it would be difficult to blame the public for reaching such a conclusion. Congress in the past two decades has shamefully neglected to act on a single one of some 20 different proposals designed to bring a semblance of sense and order to the legal sham that is supposed to govern campaign expenditures. Each of us to some degree bears the onus of that failure.

The Corrupt Practices Act of 1925 originally must have been inspired by sincere purpose. It must have had some meaning in its day. In 1967, it is about as sensible, and about as enforceable, as trying to apply horse and buggy speed limits to jet age transportation. I daresay there is not a member of Congress, myself included, who has not knowingly evaded its purpose in one way or another.

That law provides that a candidate for Congress can spend no more than $5,000 in his bid for election, and a candidate for the Senate no more than $25,000. If I told you that I had abided wholly by the spirit of that statute, I'd be an utter hypocrite—and everyone in this room knows it.

Today, in our larger and more populous states, it has become common practice to spend upwards of a million dollars to win a Governorship or a seat in the U.S. Senate. Some such statewide races, from an analysis of mailings, billboards, newspaper ads and radio and television time used in promoting an individual candidacy, are estimated to have exacted a financial toll in the neighborhood of $3 million each. Researchers have documented more than $200 million spent in the various elections in 1964.

A FEW TYPICAL EXPENSES

If these figures should be surprising to anyone, let me itemize a few typical expenses, as they would apply to my particular state. Similar statistics can be compiled on other states. Perhaps little of this will be really new to elective officials, but it should be an eye opener to the public.

Just one first-class letter to every family in Texas would cost—in production and postage—approximately $800,000.

One of the huge billboards—just one in one of our big Texas cities—with no more than a touched-up picture and a slick slogan—costs $550 a month. They're not all that expensive. Many are only $300 or $200 a month. But multiply the individual cost by the thousands it takes to cover a large state, and you'll have a fair idea what billboard coverage comes to in dollars.

Recently I did a 30-minute television broadcast on 18 of the 50 television stations in Texas. It cost me a little over $10,000. But the same total amount of time, on exactly the same stations, if taken in 20-second spots, would have cost $400,000! By far the most expensive thing in television is the juvenile little quickie which slips up on you and shouts a name or a singing commercial at you before you have a chance to turn it off.

A CYNICAL THING

I mention these things because I think the public is entitled to know them. It's their government that's at stake. The practice of campaign spending and

financing has become a thoroughly cynical thing. The law is such that only a very small percentage of the contributions, and expenditures, have to be reported. Like an iceberg, it's all about seven-eights under water. And every penny of it ought to be right out in the sunlight of public knowledge!

For an individual of average means, even House races have become utterly prohibitive. By totaling up the costs of various mass media advertising employed by candidates last year, it can be demonstrated that a number of campaigns for the U.S. House of Representatives came to upwards of $250,000 each. One of our colleagues in the House frankly reported following the 1964 election that $193,000 had been expended in his successful bid for election. He is to be commended for his candor in exposing the total worthlessness of a law which pretends to limit him to $5,000.

But what kind of example do we give to the public for obedience to law? There may be some excuse when the general populace ignores an obviously unworkable and commonly disobeyed ordinance. But what excuse can there be for us, who have it directly in our hands to change the law? It is our very profession to make the law, and to make it mean something—if, in fact, we want it to mean something! By refusing either to abide by it or to change it, we present a sad spectacle indeed.

THE INSIDIOUS DANGER

Yet, there are far more deadly perils than the mere flouting of a law which loom in the direction in which campaign practices have been drifting.

Politics, which Webster defined as "the science and art of government," is becoming a rich man's game in which the stakes are so high that relatively few can play. Therein lurks an insidious danger to our political institutions, as subtle as a creeping fog at night.

The skyrocketing costs of campaigning are making it impossible for men of modest means to seek high elective office—unless they are willing wards of the wealthy.

By so doing, these costs are choking off the wellsprings of fresh, new thought from which the system can get new life—and severely limiting the field of elective choice which is offered to the public.

The commonly accepted practice is placing the premium not so much upon ability or understanding of national issues as upon money or the talent for wheedling money from those who have it.

In this way, it is creating an elite power class with an open-sesame to political influence—the willingness to contribute in large denominations.

And it is casting a pall of cynicism and mistrust upon the hallowed institutions of democracy.

The costs of electioneering, and the growing reliance upon big contributors, have spawned a variety of evils which are encrusting themselves like barnacles upon our ship of state. Like parasitic growths, they are sapping the very life of the plant itself.

At this moment, the Senate is considering a Resolution concerning one of its members who held testimonial dinners to pay off campaign debts.

Certainly I would not presume to advise the Senate in so internal a matter. But perhaps I do know something about the necessity that this member faced. In 1961, I made an unsuccessful race in a special election for the U.S. Senate from Texas. After it was all over, we figured that a total of some $270,000 had been spent in my campaign. Obviously, it hadn't been quite enough. But I ended up owing $08,000, for which I signed personal notes to pay off creditors, mostly for debts of which I'd had no personal knowledge. It took me two and a half years to retire the notes.

But this is nothing when compared with the poignant personal experience of James E. Turman, now in our U.S. Office of Education, who in 1962 conducted an unavailing campaign for Lieutenant Governor in our state. He came close, making the run-off but losing in the second primary. For five years, he has been paying from his personal income a regular monthly amount in principal and interest to retire the indebtedness he incurred in that one campaign—and he calculates that, on this study amortization schedule, it will take him *14 more years* of monthly payments to get even! *Nineteen years* to pay for one near miss at the polls!

Maybe you're saying, "That's too bad, but it's his tough luck. A fellow without adequate financial backing should have had better sense than to get into a campaign of that kind." And perhaps you'd be right. But where does that leave

the fond old American dream that a mother in this country, even though her circumstances be improvident, could look into the eyes of her infant son and say: "There lies the future President of the United States?"

We have tarnished the dream.

And where does it leave the sincere young American of the coming generation who earnestly desires to make a contribution of his time and talent to the political life of his country? I'll tell you exactly where it leaves him. Unless he has inherited spectacular wealth, it leaves him at the mercy of those who can make large political contributions, and who'll expect him in one way or another to serve their particular interests.

SOME CURRENT PRACTICES

The state of affairs which we've allowed to develop has given rise to the now familiar cocktail party attended and financed by lobbyists, with congressional candidates as the beneficiaries. One Washington-based lobbying group last year bought tickets, ranging from $50 to $1,000, to eleven different parties for eleven different members of the House and Senate.

At the national level, it has bred the sale of ads for $15,000 a page in fancy party brochures. Among others who have bought these ads are eleven of the nation's top 25 defense contractors, and they've deducted the price from their taxes as a "business expense." Many of the advertisers have been corporations, legally prohibited from contributing to campaigns, but the proceeds from the ads were dedicated to paying for political campaigns. In addition to government contractors, the advertisers have included companies, such as airlines, whose business activities are directly regulated by the government.

Can it be argued that these people—and others who more quietly slip multithousand dollar contributions into the campaign coffers of their favorite candidates, often with no public reporting of any kind—do so with no expectation of selfish return?

Or must it be said that, contrary to all we have professed we really are creating two classes of citizen-stockholders in our Democracy—common stock and preferred stock?

I am not specifically criticizing those who organize these various endeavors—nor those who respond to them. But I am criticizing the rather commonly accepted practices which have grown up in this legal vacuum to make these endeavors necessary. I am criticizing the prevalent sophisticated view among political practitioners which accepts these practices blandly and without any perceptible sense of outrage. For they are strangling the breath from the ideal of government "by the people." And they cry out to heaven for reform!

A CHANCE AND A DUTY

We have a chance in this session to reform them. It is my conviction that we have the duty to do so.

(1) First, the President has asked us to burn away the fog that has so long enshrouded the realm of campaign financing and turn the clear, clean spotlight of public awareness upon it. The President is to be commended for his leadership in this field. His Election Reform proposals would require *every* gift and *every* expenditure of $100 or more, whether taken or spent by the candidate himself or by one of this "committees," to be *publicly reported*.

This would do away with the widespread dodge of setting up an elaborate proliferation of so-called "voluntary" committees on the patently absurd theory that the candidate is blissfully unaware of their activities in his behalf and, like Pontius Pilate, can simply wash his hands of the whole sordid mess.

Certainly all such contributions, together with their sources, and all such expenditures *should* be identified and reported. But under the present law, it has become a completely cynical business in which Congressional and Senatorial candidates, in complying with the letter of the law, have been literally forced to evade the spirit of the law.

(2) To minimize the financial dependence upon a few mammoth contributors, the President proposes that *an absolute maximum of $5,000* should be established as the amount which any one individual or interest may lawfully contribute to any one campaign.

The present law purports to impose such a limit, but it is blithely evaded by the multiplicity of committees formed in the interest of the same candidate, thus allowing the individual with a desire to buy himself a lawmaker to contribute $5,000 to each such committee. President Johnson has described this practice as "putting the maximum amount into different pockets of the same suit."

Under the bills before you, *only one* such contribution—whether directly to the candidate or to any committee acting in his behalf—would be allowed. In my view the amount is still too much. A dependence by any candidate upon $5,000 contributions is in my opinion extremely unhealthy and potentially inimical to the spirit of democracy. I think it would be far preferable to reduce the figure to, let us say, $1,000. But the President's bill would at least provide some improvement by preventing the callous evasion of the clear intent of the present law, and I can think of no justification for failing to adopt this provision.

BROADEN THE BASE

(3) Unquestionably the most important feature of the Administration proposals offered last year is that which would broaden the base of political contributions by encouraging hundreds of thousands of modest contributors, by tax deductibility of small and medium-sized campaign donations, to take up the slack and provide the wherewithal which has been coming principally from a little coterie of fat cats.

If thousands of average Americans—with no ax to grind except good government—can be induced and inspired to assume an individual responsibility through small individual contributions, this would be the healthiest possible tonic for the ills that beset our elective processes.

The President proposed last year that political contributions of up to a total of $100 be specifically deductible from income taxes as a stimulus to widespread popular financial support of political campaigns. This is the key to the workability of the entire program. In fact, I'd like to make it even stronger—not by raising the deductible amount, but by making still smaller contributions still more attractive to the average citizen. If we really want to widen the base of financial participation and make it a truly popular function of citizenship, we could do so by providing a tax *credit*—deductible from the tax itself rather than from reportable income—of $25 for any citizen who had contributed that much to the campaign of his chosen party or candidate.

Certainly it makes for a more vigorous democracy, free from unsavory influence, when the cost of gaining public office can be distributed among many small contributors rather than being borne by a comparative handful of really big ones. Far better, if one sets out to raise $25,000 for a political race, that he should elicit $5 from each of 5,000 people, rather than $5,000 from each of five people! Anybody who contributes in the latter range—unless he is a pure philanthropist—is likely to expect something commensurate in return. But nobody who joins with 5,000 others can expect preferred representation.

By encouraging popular financial participation and thus protecting the public official's independence from private obligation, such a reform could go a long way toward making it possible for our ablest and most sincere people to seek and hold elective office.

LET'S LIMIT EXPENDITURES

(4) To be effective, individual tax deductions and ceilings on individual contributions should be coupled with a practical and legally enforceable upper limit of allowable expenditures. In this area, I personally feel that the Administration bill is deficient. It would remove the laughably low and totally unrealistic limits of existing law, but it would replace them with nothing.

Surely there should be *some* limit. But it should be a workable limit. It should be high enough to permit each side an adequate campaign of public enlightenment but low enough to remove our public forums from the crass commercial market place where it almost can be said in far too many cases that public office is up for sale to the highest bidder! The limit should be sufficiently realistic to evoke respect and abidance—and public censure for those who try to flout it.

I have introduced a bill which differs from the Administration measure only in that it proposes to set limits on campaign expenditures. The ceilings I advocate may be too high; perhaps they are too low. But surely if we are serious about reform, there needs to be some sensible and enforceable legal limit to the amount that a candidate or his well-wishers can spend in seeking a seat in either House of the U.S. Congress.

My bill undertakes to limit expenditures for any candidate to the U.S. House of Representatives to not more than $30,000 for a party primary and an additional $30,000 for a general election. Taken together, the two figures would come, not altogether coincidentally, to precisely the amount of the Congressman's salary for a two-year term. There seems something oddly incongruous

about allowing any candidate for the House to spend more to gain the office than his total public income for his term of office. For almost any constituency, I believe this figure would be wholly adequate, perhaps not for a lavish campaign but for a sufficient campaign, if candidates would concentrate on informing rather than brainwashing their constituencies *ad nauseum.*

Since our several states differ so widely in population, obviously there could be no single arbitrary figure which would apply with equal fairness to all Senatorial candidates. Therefore, I have undertaken to set the ceilings at multiples of $30,000, with the multiplier determined by the number of seats in the U.S. House of Representatives to which each state's population entitles it. For Texas, with 23 members of the House, the top permissible figures for any Senate candidacy would be $30,000 times 23—or $690,000 for a primary and a similar amount for a general election. In New Hampshire or New Mexico, with two House seats each, the figure would come to $60,000 in each instance. For Maryland, it would be $240,000 for a primary and a like sum for the general election. In New York and California, the lid would figure at a little more than a million dollars. With all parties and all contestants honoring the same law, this should be enough.

I do not pretend to know how much should be considered adequate for a Presidential campaign. The present legal ceiling is, of course, utterly removed from reality and almost fraudulently deceptive. Existing law purports to limit a party committee to the raising and spending to no more than $3 million a year. In 1964, there were no fewer than 107 national-level committees which among them reported expenditures of $29 million for the national campaigns of the two major political parties. Nobody knows how much more went unreported. Perhaps it is best that we not attempt to place a specific ceiling on the amount a party may spend for the Presidency, but surely it is nothing short of sheer hypocrisy to leave the present meaningless statute on the books.

PUBLIC DISCLOSURE

(5) The Administration bill, additionally, would require all Members of the House and Senate to make *annual, inclusive, public reports* of all *sources of income* received by them and their immediate families. Surely this is a desirable provision. Where there is nothing to hide, there can be nothing to fear. And it would be pointless to complain about the goldfish bowl. Each of us knew that public service is a goldfish bowl when we entered it.

Such a financial disclosure act, making regular public revelations of all sources of our individual incomes, could go a long way to inform the public and to lift the vague cloud of often unwarranted suspicion from the legislative chambers.

Fully two-thirds of the Congressional membership have no substantial income at all aside from our Congressional salaries. An additional 20 percent may enjoy stock dividends or returns from investments made prior to our entry into the halls of Congress. In most cases, whatever outside business connections we had were general knowledge in our respective districts prior to our elections. In perhaps five percent of the cases, constituents might learn something which was not already generally known about the private finances of their chosen Senator or Representative. In my opinion, there would be relatively few shocking revelations.

But the very fact that Congressmen were required to make such a sworn declaration could serve as a reassurance to the public and as an inducement for legislators to hew hard to the straight path. As former Congressman Paul Kilday often said, "Anything you have to explain, you would be wiser not to do."

Perhaps you are questioning why it should be necessary for members of the national lawmaking body to hang their finances out for public view like so many garments on the public washline. A poll conducted in the spring of 1964 by Lou Harris gives a somewhat disquieting answer. In nationwide interviews, Harris discovered that a full 50 percent of those questioned feel that Members of Congress tend to represent "special interests." An additional 20 percent were "not sure." And only 30 percent believed firmly enough in the legislative integrity to respond that Congressmen basically represent "public interests."

It is both interesting and significant that, regardless of the section of the country, citizens characteristically place a greater confidence in the financial honesty of their own individual Congressman and Senator than they do in the body as a whole. This fact is borne out clearly by many opinion samplings. The human tendency is to mistrust the unknown, to doubt the unfamiliar. A mandatory public airing of individual Congressional finances, therefore, by the simple

expediency of dissipating the mist of mystery, might help to restore the quality of public respect in those who govern us, so necessarily to the efficient functions of democracy.

(6) While nobody to my knowledge has included any such provision in any of the bills before you, I think it might be well worth the Committee's considering in this connection the possibility of some requirement that a certain minimum amount of *prime television time* be made available without charge as a *public service* equally to all candidates for the office of United States Senator or Representative.

Such a practice, of course, has long been observed in Great Britain as well as in certain other countries. I am informed that, in England, public opinion itself has so crystalized in favor of the restrained approach to campaign spending, that lavish campaigns are considered not only bad form but actually hurtful to the cause of the spenders.

THE INTELLECTUAL LEVEL

Political campaigns can be either extremely educational or surpassingly offensive to the public. In the tradition of a free country, they should provide the medium for an intelligent and intellectually rewarding biennial examination of our national policies. In far too many cases, they have descended to the level of shouting contests, reminiscent of the side-show barker at a carnival, with new overtones supplied by Madison Avenue, rending the air with florid claims designed to assault the eye and ear so incessantly with quick, slick slogans and nauseating name-repetition that the public in theory will become subliminally hypnotized.

It is my personal feeling that, in our emphasis upon such coarse spending and shallow sloganeering, we insult the public's intelligence and do the electorate a grave disservice. While this admittedly is more a matter of taste than of morals, I am convinced that the total quality of American political life could be elevated by de-emphasizing the repetitious quickie commercials and replacing them with intelligent discussion in some depth of the issues that confront the Republic. Anything that might be done to encourage the availability and use of prime television time in 30-minute or at least 15-minute segments for such a purpose undoubtedly would be a service to public understanding—as well as to the candidate who isn't willing to put his soul in a safe-deposit box and auction off the key to the biggest campaign contributor.

In these ways, this Congress could restore the vibrancy and viability of American democracy. The increasingly sordid emphasis upon big spending and blue chip money raising which has pervaded the political scene runs alarmingly counter to the American experiment in self-government. From the very beginning our people have traditionally exhibited a healthy mistrust of the concentration of too much power in the hands of too few. But directly juxtaposed to our systematical expansion of the electorate and our democratizing of the ballot is the insidious encroachment of circumstances which place the public official or office seeker unwillingly at the mercy of those few who can provide the wherewithal to conduct campaigns in this day of extravagantly expensive mass media.

LET'S REDEEM OUR OWN HISTORY

Creation of an elite propertied class with a sort of divine right to rule the country, against which Jefferson waged his unrelenting warfare, has come about in spite of our considerable efforts to broaden the franchise. These successive and cumulative efforts have run like a constantly recurring theme through the symphony of our national past. To the anguished cries of the few, we adopted the principle of universal manhood suffrage. We abolished slavery and the cruel protocols of a vested caste system. We let the women vote.

In just the past generation, we have sounded the death knell to the "white man's primary," passed Civil Rights Voting laws, swept aside the rotten boroughs of maladjusted districts, and outlawed the poll tax. But of what real effect is all of this if practice imposes a restrictive financial bottleneck upon the sources from which we can recruit our elected officials? Of what value is "one man, one vote" if all of us know the real power lies in the hands of the few who provide the money for political campaigns, and if the realities of the age permit the voter so limited a choice of those for whom he gets a chance to cast his ballot?

While the tide of American history has inexorably swept away the restrictions on voting and widened the channels of public participation in the electoral

process, these gains have been largely negated by the rapidly climbing costs of electioneering and concomitant dependence upon the few who privately provide those costs.

The system itself is good—the best that any nation has devised. But it needs updating and modernizing to the end that "one man, one vote" may be indeed a reality. Let us not, through inaction, permit it to drift in its present direction until we bring down upon ourselves the condemnation hurled at the scribes and pharisees, for permitting our free elective processes to become like "whited sepulchers, which indeed appear beautiful outward, but are within filled with dead men's bones and uncleanness."

The bills before us permit us an opportunity to revive the spirit of Democracy itself. Let it not be lamented that we neglected the opportunity.

[From Harper's Magazine, April 1967]

WASHINGTON INSIGHT—CLEAN MONEY FOR CONGRESS

(By Jim Wright)

(Jim Wright has represented Fort Worth, Texas, in the House of Representatives since 1955. He is the author of two books, "You and Your Congressman" and "The Coming Water Famine.")

Mounting campaign costs and unrealistic regulations are having ominous effects on American political life. A seven-term Congressman suggests what should be done

No facet of American life cries out more loudly for reform than the dingy gray area of political campaign financing, which casts a lengthening shadow across all else we do in our elective public institutions.

As a veteran of seven successful campaigns for the U.S. House of Representatives and one losing race for the Senate, I've experienced at first hand the skyrocketing cost of politics. It is now, in fact, nearly impossible in most states for men of modest means to seek high elective office—unless they are willing wards of the wealthy.

The price of campaigning has risen so high that it actually imperils the integrity of our political institutions. Big contributors more and more hold the keys to the gates of public service. This is choking off the wellsprings of fresh, new thought and severely limiting the field of choice available to the public. I am convinced, moreover, that the intellectual *quality* of political campaigns is deteriorating as a result.

One curious by-product of big money in politics is the slick, shallow public-relations approach with its nauseating emphasis on "image" at the expense of substance. In the arenas where Lincoln and Douglas once debated great issues, advertising agencies last year hawked candidates like soap flakes.

Nineteen sixty-six was the year of the political singing commercial; easily seven or eight times as much money was spent on 20-second or 30-second spots on TV as on programs permitting any serious discussion of issues. Candidates hired professional pollsters to sample the electorate and offer advise on the most effective color combinations, lettering styles, and photographic poses. The whole business was taking on a patently phony, make-believe veneer.

This situation will not change unless Congress enacts a meaningful body of law to reform the antiquated and unenforceable regulations that are evaded by almost every candidate and ridiculed by the public. In the past decade eighteen different proposals designed to do this have been introduced in Congress. Not one has been acted upon.

Campaign expenditurs for federal office generally fall under the purview of an ancient statute known as the Corrupt Practices Act of 1925. This law must have had some meaning in its day. But in 1966 it was about as effective as stuffing popcorn into the mouth of a running fire hose. The law stipulates among other things that a candidate for the House may spend no more than $5,000 in his bid for election, and a candidate for the Senate no more than $25,000. If I told you I had never spent more than $5,000 in a House race I'd be a hypocrite. And if I actually had spent so little in my first race, I'd never have been elected. The same applies to at least 95 per cent of my colleagues. The huge loophole in the law lies in the fact that a candidate need not report the funds collected and spent

in his behalf by a *committee*. The transparent fiction is that this goes on without his knowledge.

No candidate has ever been prosecuted for noncompliance with the Corrupt Practices Act (it carries penalties of two years' imprisonment and a $10,000 fine for willful violation). In times past, revelations of flagrant overspending or unsavory contributions evoked shock and public censure.

But today our very capacity for indignation seems to have withered. We take huge expenditures for granted. In the New York Senate race of 1964, for example, winner Robert F. Kennedy is reported to have spent $1,230,851, and over a million was spent in behalf of loser Kenneth B. Keating.

Last October Republican headquarters in New York announced that $4,330,000 had been spent up to that point inthe campaign to reelect Governor Nelson Rockefeller and his running mates.[1] Jesse M. Unruh, Speaker of the California Assembly and a key political figure in the state, says Republicans spent between $5 million and $8 million in electing Ronald Reagan last year. Unruh believes the steadily mounting price of politics is putting pressure on both parties to nominate movie stars and other political neophytes with well-known names and faces. It simply takes too much cash to publicize an unknown, however well qualified.

Why does the pursuit of public office cost so much? Let me itemize out of my own experience in Texas, which is by no means unique. Just one first-class letter to every family in Texas requires—in production and postage—approximately $300,000. A single billboard in one of our big cities rents for $550 a month. Others can be had for only $75 or $100 a month. But multiply this by the thousands it takes to cover a large state. A 30-minute TV broadcast which I did on eighteen of the fifty television stations in Texas cost me a little over $10,000. The same amount of time, on the same stations, if taken in 20-second spots, would have cost $400,000. The "quicky" spot announcement is by far the most expensive thing on television.

Even races for House seats, with their more limited constituencies, can consume staggering sums. For example, an unsuccessful primary race for a Congressional nomination in North Carolina last year cost approximately $250,000 in mass-media advertising alone.

My Democratic colleague, Dick Ottinger of New York, frankly reported an outlay of $193,000 in his successful bid for office in 1964. He is to be commended for his candor.

But what kind of example do we give to the public for obedience to law? There may be some excuse when the general populace ignores an obviously unworkable and commonly disobeyed ordinance. But what excuse can there be for us who have it directly in our hands to change the law? It is our very profession to make the law, and to make it mean something—if, in fact, we want it to mean something! By refusing either to abide by it or to change it, we present a sad spectacle indeed.

CONVENIENTLY BLIND AND DEAF

An impossible dilemma confronts a candidate who wants both to obey the law and tell the truth. Last summer John J. Hooker, Jr., a Nashville attorney who unsuccessfully sought the Tennessee gubernatorial nomination, promised during his campaign to make a complete public report on his expenditures. He fulfilled the pledge on September 4, showing total spending of $591,206.27.

Political pros in Tennessee were shocked. Certainly it wasn't the first time there had been expenditures in this range; but it was the first time such a public disclosure had been made in the history of the state. Hooker could hardly have affronted tradition more flagrantly had he denounced old folks or come out in favor of General William Tecumseh Sherman.

The legal limits for a statewide primary race in Tennessee is $25,000. Hooker may have rendered himself subject to prosecution, though it is doubtful that one would be pressed. His successful opponent, Buford Ellington, played it safe and traditional. He filed a solemn declaration just a whisker under the legal limit—$24,809.12. A similar figure was rendered, straight-faced by the manager of former Governor Frank Clement's winning race for the Senate nomination—$24,089.22.

[1] Richard Nixon, perhaps not a wholly unbiased observer, is reported to believe that Rockefeller actually spent close to $14 million in his reelection race.

Ellington, questioned by newsmen, conceded that, of course, it costs a lot more than $25,000 to run such a race. But he maintained that a candidate was complying with the law if he did not "personally know" of the various expenditures in his behalf. (His own report made no reference to funds devoted to advertising, the reference being that the candidate had traveled throughout his state blind to billboards, car stickers, and newspaper ads, and deaf to his own radio and TV commercials.)

Ellington should not, however, be singled out for censure. Pretending not to know of expenditures in one's behalf is an accepted practice. When lawmakers generally flout the law, democracy is in peril. But still greater evils result when lawmakers are subjected to mounting financial pressures.

Just last year a Senate committee examined the ethics of Senator Tom Dodd of Connecticut, who paid off his campaign debts with the proceeds of testimonial dinners at each of which the principal speaker was a Vice President (Lyndon Johnson for the first two, Hubert Humphrey for the third). More than two thousand of Senator Dodd's constituents bought tickets to one or more of these gala affairs, which jointly netted over $100,000.

For a public official, debt is debilitating. It can plague his conscience and divide his energies. It can sorely test his integrity, or sap his courage at the very time he needs it most. Ultimately, if he remains single-minded in his devotion to the public weal and keeps his back resolutely turned upon temptation, debt can drive him, despairing, out of public life. Sometimes its shadow hovers over him for years afterwards.

I know this at first hand. In 1961, I made an unsuccessful race in a special election for the U.S. Senate. After it was over, we figured that we had spent some $270,000. Obviously, it hadn't been enough. But I ended up owing $68,000, mostly for debts which I had not personally authorized. It took me two and a half years to retire the notes.

Consider the case of Democrat Leonard Wolf of Iowa, who served one term in the House. He came to Congress in January 1959 owing $89,000 in campaign debts and business losses incurred while campaigning. He was defeated in 1960 when Nixon carried Iowa for the Republicans. Today, six years after leaving office, Wolf has finally paid off most of the $89,000. When friends urged him to run again in 1966, he understandably said, "No, thanks."

But even this financial disaster seems minor compared with the experience of James E. Turman who conducted an unavailing campaign for Lieutenant Governor of Texas in 1962. He came close, made the runoff, but lost in the second primary. For almost five years, he has been making regular monthly payments from his personal income to retire his campaign debt. And he calculates that, on this schedule, he will not be in the clear until 1981. It will take *nineteen years* to pay for one near-miss at the polls!

Perhaps you're thinking, "That's too bad, but it's his tough luck. A fellow who can't afford it shouldn't take on a campaign of that kind." And perhaps you'd be right. But where does that leave any able young American who genuinely wants to contribute his time and talent to the political life of his country? Unless he has inherited spectacular wealth, it leaves him at the mercy of large contributors, who will expect him in one way or another to serve their interests.

TEN MILLION HANDS TO SHAKE

So far as my own case goes, I've been luckier than most politicians. When I made my first run for Congress I had enough money of my own to pick up the tab personally for half (about $8,000) of the campaign cost. Since the beginning, I've made it an unvarying rule never to accept more than a $100 contribution from any individual. The average over the years has been around $10. This preserves my independence from personal obligation. I wouldn't want it otherwise. A Congressman can get by this way if he's fortunate—as I am—in having a very understanding constituency.

But this formula is impossible for a statewide contest, as I discovered in my 1961 try for the Senate. In that race, two balloons of fantasy exploded in my face. The first was the notion that if I announced my candidacy early, I would frighten off other prospective aspirants. Instead, seventy-one would-be candidates threw their hats in the ring, creating the biggest field of entries in the history of Texas politics. If this raised some doubts as to my ability to intimidate opposition, I argue that it should have established me as a *leader of men*, since never before had so many followed the example of one.

My second and more serious fallacy was the assumption that a determined man in good health could make up by prodigious personal effort what he lacked in finances. I would simply campaign harder than anyone else in the race.

In the ensuing four months, I traveled 27,000 miles, made 678 speeches, slept an average of four-and-a-half hours a night and worked off eighteen pounds. During one week, I averaged eleven speeches a day in as many different localities. But it was like trying to siphon off the Gulf of Mexico with an eyedropper. For there were then ten million people in Texas; if I worked sixteen hours a day and wasted no time, it would have taken me some twenty-eight years to talk for one minute with every citizen in the state. I had four months.

The upshot was that I came close, but not close enough. Out of the seventy-two entries, I barely missed second spot which would have put me in the runoff, with John Tower, the sole Republican. Tower subsequently won over airline executive Bill Blakley who had nosed me out of the number two position. Each of these two men had spent on billboard, newspaper, and radio advertising at least three times the amount I'd been able to put together.

I planned to make the race again in 1966 when Senator Tower would be up for reelection. But, as the time drew near, the problem of money again loomed large. I could not bring myself to initiate alliances with those who could provide the wherewithal in big chunks. This is, alas, the accepted way in Texas, and probably in most states. Nor, with a son in college and two daughters almost ready to enter, could I mortgage their futures, on another underfinanced race which might leave me owing $100,000 or more and out of a job.

In a last-ditch effort to find a broad base of campaign financing I bought $10,000 worth of television time for one statewide broadcast. I told the audience exactly what it costs to run a statewide campaign in Texas, and said that I would become a candidate for the Senate if 25,000 individual Texans who agreed with my views would participate to the extent of contributing $10 each.

The response was good. I received nearly seven thousand letters—a bona fide expression of grass-roots support. But contributions and precise pledges totaled only $48,828.50—far less than the $250,000 I had considered a minimum base.

I am convinced that I could have won with sufficient public exposure. But to obtain it I would have had either to make a beggar of myself in repeated telecasts, or to meet privately with affluent individuals and organized groups to discuss what I could do for them primarily rather than for the United States. I'm not temperamentally suited for the former role nor conscientiously fitted for the latter.

So there was nothing to do but return the generous contributions and forget about running for the Senate.

MARTINIS AND LOBBYISTS

My experience is no great tragedy for America. But when the same thing happens all over the country, then the consequences are ominous.

Senator Dodd's testimonial dinners were at least supported by his own constituents. This is not true of the now-familiar Washington cocktail party which is financed by lobbyists.

The Congressional friends of the honoree are generally importuned to attend these gatherings (on free ducats), while blocks of tickets—ranging in price from $50 to $1,000—are bought by various lobbyists. Everybody stands around nibbling hors d'oeuvres and sipping martinis until a whistle blows and a few words are said in behalf of the honored guest. His campaign fund receives the proceeds. One trade-association executive was invited—in an eighteen-month period—to seventy such receptions.

Another money-raising gimmick, employed by the national party headquarters, is the fancy brochure with ads selling for $10,000 to $15,000 a page. The Democrats' latest book is called "Toward an Age of Greatness"; the Republicans' is titled "Congress—The Heartbeat of Government." Eleven of the nation's top twenty-five defense contractors have bought ads in brochures of this kind and they've deducted the price from their taxes as a "business expense."

Many advertisers have been corporations, legally prohibited from contributing to campaigns. But the proceeds go to the national campaign committees which divide them among various Congressional candidates. Other advertisers include companies whose activities are directly regulated by the government, including six airlines (American, Braniff, Continental, Eastern, Pan American, and TWA); three railroads—the Milwaukee Road, Southern Railway System, and Union Pacific; the Tennessee Gas Transmission Company; and various steamship lines.

Does anyone believe that these companies—and others throughout the country who more quietly slip multi-thousand-dollar contributions into the individual campaign coffers of their favored candidates—expect no selfish return?

A more subtle lure, for Presidential campaign money, is the chance to visit socially with the President at party functions by joining the President's Club at annual dues of $1,000. Recently, plans were said to be under way to create an "elite" President's Club, with dues of $10,000, the additional bonus being an invitation to the White House. I find it embarrassing that *any* President should have to engage in such maneuvers. And I deplore the legal vacuum that makes them necessary.

BROADENING THE BASE

President Johnson in his draft bill last year asked Congress to require that *every* gift and *every* expenditure of $100 and more, whether taken or spent by the candidate himself or by one of his "committees," be publicly reported. He also proposed that $5,000 be established as the absolute maximum which any one individual or interest may lawfully contribute to any one campaign. (In my view, $5,000 is still too much; I think the figure should be reduced to around $1,000.) The President's main recommendation was that political contributions of up to $100 be deductible in computing one's income taxes, as are philanthropic gifts. I would like to go even further: I think we should offer a tax *credit*—deductible from the tax itself rather than from reportable income—of contributions up to $25.

This is the indispensable key to any really workable reform. Average Americans, with no axe to grind except good government, must be induced to take up the slack if we are to free American politics from its disgraceful dependence upon the little handful of blue-chip contributors.

To be effective, individual tax deductions and ceiling on individual contributions should be coupled with a practical and legally enforceable upper limit on allowable expenditures. Surely there should be *some* limit—high enough to permit each side an adequate campaign of public enlightenment but low enough to take politics out of the commercial marketplace, where today it almost can be said that public office is up for sale to the highest bidder.

I introduced in the 89th Congress and again this year a bill which would limit expenditures for House candidates to not more than $30,000 for a party primary and an additional $30,000 for a general election. (The two figures add up to precisely the amount of a Congressman's salary for a two-year term.) For Senatorial races my bill proposes a ceiling related to the population of the state. It would be calculated by multiplying $30,000 by the number of Congressmen from that state. In Texas, for example, with twenty-three members of the House, a Senate candidate could spend up to $690,000 for a primary and the same amount for a general election. In New Hampshire or New Mexico, with two House seats each, the ceiling would be $60,000. For Maryland, it would be $240,000; in New York and California, a little more than a million dollars. With all parties and all contestants honoring the same law, this would be enough.

I do not pretend to know how much should be allowed for Presidential campaigns. The present unrealistic law purports to limit a party committee to raising and spending no more than $3 million a year. However, in 1964, the two major parties reported expenditures of $29 million. Nobody knows how much more went unreported.

In the closing weeks of the 89th Congress, concern over the enormous cost of Presidential campaigns resulted in a legislative surprise—a special amendment to the "Christmas Tree" tax bill.

The new law provides that any taxpayer, by simply placing a check mark in a box which will appear on future income-tax forms, may authorize $1.00 of his taxes to be placed in a Presidential Campaign Fund. He will not be able, however, to direct which party gets his dollar. Proceeds will be divided equally between the major parties. A minor party (one receiving more than five million but less than fifteen million votes in the immediately preceding Presidential election) may have a *pro rata* share based upon the number of votes it got. The law stipulates that the total in dollars placed in this fund may not exceed the total votes cast in the previous Presidential election for all major and minor parties. Using 1964 votes as a base, this would make the maximum more than $70 million.

This plan is at least worth a try. Its weakness, of course, is that it gives the citizen no choice as to which party shall receive his largess, and, since it applies

only to Presidential campaigns, it still leaves the candidates for Congress right where they were—at the mercy of the big contributors.

In addition to legislation that would limit Congressional candidates' campaign expenditures, I think it might be worthwhile considering another requirement: that a certain minimum amount of *prime TV time* be made available without charge in 15-minute or 30-minute segments as a *public service* to all candidates for the Senate and House. This has been done abroad, notably in Great Britain, where lavish campaign spending is considered not only bad form but actually hurtful to the cause of the spenders.

In my opinion, the profligate spending and shallow sloganeering that are becoming commonplace in American politics insult the public's intelligence and do the electorate a grave disservice.

Traditionally, Americans have mistrusted the concentration of power in too few hands. We have steadily democratized the ballot. In the space of one generation, we have sounded the death kneel to the "white man's primary," passed civil-rights voting laws, swept aside the rotten boroughs of maladjusted districts, and outlawed the poll tax. But of what real effect is all of this if we cannot recruit our elected officials from all levels of our society? Of what value is "one man, one vote" if the real power remains in the hands of the few who provide the money for political campaigns? What real choice does the voter have been only a limited few can afford to get their names on the ballot?

This year Congress will once again consider bills designed to restore decency and sense to political financing. Let us hope that this will be a year of action.

The CHAIRMAN. I would like also to hear today from Mr. Russell D. Hemenway, of the National Committee for an Effective Congress.

I am sorry, Mr. Hemenway, we did not get you on earlier in the day, but I do want to hear your statement, and I will undertake to see to it that all those on the committee do apprise themselves of it.

STATEMENT OF RUSSELL D. HEMENWAY, NATIONAL DIRECTOR, NATIONAL COMMITTEE FOR AN EFFECTIVE CONGRESS

Mr. HEMENWAY. Thank you very much, Mr. Chairman. We are delighted to have the opportunity.

I have a prepared statement which I would like to have entered in its entirety in the record. But with your permission, sir, perhaps in the interest of time I might eliminate some of this in my statement at this point.

As you probably know, Mr. Chairman, the National Committee for an Effective Congress is an independent, nonpartisan citizen's committee, founded in 1948, and currently supported by over 40,000 people from every State in this country. As you also know, a principal function of our organization since its inception has been the endorsement and support of candidates of both parties seeking election to the Senate and House. Having been involved in the raising and distribution of campaign funds for now almost 20 years, the NCEC is acutely aware of the high cost of political campaigns and the resultant problems which have been so well described before your committee.

We wholeheartedly support your serious inquiry into this complex area, and we are encouraged by the present opportunity for constructive action.

We particularly want to congratulate you, Mr. Chairman, for your contributions.

We hope, however, that the current efforts to do something about campaign financing will not be looked upon only as a cleaning up and fumigating process, directed merely at correcting abuses and establishing protections against political malpractice. It should be looked upon

affirmatively, for while the abuses which do exist and which have been dramatically disclosed are serious, they are peripheral to the real problems. These real problems derive from the vast changes which have come in the cost of communications and the difficulties attendant to keeping the election process responsive and democratic—no small task at a time when many a congressional district approaches half a million citizens and a presidential campaign seeks to reach at least 100 million potential voters.

Your committee is moving in an area which deals with the essential rights and practices of the democracy, a constitutional area, and you may well be considering legislation which will implement the citizens' Magna Carta at the most sensitive and germinal point—the point where society delegates its power, selecting certain individuals to whom it entrusts this power until the next election. Voting is the single most sensitive and sacred action of the citizens in a democracy.

In keeping with this fundamental principle, we submit that certain tests must be applied to all measures which are proposed, and that these criteria must be overriding of any administrative convenience or partisan interest. While it is important to have money for campaigns, we cannot forget the purpose of the election process, and while there are many petty abuses and breaches of good taste, the remedies must not be worse than the disease.

We would like to submit these criteria, Mr. Chairman:

1. Does the proposal expand, or contract, the power and influence of the individual in the election process? Since the Bill of Rights, those constitutional amendments which have endured have tended to expand the freedom of the individual. Does any new election procedure strengthen or diminish the will of the citizen and his vital interest in the political process?

2. As a result of the proposed measure, will more citizens or fewer become involved in the election process, as campaigners, as candidates, as supporters, as interested citizens?

3. Does the procedure assure the right of easy entry into the political arena by new and independent candidates, by new groups, at all levels? Or does it tend to freeze political power in the hands of those holding it, ceding a kind of "grandfather right" to traditional political groups and personalities, inhibiting new ventures and new blood?

The NCEC wishes to be on record as opposed to any proposal which provides direct Treasury financing of elections. We feel this would substitute the Treasury for the voluntary political contributor. To appropriate Federal funds to pay for campaigns is antidemocratic since it excludes the individual from a vital portion of the political process. It also tends to establish a political monopoly which would ultimately erode the process of free elections.

Even with limitations and safeguards—the practical effectiveness of which are open to serious question—the direct subsidy vests in the national party committees an undesirable concentration of power, control, and influence which would ultimately have serious impact on the entire party system and political process. The long-range results are predictable: a lessening of public influence over party platforms and policies, and central control over the decisions and actions of candidates and over State and local party organizations. By reducing the financial dependence of parties on the rank and file constituents, the

party hierarchy is insulated against the public will. The inherent dangers of stifling conformity, rigid discipline, and a self-perpetuating power structure within the major parties are obvious.

It is in order here, I think, Mr. Chairman, to take a quick look at how direct Treasury financing of campaigns would operate. Suppose the two national parties were each allocated $10 million from the Treasury. Nominally, they could use this money only for certain specified costs of the presidential campaign. But would not the two national chairmen discover that their slightest whims were respected as orders by party officials, by everyone in the party from supervisor to coroner to candidates for the House and Senate?

Above all, the basic principle of voluntarism is destroyed, since the individual may not determine where his money is going. Nor would he participate in many of the meaningful campaign activities for which fundraising is merely a stimulus. Politically, for the candidate and public, it is far more important to receive a hundred $1 bills than one contribution for $100.

In the effort to cleanse the present system of abuses, we do not want to sterilize the political process. It will do no good to handcraft an unresponsive, bureaucratic mechanism which renders the public will speechless and impotent. The American people are now reacting against the overbureaucratic agencies of Government. At a time when every effort is being made to humanize and personalize the Government, we do not want to build the same difficulties into politics. We see in some of the election financing proposals this same pattern which has characterized much recent Federal legislation: full of good intentions, financed by Federal largess, but functionally incapable of proper administration because rigid and uniform directives are imposed in situations requiring adjustment and flexibility.

The NCEC would strongly urge the committee to:

1. Concentrate on individual contributions encouraged by the tax deduction, the tax credit, or the Treasury voucher system, or a combination of all three. This approach maximizes the individual citizen's involvement and his importance and influence in the process. Particular attention should be given the voucher system as a means of drawing the lower and moderate income groups into active political participation.

Some have argued that where the tax deduction has been provided, it has been ignored and has failed to be an effective stimulus to fundraising. This may or may not be true. And, in this case, merely including another line on the income tax form is not going to educate the general public to the concept of personally participating in political financing. The NCEC thinks that if some tax provision is enacted, it must be accompanied by a vigorous public and private educational effort so that the broadest possible cross section of the American community will become involved.

2. Provide the same tax credits and tax deductions for contributions to nonpartisan and bipartisan political organizations. While the 1961 Presidential Commission on Campaign Costs notes the importance of this point, little mention has been made in the current debate of the meaningful political activity which takes place outside our formal parties. Included in this grouping are voter registration drives, politi-

cal education programs, and organizations committed to specific issues or particular candidates.

3. Full disclosure and reporting requirements should be established for all Federal candidates, and for all National, State, and local committees, party or nonparty, which support a candidate or candidates for Federal office. The importance of disclosure and a central reporting office has been emphasized already by the administration, members of your committee, and other participants in the current discussion. However, it should be stressed that this information be made public prior to the election, to the greatest extent possible, rather than after the fact.

4. Other avenues of indirect Federal assistance should be explored. For example, consider the tremendous cost of mailing campaign information and material to constituents. The Government might provide sufficient postage, perhaps in the form of a special second- or third-class "Register and Vote" stamp, to enable every congressional candidate to reach every potential voter in his district by mail at least one time before election day. This would minimize the advantage the incumbent now holds in the use of the frank, and it would serve as an important means of informing the public.

5. The administration, Congress, and the people have an interest in reducing the spiraling cost of political campaigns.

Here we would like to concentrate on two specific points—the cost of radio and television broadcasting, and the length of political campaigns.

As much as 50 percent of a candidate's budget is consumed by broadcasting expenses, and there is every indication that the amount of money required for the purchase of air time will increase in the future.

Radio and television have become the 20th century Athenian town square, where the public gathers, where the political contenders go to be heard, and where the citizens' decisions are formed. The airwaves belong to the people, as the town square belonged to the Athenians. And as the Greeks allowed merchants to sell their wares on the common, the people, through Congress and the Federal Communications Commission, have granted broadcasters a franchise to operate in this arena. But the people did not give the airwaves away, and the private concessioner has a responsibility to roll his carts and merchandise off the square when it is needed for serious public business.

If the people need the airwaves for a certain number of hours in the 4 weeks or 6 weeks preceding an election, it is a right they should be able to claim. In the face of the tremendous power of the broadcasting industry, we seem to have forgotten who owns what.

To provide free broadcast time or to devise a formula of reduced rates for Federal candidates would be the most significant single step possible in lowering the cost of campaigns and bringing the candidates to the people.

To the second point, it is these same vast advances in public communication which have reduced the need for the lengthy and very costly campaign period. Indeed, there is evidence that the 4-month period of active campaigning has served only to oversaturate the public, to overmechanize the process and its reliance on "image." In the process, it is serious debate and the meaningful presentation of policies and views which have suffered.

Finally, because this entire area of inquiry is so broad, reaching across many questions and traditional concepts, and so important, involving the fundamental precepts of democracy, the NCEC would propose the establishment, Mr. Chairman, with all due respect for the excellent work you and your committee are doing, the establishment of a select committee to consider all questions of campaign financing, reduced election costs, and changes in the election procedure together in context.

The NCEC appreciates this opportunity to appear before the committee and to express its views on this vitally important issue. Congress now has a practical opportunity—for the first time—to make a beginning toward needed reform. Let us not make it in the easy or the wrong direction—of a reduced democracy. If a strong beginning is made here, the rest will follow. And if the first steps are good, this will have tremendous impact on the course pursued at all levels of government.

The CHAIRMAN. Thank you very much. I think you have made a very thoughtful statement.

With regard to these tax deductions and tax credits, I assume that you recognize that in the last analysis the person who pays the expense of that is the general taxpayer. In other words, you reduce one person's tax because he does something you want him to, but someone else has to pay for it and the person who pays for it is just the rank and file of taxpayers, the average taxpayer.

Now, is there anything really wrong about saying that in a presidential campaign that two major parties should have an equal opportunity to be heard. As a practical matter we require by law if they can pay for it the stations must provide them equal time?

Why not simply go a step beyond that and say the Government will pay for it—charge them standard rates and the General Treasury will pay the expense of equal time for both?

The idea of equal opportunity to be heard is established in so many places, including our own laws, that I would think that as between two major parties that must be the fair way to do it.

We provide equal opportunity for both sides to be heard in a contested case in court, and we divide time in the Senate to limit debate and reach a vote; we agree that both sides will have an equal amount of time to state their case. The same thing applies in the House of Representatives. Why should we not simply implement that by saying as between the two major parties both sides should have equal time?

Mr. HEMENWAY. Well, Mr. Chairman, I think the point is good, but I think there are a couple of important ingredients that are lacking. One was discussed here this morning in some detail, the question of whether the Federal Government should have to, after licensing radio and television stations to use the airwaves, turn around and finance them during a period of campaign, allocating a certain amount of money to be spent hiring radio and television time.

A very interesting point, I think you will discover, and perhaps you already know, is that when you go as a political candidate to a television to buy time, you pay top rates for any time that you buy. But if you are a block buyer or a large purchaser of television time or radio time, if you are able to buy time over a 26 or 52 week period, you pay a very significantly reduced rate.

At a minimum, I would think, Mr. Chairman, if time is going to be sold to political candidates, bringing perhaps the most important message that the airwaves have to bring to the American citizens, it should be sold to them at the minimum rate that the station charges for any commercial time buyer. We think this is a very important point.

So even if the question of free time cannot be arranged because of technical problems, we certainly should examine how much money we are paying for that time. But basically we think that—and I would like to emphasize again—we think that it is most important that free time be made available not only on the presidential level, Mr. Chairman, but on the congressional level for House and Senate candidates.

And I would like to emphasize, as I did in my testimony, that the costs of radio and television are going to consume more and more of the candidate's budget, and we think the time to make a change in the present system is now.

The CHAIRMAN. Well, if the television stations are willing to provide it free, it is all right with me. But I think we ought to consider their views, too. After all they do not provide the time free of cost to themselves. It does cost them money to operate the television station to put the program on the air, you recognize that.

Mr. HEMENWAY. Yes, but to return to my earlier point, the difference between what you as a political candidate and a person who is a block buyer will pay is a very significant difference. Obviously they are not losing money when they sell to Proctor & Gamble, either.

The CHAIRMAN. They can make the case that it is not fair to discriminate against the man who uses this source of advertising as compared to one who prefers to use a different medium. After all, we do not put a tax on people—we do not put a tax on newspaper advertising. My dad tried that one time, may I say, and it was held unconstitutional in the courts.

Mr. HEMENWAY. But newspapers do not use the public airwaves; the airwaves belong to the public.

The CHAIRMAN. But when you require them to provide free time, you are then placing a burden on them to make that money back off of their commercial advertisers, so in the last analysis it works out to be a tax on their commercial advertisers, and they could well say to you that it is not fair. "You are in effect placing a tax on our form of advertising which you are not placing on the other fellow's form of advertising," if he is using billboards or using newspaper advertising or passing out pamphlets.

How would you respond to that, that you are in effect putting a tax on him that is not on his competitor?

Mr. HEMENWAY. Well, Mr. Chairman, this is the argument that the networks and the stations have made in the past, it is true. We do not think it is a valid argument. They are licensed to use the public airwaves. As part of that licensing procedure it seems only reasonable that the people should require them to move out of the airwaves when there is more important public business at hand. Nothing is more important in our democracy than a political campaign and the election of a candidate for public office, so we do not think this is a valid argument.

If it becomes technically impossible to work out free time, we should examine very carefully the cost analysis, and determine exactly what

it costs the stations to make that time available. I think you will find that radio and television time for political candidates would be very significantly reduced if it were sold at cost.

The CHAIRMAN. Well, thank you very much for your statement.

Mr. HEMENWAY. Thank you very much. We appreciate very much having this opportunity.

(The prepared statement of Mr. Hemenway follows:)

PREPARED STATEMENT OF MR. RUSSELL D. HEMENWAY

The National Committee for an Effective Congress is an independent, nonpartisan citizens' committee supported by 40,000 people across the country. As many of you know, a principal function of our organization since its inception has been the endorsement and support of candidates of both parties seeking election to the Senate and House. Having been involved in the raising and distribution of campaign funds for almost 20 years, the NCEC is acutely aware of the high cost of political campaigns and the resultant problems which have been so well described before your Committee.

We wholeheartedly support your serious inquiry into this complex area, and we are encouraged by the present opportunities for constructive action.

We hope, however, that the current efforts to do something about campaign financing will not be looked upon only as a cleaning up and fumigating process, directed merely at correcting abuses and establishing protections against political malpractice. It should be looked upon affirmatively, for while the abuses which do exist and which have been dramatically disclosed are serious, they are peripheral to the real problems. Those real problems derive from the vast changes which have come in the cost of communications and the difficulties attendant to keeping the election process responsive and democratic—no small task at a time when many a Congressional district approaches half a million citizens and a Presidential campaign seeks to reach at least 100 million potential voters.

Your Committee is moving in an area which deals with the essential rights and practices of the democracy, a Constitutional area, and you may well be considering legislation which will implement the citizens' *Magna Carta* at the most sensitive and germinal point—the point where society delegates its power, selecting certain individuals to whom it entrusts this power until the next election. Voting is the single most sensitive and sacred action of the citizens in a democracy.

In keeping with this fundamental principle, we submit that certain tests must be applied to all measures which are proposed, and that these criteria must be overriding of any administrative convenience or partisan interest. While it is important to have money for campaigns, we cannot forget the purpose of the election process, and while there are many petty abuses and breaches of good taste, the remedies must not be worse than the disease.

We submit these criteria:

(1) Does the proposal expand, or contract, the individual's power and influence on the election process? Since the Bill of Rights, those Constitutional amendments have endured which have tended to expand the freedom of the individual. Does any new election procedure strengthen or diminish the will of the citizen and his vital interest in the political process?

(2) As a result of the proposed measure, will more citizens or fewer become involved in the election process, as campaigners, as candidates, as supporters, as interested citizens?

(3) Does the procedure assure the right of easy entry into the political arena by new and independent candidates, by new groups, at all levels? Or does it tend to freeze political power in the hands of those holding it, ceding a kind of "grandfather right" to traditional political groups and personalities, inhibiting new ventures and new blood?

The NCEC wishes to be on record as opposed to any proposal which provides direct Treasury financing of elections. This would substitute the Treasury for the voluntary political contributor. To appropriate Federal funds to pay for campaigns is anti-democratic since it excludes the individual from a vital portion of the political process. It also tends to establish a political monopoly which would ultimately erode the process of free elections.

Even with limitations and safeguards (the practical effectiveness of which are open to serious question), the direct subsidy vests in the National Party Committees an undesirable concentration of power, control and influence which would ultimately have serious impact on the entire party system and political process. The long range results are predictable: a lessening of public influence over party platforms and policies, and central control over the decisions and actions of candidates and over state and local party organizations. By reducing the financial dependence of parties on the rank and file constituents, the party hierarchy is insulated against the public will. The inherent dangers of stifling conformity, rigid discipline, and a self-perpetuating power structure within the major parties are obvious.

In a very pure sense, it involves a kind of conflict of interest for the established state to provide the wherewithal to elect persons whose prime loyalty and responsibility should be to the people, and not to the state or its officials. Moreover, from a financial point of view, it is unnecessary.

It is in order here, I think, to take a quick look at how direct Treasury financing of campaigns would operate. Suppose the two national parties were each allocated $10 million from the Treasury. Nominally, they could use this money only for certain specified costs of the Presidential campaign. But would not the two National Chairmen discover that their slightest whims were respected as orders by party officials, by everyone in the party from supervisor to coroner to Candidates for the House and Senate? And does the Presidential candidate necessarily want to run as head of a monolithic ticket.

Above all, the basic principle of voluntarism is destroyed, since the individual many not determine where his money is going. Nor would he participate in many of the meaningful campaign activities for which fund-raising is merely a stimulus. Politically, for the candidate and public, it is far more important to receive a hundred one dollar bills than one contribution for $100.

In the effort to cleanse the present system of abuses, we do not want to sterilize the political process. It will do no good to handcraft an unresponsive, bureaucratic mechanism which renders the public will speechless and impotent. The American people are now reacting against the over-bureaucratic agencies of government. At a time when every effort is being made to humanize and personalize the government, we do not want to build the same difficulties into politics. We see in some of the election financing proposals this same pattern which has characterized much recent federal legislation: full of good intentions, financed by Federal largesse, but functionally incapable of proper administration because rigid and uniform directives are imposed in situations requiring adjustment and flexibility.

No amount of Federal money will compensate for the abdication or curtailment of individual responsibility. For this reason we stand implacably for the principle of voluntarism. And we feel that the efforts and resources of the Federal government can be well applied to foster and encourage voluntarism, thereby making a true contribution to the democratic process, instead of concealing the problem under a carpet of Federal subsidies.

The NCEC would strongly urge the Committee to:

(1) Concentrate on individual contributions encouraged by the tax deduction, the tax credit, or the Treasury voucher system, or a combination of all three. This approach maximizes the individual citizen's involvement and his importance and influence in the process. Particular attention should be given the voucher system as a means of drawing the lower and moderate income groups into active political participation.

Some have argued that where the tax deduction has been provided, it has been ignored and has failed to be an effective stimulus to fund-raising. This may or may not be true. And, in this case, merely including another line on the income tax form is not going to educate the general public to the concept of personally participating in political financing. The NCEC thinks that if some tax provision is enacted, it must be accompanied by a vigorous public and private educational effort, and that this will soon involve millions of people where only a few hundred thousand now contribute.

(2) Provide the same tax credits and tax deductions for contributions to non-partisan and bi-partisan political organizations. While the 1961 Presidential Commission on Campaign Costs notes the importance of this point, little mention has been made in the current debate of the meaningful political activity which takes place outside our formal parties. Included in this grouping are voter registration drives, political education programs, and organizations committed to specific issues or particular candidates.

(3) Full disclosure and reporting requirements should be established for all Federal candidates, and for all national, state, and local committees, party or non-party, which support a candidate or candidates for Federal office. The importance of disclosure and a central reporting office has been emphasized already by the Administration, members of your Committee, and other participants in the current discussion. However, it should be stressed that this informaion be made public prior to the election, to the greatest extent possible, rather than after the fact.

(4) Other avenues of indirect Federal assistance should be explored. For example, consider the tremendous cost of mailing campaign information and material to constituents. The government might provide sufficient postage, perhaps in the form of a special second or third class "Register and Vote" stamp, to enable every Congressional candidate to reach every potential voter in his district by mail at least one time before election day. This would minimize the advantage the incumbent now holds in the use of the frank, and it would serve as an important means of informing the public.

(5) The Administration, Congress, and the people have an interest in reducing the spiraling cost of political campaigns.

Here I would like to concentrate on two specific points—the cost of radio and television broadcasting, and the length of political campaigns.

As much as 50 percent of a candidate's budget is consumed by broadcasting expenses, and there is every indication that the amount of money required for the purchase of air time will increase.

Radio and television have become the 20th Century Athenian town square, where the public gathers, where the political contenders go to be heard, and where the citizens' decisions are formed. The airwaves belong to the people, as the town square belonged to the Athenians. And as the Greeks allowed merchants to sell their wares on the common, the people, through Congress and the Federal Communications Commission, have granted broadcasters a franchise to operate in this arena. But the people did not give the airwaves away, and the private concessioner has a responsibility to roll his carts and merchandise off the square when it is needed for serious public busineess.

If the people need the airwaves for a certain number of hours in the four weeks or six weeks preceding an election, it is a right they should be able to claim. In the face of the tremendous power of the broadcasting industry, we seem to have forgotten who owns what.

To provide free broadcast time or to devise a formula of reduced rates for Federal candidates would be the most significant single step possible in lowering the cost of campaigns and bringing the candidates to the people.

To the second point, it is these same vast advances in public communication which have reduced the need for the lengthy and very costly campaign period. Indeed, there is evidence that the 4-month period of active campaigning has served only to oversaturate the public, to over-mechanize the process and its reliance on "image". In the process, it is serious debate and the meaningful presentation of policies and views which have suffered.

Admittedly, to establish fixed national party convention dates and primary dates 8 or 9 weeks before the general election would have a definite impact on our whole political and party system. This of course warrants the most careful and serious study. The NCEC submits, however, that the present nomination procedure is fast becoming an anachronism in our system, serving to destroy rather than preserve the vigorous, healthy, and highly prized spontaneity of American politics.

(6) Finally, because this entire area of inquiry is so broad, reaching across many questions and traditional concepts, and so important, involving the fundamental precepts of democracy, the NCEC would propose the establishment of a Select Committee to consider all questions of campaign financing, reduced election costs, changes in the election procedure together in context.

The NCEC appreciates this opportunity to appear before the Committee and to express its views on this vitally important issue. Congress now has a practical opportunity—for the first time—to make a beginning toward needed reform. Let's not make it in the easy or the wrong direction—of a reduced democracy. If a strong beginning is made here, the rest will follow. And if the first steps are good, this will have tremendous impact on the course pursued at all levels of government.

The CHAIRMAN. Now, the next witness will be Mr. Jeremiah D. Lambert, who is an attorney here in Washington, D.C. Mr. Lambert has

done some writing in this area and we are pleased to welcome you here, Mr. Lambert.

STATEMENT OF JEREMIAH D. LAMBERT, ATTORNEY AT LAW

Mr. LAMBERT. Mr. Chairman, thank you very much for the opportunity and permitting me to testify. I know it has been a long day, and I will try to make my comments brief and to the point.

I think that before getting into the specifics of what I have to say, I would note that the method of financing presidential campaigns proposed by the President need not be deemed an exclusive method but merely one of several concurrent approaches to a difficult problem. Some of the witnesses who have testified here this morning have seemed to propose a dichotomy between, let us say, a presidential campaign fund on the one hand and tax incentives on the other.

It seems to me at the outset that it would not be possible to contemplate simultaneous methods.

Secondly, I think that the discussion would be aided by a notion that both private and public sources of finance are valuable and necessary and, thirdly, as has been pointed out this morning, the President's proposal for a campaign fund must be taken in conjunction with the disclosure function that the clean-elections bill would have.

I noted in the Presidential recommendations a statement that the ultimate goal of this underwriting of public elections would be to finance the total expense of campaign expense with public funds and would prohibit the use or acceptance of money from private sources. It seems to me that this may be a fairly radical statement of the solution to the problem and that we ought to consider some intermediate position.

In the first comment I have, I would suggest that there is an advantage to a tax checkoff which was something that you suggested originally, and/or a tax credit or deduction in respect of nonpresidential elections as well.

The reason given by the President for direct congressional appropriations as opposed to the tax checkoff procedure that you suggested is that Congress would be enabled to make a realistic assessment of the amount needed, thereby freeing the fund from "uncertain reliance on tax checkoffs." That seems to mean an administrative objection to the checkoff system unrelated to what Senator Gore suggested today.

I think this overlooks the positive value of voluntary private action which would be inherent in a checkoff system. And I think there is something to be preserved in widespread individual participation campaign finances notwithstanding the existence of a campaign fund. It is instructive, I think, to note that the Canadian Committee on Election Expenses which put out a very thick and informative report in 1966 promulgated recommendations on election finance which included a proposal of indirect subsidies but nonetheless specifically also provided that, and I quote:

> There should be no restrictions as to size or source of political contributions, that all individuals and corporations, trade unions and organizations be encouraged to support the political party of their choice. Any legislation giving effect to the foregoing recommendations should clearly protect the right of donating to parties.

Well, keeping in mind the difference between Canadian and United States law on the subject, nonetheless there is some merit in this, I believe, and I think that since the checkoff requires individual voluntary action, and/or supplementary credits, discussions along the lines already discussed here today should not be abandoned.

As to the administrative disadvantage of the tax checkoff proceeds producing a varying amount for the fund from election to election, I think that could be overcome by authorizing Congress to appropriate additional or supplementary funds, if necessary, to meet a deficit between tax checkoff proceeds and a previously determined minimum amount. This to some extent combines the two methods and overcomes the objections that are voiced in the President's report.

Second, the notion that I would advance is the disadvantage of separating private and public contributions. A principal feature of the President's recommendations is that private contributions for major parties may not be used for those items of expense for which public funds could be applied.

While it is perhaps understandable how this view derives, I do not see the benefit of it is manifest. For instance, political broadcasting, which would be an interdicted use for private funds, absorbs a disproportionately large amount of campaign expenditures, as has been noted today. In 1964 political broadcast costs constituted some 18 percent of all political spending and amounted to almost $35 million, and since this percentage seems likely to increase in future elections, it is my view that private as well as public funds should be applicable to it and perhaps to the other expense items to be defrayed by public funds as well.

I think in addition that separation of public and private expense items could create problems of earmarking funds from each source and it might also raise questions of interpretation. Thus administrative expenses to which private funds could be applied might include salaries of staff members who prepared campaign literature or advertising to which such fund could not be applied. The separation of funds concept thus renders the Comptroller General's auditing function considerably more difficult, and since they seem rather shy about accepting these additional administrative burdens, that seems a valid consideration.

My next point is that the minor parties question seems inadequately resolved in the proposed legislation which contemplates, as I understand it, reimbursement of major parties during the campaign itself, but a minor party would be reimbursed only after the election and then only if it received at least 5 percent of the total vote, a percentage which I understand has not been achieved by a minor party in the United States since 1924, although, as you pointed out, the polls would indicated that that figure will be far exceeded by Governor Wallace next year if he runs.

This does place minority parties at a substantial disadvantage, and one method of dealing with this problem might be to redefine minority party somewhat more realistically in a historical precedent that is as one receiving say between 2 and 25 percent of the total vote and authorize the Comptroller General to make payments during the campaign from the fund to those minority parties which on the basis

of a Government sponsored survey seemed likely to receive 2 percent or more of the total vote.

Payments which were made to parties which did not actually received the indicated minimum percentage would be subject to a full or a ratable reimbursement and since the survey to determine the probable minority party vote-getting performance would be undertaken by the Government itself on some sort of contract basis with a reputable polling organization, the opportunity for raids on the fund by frivolous minority parties would seem quite small. It is merely one of several possible suggestions that could be made along those lines.

Next, broadcasting questions which occupied a fair amount of the discussion here today: One question that should be brought out, I think, is the difference between spot announcements and programs. Typically most political broadcast charges are for spot announcements and do not involve program time. Thus in 1964, 73 percent of TV station charges were for spots, and radio station spot charges represented an even higher percentage.

While it is clear that sport announcements have an advertising impact that makes them favored by candidates they do not edify: complex political issues really do not lend themselves to brief slogans or simple themes.

If broadcast expenses for political campaigns are to be subsidized, the subsidization could help redress the imbalance between spot announcements and programs by perhaps underwriting only a portion of the costs of spot announcements while at the same time absorbing the entire cost of program expense. This is a suggestion that goes, if you will, to the quality of public debate. It transcends the dollars spent themselves.

Then, of course, there is the perennial question of section 315 of the Federal Communications Act which has been adverted to here today. Under the minority party reimbursement limitations proposed by the President, many third party presidential candidates of recent years would not be entitled to recover broadcast costs. Yet, of course, under the equal opportunity doctrine of section 315, broadcasters are nonetheless obliged merely to offer such candidates paid time since the major parties would be paying for their time even though the money for the payment would come from the public fund. This might have the effect of discouraging broadcasts by minority party candidates. Of course some observers might count this a net gain, and in fact one of the serious proposals that is entertained in this areas is the suspension of section 315 for presidential campaigns.

But the impact of subsidies on section 315 should be carefully reviewed and considered in regard to any legislation and should be reviewed with particular regard to the relation between free and paid time.

Since minority parties will seldom be able to purchase equal paid time, some consideration might be given to deeming time paid for by majority parties from the fund as free time for purposes of section 315 entitling minority parties to say 10 or 15 percent as much time. Such a policy would, in effect, permit what they call differential equality of access. It is a long phrase invented, I think, by Herb Alexander of the Citizens Research Foundation, but the idea is that some formula ought

to be built into the equal opportunity doctrine and this might be a way of doing it in conjunction with the minority party question.

Finally, on the broadcasting side, I think the existence of a campaign fund should not foreclose the creation of incentives to broadcasters to program free political time. One such incentive would involve amendment of the Internal Revenue Code to permit broadcasters to deduct not only out-of-pocket costs of free broadcasts but also at least a portion of the lost revenue. This goes to some of the questions that have been raised about the propriety of either asking the broadcasters to bear the full brunt of the campaign expense issue by making available free time or, on the other hand, paying the way for them. Some balance, perhaps, ought to be struck between the two whereby they, in effect, provide some free time and some subsidies are made available.

Finally, on the limitation on allocation of Federal funds by State, I think it should be made clear, as I think the President's report contemplates, that in regulations to be issued on this subject by the Comptroller General, the 140-percent limitation on Federal funds would exclude funds spent for national advertising or network broadcasting even though the actual expenditure was made in one State. I think, in other words, that a workable distinction must be made between national and State purposes if limitation of this kind is not to be quite arbitrary.

In conclusion, I would touch again on this theme that total reliance on public funds to finance elections, which was suggested as an ultimate goal, could have a negative effect on the political process, and it is important that in conjunction with this very important and critical legislation, which I think should be passed in some form, that concurrent tax and other incentives be actively encouraged for private participation in the political process, and if the Canadian experience is any guide, subsidies need not entail concomitant elimination of the traditional private sources of finance.

The CHAIRMAN. Well, I am sure you are right that whatever we do in this area is not going to eliminate private contributions. We do not have it within our power to eliminate private expenditure or private efforts to help one candidate or the other, and it would be too great a departure from existing experience to do it all at one time.

Mr. LAMBERT. I would agree with that, Mr. Chairman. I think that is a fair statement.

When I spoke of incentives, I think that I would differentiate between, if you will, additional incentives to those who already give and incentives to cause a broader participation by small donors. I think, in other words, that that is something which ought to be kept in mind at the same time that this campaign fund is put into operation.

The CHAIRMAN. Well, is this not true, that when we talk about encouraging small contributions by giving a tax deduction for $100, we ignore the fact that there are not as many people giving $100 as it may appear? In many instances, a bank president simply determines that it would be well to pass the hat among their directors and they pass the hat among those who are their favored customers, those who borrow the most money from the bank. It is agreed everybody will put up $100 or $200, as the case may be, and they each contribute. They pass the hat, you might say, sort of like you do at a community chest where you ask everybody to contribute, but you have a suggestion as to how much that person ought to contribute.

Mr. LAMBERT. Well, I certainly agree that there are problems here, if you will, of undue influence and so on and so forth.

I think that there is this overriding question that we are all concerned with, of how best to finance the political process, and I think as a matter of philosophy there has been some confusion in the mind of the public, or, if you will, ambivalence of the nature of political contributions.

I would say that even though an example of the kind you cite might be the result of a tax incentive plan, there might at the same time be other possibilities for individuals to make contributions.

As support for this, I would simply note the extremely favorable results that Barry Goldwater and his campaign lieutenants got in 1964 relying on many small contributions. This was rather fully documented at the time and was the result or was the subject of an article in Fortune magazine showing that under certain circumstances it is possible to encourage many small contributors, $5, $10, $15, $20, $25 contributors. It was, if you will, a reversal of the usual situation which the Democratic Party seems to have relied more on as its contributors and the Republicans larger business contributors.

But I would not suggest the tax incentive route as being the exclusive or only route, but only one of several that ought to be considered, especially in view of the fact that the proposed legislation covers only presidential campaigns and it specifically limits itself to that, leaving the nominating process and the Federal congressional elections and State elections out of the picture. Those very important areas must be considered because if we were to look at the amount of money spent, it would be rather pyramidal in outline with the bulk of the money going to State and local campaigns.

The CHAIRMAN. You want to do more for minor parties. Now, there is a real question as to how far we want to go in any subsidy bill and even if there is a reduction in subsidy, how far we want to go with it to encourage the people who are not able to persuade more than 1 percent of the American public to agree with them to spend a lot of money trying to sell the public something that the public does not want to buy.

You know, some people, particularly lawyers—you are an attorney, and I practiced law for a while—run for office just to get the publicity. They have a code of ethics that does not let them advertise, but I have known some friends who from time to time just put their name out there on the ballot and just run for something. It just gives them a chance to advertise themselves, which they are forbidden to do by their own code of ethics.

Mr. LAMBERT. Right.

The CHAIRMAN. Have you ever seen that happen?

Mr. LAMBERT. I think it has been known to happen.

The CHAIRMAN. Well, living in the District of Columbia, you might not see it as much as I would in my State, but that is not at all unusual, especially for some fellow who has just been practicing a few years, to run for State senator or State representative, go on radio and television and make some speeches, advertise himself. He cannot do it as a lawyer, but he can do it as a candidate for district attorney or for State senator. As a matter of fact, it is particularly appropriate for running for district attorney. That gives him a chance to explain what a good lawyer he is.

Mr. LAMBERT. If he is in office as district attorney, he can do a lot, as Mr. Garrison seems to be proving. [Laughter.]

I would only say about the third party issue, Mr. Chairman, that on a national rather than a local basis, at least, historically third parties have performed a valuable function politically even though at any given time the percentage of the total vote they command may be small or negligible, and it seems that by process of evolution or osmosis or what have you, many of the views which third parties have had and expressed have later been adopted by one or both of the major parties, and so there is a persuasive argument which can be made for allowing third parties to continue to perform their very vital function, even though, as you say, on a State or local basis it may be less a matter of issues than a matter of personalities.

The CHAIRMAN. Well, the Bull Moose Party, the Progressive Party, the Populist Party, all made that major contribution, so much so that their philosophy and their most popular suggestions were incorporated in the platforms of the major parties. To a large extent, they reflected the course of the future for the major party.

One could contend that the old Populist Party, which existed about the turn of the century and for a few years thereafter, did more to shape the present Democratic Party than the Democratic predecessor to that. That is, what the 20th century Democratic Party claims to stand for.

Now, those parties of that sort that received substantial support could receive some help and could be encouraged to grow under the recommendations of the administration and even under some of the bills I have introduced other than the administration proposal.

But should we really encourage some party such as the Vegetarian Party, that might not get but a few votes, to continue to confuse matters when it commands less than one-half of 1 percent of the vote?

Mr. LAMBERT. I agree that that is certainly not something that we ought to do. There is a nuisance or frivolous question that is raised about just how far you extend this line of thinking. On the other hand, it then becomes a question of making administratively defensible judgments about the percentage, the cutoff percentage; whether it would be 5 or 2 or 3 percent is a matter of judgment that would be based, I think, to some extent on the review of historical precedent and what is likely to happen in the future.

So I would agree with you, Mr. Chairman, that something like the Vegetarian Party or other parties without a serious political purpose need not be encouraged, but I think that on the other hand perhaps a 5-percent minimum limitation does not give adequate recognition to the serious third parties which have made their appearance since 1900 in this country.

The CHAIRMAN. Well, thank you very much, sir.

Mr. LAMBERT. Yes, sir.

The CHAIRMAN. I appreciate your contribution here today.

(The prepared statement of Mr. Lambert follows:)

PREPARED STATEMENT OF JEREMIAH D. LAMBERT

I am am member of the Washington, D.C., law firm of Drew & Lambert. I have become familiar with the legal aspects of campaign finance in the course of private practice and am the author of an article on the subject which appeared in the N.Y.U. Law Review ("Corporate Political Spending and Campaign Finance", 40 N.Y.U.L. Rev. 1033 (1965)).

Reform in both the regulation and financing of political campaigns has long been sought, and the President's recommendations must be regarded as a comprehensive and, on the whole, workable approach to solution of widely recognized problems in this area.

Some preliminary comments on the recommended reforms would include the following:

1. RELATIONSHIP BETWEEN PUBLIC AND PRIVATE FUNDS

The President has recommended direct Congressional appropriations, in lieu of individual tax check-offs, and has proposed that private contributions for major parties may not be used for expense items (radio and television, newspaper and periodical advertising, travel, preparation and distribution of campaign literature) underwritten by public funds, the ultimate goal being "to finance the total expense (of campaign finance) . . . with public funds and to prohibit the use or acceptance of money from private sources." Since complete subsidization of election campaigns would be a far-reaching change in the American political process, the steps leading to it deserve close scrutiny.

a. *Advantage of Tax Check-Off.*—The President recommends direct Congressional appropriations because Congress would thus be enabled to make a realistic assessment of the amount needed, thereby freeing the fund from "uncertain reliance on tax check-offs." But this appears to overlook the positive value of voluntary, private action which is inherent in a check-off system. Widespread individual participation in campaign finance should be encouraged, notwithstanding the existence of a campaign fund, lest voters adopt a passive attitude which could carry over into unsubsidized non-Presidential campaigns. Indeed, the Canadian Committee on Election Expenses, in promulgating recommendations on election finance which include proposal of subsidies, specifically provided that "(n)o restrictions as to size or source of political contributions be initiated, and all individuals, corporations, trade unions, and organizations be encouraged to support the political party of their choice. Any legislation giving effect to the foregoing recommendations should clearly protect the right of donating to parties. . . ." Report of the Committee on Election Expenses (1966), p. 48.

The check-off requires individual voluntary action and for that reason should not be abandoned.

The potential disadvantage of its producing a varying amount for the fund from election to election could be overcome by authorizing Congress to appropriate additional funds, if necessary, to meet the deficit between tax check-off proceeds and a previously determined minimum amount.

b. *Disadvantage of Separating Private and Public Contributions.*—A principal feature of the President's recommendations is that private contribuitions for major parties may not be used for those items of expense to which public funds could be applied.

The benefit of this proposal seems problematical.

Political broadcasting, which would be an interdicted use for private funds, absorbs a disproportionately large amount of campaign expenditure. (In 1964, political broadcast costs constituted 18% of all political spending and amounted to almost $35 million). Since this percentage seems likely to increase in future elections, private as well as public funds should be applicable to it (and, probably, to the other expense items to be defrayed by public funds).

In addition, separation of public and private expense items could create problems of earmarking and tracing funds from each source and might also raise questions of interpretation—thus, administrative expenses, to which private funds could be applied, might include salaries of staffers who prepared campaign literature or advertising, to which such funds could not be applied. Separation of funds would thus render the Comptroller General's auditing function considerably more difficult.

c. *Minor Parties and Reimbursement.*—The proposed legislation contemplates that major parties would be reimbursed during the campaign itself. A minor party would be reimbursed only after the election, and then only if it had received at least 5% of the total vote, a percentage which has not been achieved by a minor party in the United States since 1924.

This places minority parties at a substantial disadvantage. One method of dealing with this problem would be to redefine minority party more realistically, i.e., as one receiving between, say 2% and 25% of the total vote, and to authorize the Comptroller General to make payments, during the campaign, from the fund to those minority parties which, on the basis of a government-sponsored survey,

seemed likely to receive 2% or more of the total vote. Payments made to parties which did not actually achieve the indicated minimum percentage would be subject to full or ratable reimbursement. Since the survey to determine probable minority party vote-getting performance would be undertaken by the government itself, the opportunity for raids on the campaign fund by frivolous minority parties would seem quite small.

2. BROADCASTING QUESTIONS

a. *Spot Announcements* v. *Programs.*—Typically, most political broadcast charges are for spot announcements and do not involve program time. In 1964, 73% of TV stations' charges were for spots, and radio stations' spot charges represented an even higher percentage, although network charges reduced the overall proportion to perhaps 60%.

While they are favored by candidates, spot announcements do not edify: complex issues cannot be reduced to brief slogans or simple themes. Subsidization of presidential campaign broadcast expenses could help redress the imbalance between spot announcements and programs by underwriting only a portion of the cost of the former, while at the same time absorbing the entire cost of program expense. This might do something to improve the quality of public debate.

b. *Section 315 of the Federal Communications Act.*—Under this section, radio and television stations allowing free or paid time to a candidate for public office must afford other candidates for the same office an equal opportunity to receive free or to buy the same amount of time. Section 315 applies to candidates of different parties for any office, federal or not, and it applies to candidates of the same party for nomination to any public office.

Under the minor party reimbursement limitations proposed by the President, many third party presidential candidates of recent years would not be entitled to recover broadcast costs. Yet, under the equal opportunity doctrine of Section 315, broadcasters would be obliged merely to offer such candidates paid time, since the major parties would be paying for their time, albeit from public funds. This would have the effect of discouraging broadcasts by minor party candidates. Some observers might count this a net gain, in view of the many frivolous third party candidates who appear in a presidential election. Still, the impact of subsidies on Section 315 requirements should be carefully reviewed, with particular regard to the relation between free and paid time.

Since minority parties will seldom be able to purchase equal paid time, some consideration might be given to deeming time paid for by majority parties from the fund as free time for purposes of Section 315, entitling minority parties to, say, 10 or 15% as much free time. Such a policy would permit "differential equality of access" under Section 315—an aproach suggested by several commentators. See, e.g., Alexander, "The High Costs of TV Campaigns," Television Quarterly, Winter, 1966, p. 53.

c. *Incentives for Free Time.*—Finally, the existence of a campaign fund should not foreclose creation of incentives to broadcasters to program free political time, One such would involve amendment of the Internal Revenue Code to permit broadcasters to deduct not only out-of-pocket costs of free broadcasts but also at least a portion of the lost revenue.

3. LIMITATION ON ALLOCATION OF FEDERAL FUNDS BY STATE

It should be made clear, in regulations to be issued by the Comptroller General, that the 140% limitation on federal funds which may be spent in any one state excludes funds spent for national advertising or network broadcasting, even though the actual expenditure is made in one state, such as New York. A workable distinction must be made between national and state purposes if the limitation is not to be arbitrary.

4. CONCLUSION

Total reliance on public funds to finance elections—suggested as an ultimate goal—may have a negative effect on the political process. In my opinion, it is critically important that private participation, through tax and other incentives, be actively encouraged as a continuing, healthy and at least co-equal means of supporting the cost of elections. If the Canadian experience is any guide, subsidies need not entail elimination of traditional private sources of finance.

The CHAIRMAN. The next witness will be Mrs. Omer L. Hirst of Burke, Va.

Mrs. Hirst, we are very happy to have you here today. You have been most consistent as an attender of our committee sessions, and I appreciate your attendance, and I regret we were not in a position to hear your testimony prior to this time.

STATEMENT OF MRS. OMER L. HIRST, BURKE, VA.

Mrs. HIRST. Well, I appreciate very much what you are trying to do here in focusing attention on what I consider a very challenging problem in campaign finance. I feel under your wise and sagacious leadership that discussion and consideration will lead to action that will greatly improve the situation.

I am Ann Hirst, a citizen, voter, campaigner, and the wife of an elected official. I have on occasion tried to persuade qualified people to run for elective office. I have no wish for votes or credit or money personally, but I would like a new approach to campaigning for public office.

The need for expenditure of large sums of money threatens to restrict elective office to the few who can afford it and to those sponsored by special interests. This often prevents the wise and talented who are not affluent from seeking office. I would like to suggest a plan. Many of these things I have heard in the last few days.

1. Limit the length of the campaign to from 3 to 6 weeks, and the purpose of this would be to intensify interest, provide a period for the discussion of pertinent issues, eliminate the burden on the candidate of developing and sustaining public interest for too long a time.

2. Provide time and space in all news media at Government expense, which would be divided equally among the candidates.

The space would be prominent and in the same location in all newspapers. It would not take the place of news reports or editorials. Letters to the editors would provide for voter response.

The candidates would share equally the time on radio and television immediately following news and weather reports. All stations would share equally the time on radio and television immediately following news and weather reports. All stations would have the same obligation to furnish this service. A question-and-answer period would provide for voter response.

Purpose: To inform and educate the public and to clarify the issues the candidate considers important; be a convenience to the voters; restore elective office to its proper place of dignity in the democratic process.

3. Obligate the candidate to completely fill his space and time and to pledge that the statements have his sanction and approval.

Purpose: Give the electorate an opportunity to see, hear, and evaluate a candidate without the confusion of commercial advertising presentation; reveal the depth of the man.

4. And this I feel is the heart of my plan—would be to make it illegal for a candidate, committee, or person to spend money on commercial advertising.

Purpose: Eliminate the "for sale" sign suggested in the razzle-dazzle of the commercial approach, which obscures the real person with the

image, the real issues with phonieness; restore respect and dignity to the campaign process by giving the candidate the opportunity to perform a public service as he explains the issues as he understands them.

5. Set up a campaign fund to buy time and space from all the news media, to be divided equally among the candidates; money could be appropriated from general tax funds or from a special levy, depending on the projected cost of the service, our overall tax policies, and our traditional objections to fees for "poll taxes."

6. Provide that to qualify for participation a candidate must file a petition of support; the number of signatures should be an impressive percentage of the qualified voters participating in the last election for this office; pay a filing fee and sign a statement testifying to his understanding of the statutory responsibilities of the office he seeks; pledge to confine his published statements to issues related to the office.

Purpose: To insure that neither casual nor capricious candidates participate in the program.

The CHAIRMAN. Thank you very much, Mrs. Hirst.

Is your proposal directed at the presidential campaign, or is it directed at all campaigns?

Mrs. HIRST. I would hold it now to the Federal offices. But I have also thought of it in terms of local and State offices.

The CHAIRMAN. You would propose to start it with Federal offices and see how it works with that first and then see how it works on others?

Mrs. HIRST. Right.

The CHAIRMAN. Now, would you provide this same opportunity to third-party candidates as well as major-party candidates?

Mrs. HIRST. Yes, sir. But, you see, the importance, the crux, of this plan, is that I would like to substitute people for money, and the crux of this is in the qualifying. You must have a substantial endorsement by qualified voters in order to run in the first place, to have at your disposal access to the news media.

One other thing I do not have in here but I think we should consider when we are considering the overall problem, is the popular vote for President, instead of going through all the other processes to nominate and then elect a President, for instance.

The CHAIRMAN. Well now, would you apply this to congressional candidates?

Mrs. HIRST. Yes, sir.

The CHAIRMAN. What figure would occur to you as the number of signatures a person would need in order to qualify on an equal-time basis with his opponent?

Mrs. HIRST. I would not hold to this because I have not—I am not figure minded, but I think 10 percent, just off the top of my head, would be reasonable, and I am thinking about someone running from the whole country, for instance, some ratio, three-fourths of the States; then when you got into the State, maybe one-half, and then down to maybe one-fourth and reducing it down to 10 percent in the lowest jurisdiction——

The CHAIRMAN. Thank you.

Mrs. HIRST (continuing). But qualifying for this plan the aim is to take the money out of it for the commercial approach. I would chal-

lenge almost anyone to tell me the difference between one cigarette and another in advertisements or the things that are advertised a whole lot. You lose, what makes the difference, and I think people in public life, the best people in our country offer themselves for service in the government, and this should be an educational process for the electorate. This should teach us something.

The CHAIRMAN. For your information, I have read a lot, at least I saw a lot on television and heard it in radio, urging that people should take the blindfold test with regard to their cigarette, that that would tell them which cigarette was the mildest, which had the better taste. So we had a maid in our home who was just convinced that the brand of cigarette she had was the finest. It was the best and nothing else would do. So I asked her to take the blindfold test, and I gave her about six different cigarettes. She could not tell one from the other even though she was personally convinced that the one she was smoking was the only cigarette to smoke.

The thing that amused me was that the brand which she had been smoking, when she tasted it, caused her to say "That one bit my throat. That is not the one I want."

As a practical matter, that was the one she had been smoking all the time. So that a lot of this advertising is advertising that is really a distinction without a difference.

We spend a great deal of our money paying to see people advertise the difference between products that does not exist at all.

I regret to say that all too often that is what we are doing with our broadcasting of political issues. Many times both candidates are talking about things that are not the real issues, are not the real difference between the two at all.

Mrs. HIRST. One of the highest callings a man can have is to serve his government, and I think we greatly dishonor it in our campaign system. It is very difficult to get a good man to run and to subject himself to some of the things that one must do. He must have an unlimited amount of physical energy aside from mental capacity.

The CHAIRMAN. Well, one should not be able to buy the election, be it the Presidency or a seat in the Senate, a seat in the House of Representatives, the Governor's chair, or any position of that sort, and the sooner we get it on the basis that neither one person nor any 100 or 1,000 can achieve that with their money—but that the people decide it for themselves, based on a fair presentation of issues—the better off we are going to be.

Thank you very much for your contribution.

Mrs. HIRST. Thank you for having me here.

The CHAIRMAN. The committee stands adjourned until 10 a.m., tomorrow.

(Whereupon, at 2:45 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, June 7, 1967.)

POLITICAL CAMPAIGN FINANCING PROPOSALS

WEDNESDAY, JUNE 7, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Gore, McCarthy, Metcalf, Williams, and Morton.

The CHAIRMAN. The hearing will come to order.

This is the fourth day of the Finance Committee's public hearings on political campaign financing proposals. There are four witnesses scheduled to appear today, the first of whom is the Honorable John S. Monagan, U.S. Representative from Connecticut.

Mr. Monagan has introduced in the House of Representatives this year H.R. 892 to shorten presidential election campaigns. We are happy he has seen fit to testify on his proposal before our committee and I would like to insert into the record of the hearing excerpts from the Congressional Record and certain newspaper accounts concerning Congressman Monagan's proposal. (See p. 310.)

STATEMENT OF HON. JOHN S. MONAGAN, A U.S. REPRESENTATIVE FROM THE STATE OF CONNECTICUT, FIFTH DISTRICT

Mr. MONAGAN. Thank you very much, Senator, and Senator Williams. I welcome the opportunity to appear before the committee this morning and want to congratulate you members of the committee on the role that you have taken in this very important field of campaign expenditures. This is not an issue that in all its aspects excites the public mind. Nevertheless, it is a vital one for our country and for the future of our democracy. Therefore, I add my congratulations to those of others for the work that you have done.

I am going to direct my attention, Mr. Chairman, to the aspect of the length of the political campaigns.

I might say that I was delighted to see that in recent days, I had acquired, undoubtedly without his realizing it, a very distinguished supporter in the person of Senator Williams for the proposition that presidential campaigns should be shortened by law. Ever since I was first elected to Congress in 1958, one of my objectives has been to achieve a shortening of these campaigns. I have introduced legislation in every Congress since 1960 seeking to cut the length of these contests.

I do not believe that there are very many, if any, political commentators who would disagree with my position that our presidential

campaigns are unnecessarily long, physically taxing on the candidates, unduly boring for the general public and extraordinarily wasteful in terms of the money spent and the physical and intellectual efforts expended.

I am testifying before this committee today to assert my conviction that if the Federal Government is going to get involved in the subsidization of presidential election campaigns, then it must set realistic limits on the length of the quadrennial circuses to which our presidential and vice presidential candidates are otherwise irrevocably committed.

I might say that as a matter of procedure, I have limited this proposal to presidential campaigns, but I feel that it might well be extended eventually to other campaigns.

Mr. Chairman, my efforts up to now have not been successful. Unfortunately, the strength of the opposition to long presidential campaigns dissipates rapidly after each election. It is not a meat and potatoes issue.

The enactment of the "Presidential Election Campaign Fund Act of 1966" in the last session of Congress provided, I thought, an excellent vehicle for calling attention to this needed reform of our campaign procedure. Thus, on the first day of the 90th Congress I introduced H.R. 892, to which the chairman referred, amending the Presidential Election Campaign Fund Act. My amendment would have imposed a further limitation on the distribution of funds to a political party so that no funds would have been available to a party if its candidate for president or vice president were nominated more than 60 days before the day established for the appointment of electors. So if the amendment were now in effect, in the 1968 presidential campaign no political party under that act could hold its nominating convention before September 6th and still be eligible for funds.

My bill is no longer relevant in the light of the enactment of the investment tax credit bill which contained a rider making the Campaign Fund Act inoperative until guidelines are enacted by Congress. Nevertheless the objective of H.R. 892 can, and should be incorporated in the bill reported by this committee.

Some may question the connection between shortening presidential campaigns and a bill providing for Federal financial support for such campaigns. The first and most obvious connection is that if the Federal Government is going to subsidize these campaigns it should be interested in limiting this expense by preventing waste. And the bill providing financial support? The first is that the Government should be interested in limiting the expense of campaigns. This can be done. In my opinion, 60 days is more than enough time to bring the issues to the public and debate them thoroughly; in fact, in almost every civilized country in the world 30 days is the electoral period, except in the Philippines, they have substantially shorter periods than we have but 30 days seem to be the average.

Second, President Johnson in his recent message proposing the financing of campaigns said "Public participation in the process of government is the essence of democracy. Public confidence in those processes strengthens democracy." I submit that long, drawn-out campaigns tax the endurance of our citizens and undermine their "confidence in * * * democracy." Even more important they eventually tend to bore people, which is even more serious.

Third, the bill recommended by the President is tentatively entitled "The Election Campaign Reform Act of 1967." No reform of our campaign procedures can be complete unless we come to grips with one of the most glaring deficiencies in our system: The inordinate amount of time that we devote to campaigning.

Mr. Chairman, I believe that the Federal Government can play an important role in stimulating "public participation in the process of government." We are living in the 20th century, however, with communication satellites, jet-powered commercial airplanes, network TV and radio we continue to tolerate a political campaign system which has not changed since the days of torch fire parades. Modern transportation renders long campaigns unnecessary, modern communications render long campaigns wasteful. I would not begrudge the time if it were serving a useful purpose, but in the political business, the area of diminishing returns on campaign exchanges is very rapidly attained.

This committee and this Congress can discharge its obligation to the American people by proposing and enacting an Election Reform Act which will eliminate one of our most obvious political liabilities—the 4- to 5-month presidential campaign.

Mr. Chairman, I do have these editorial comments on this proposal to which you referred. If I may, together with an article of mine which appeared in the New York Times magazine of May 8, 1960, I will offer these for the record. (See p. 310)

The CHAIRMAN. Without objection. Now, let me inquire.

Would you limit the time that these candidates seek in the primaries seeking to get nomination?

Mr. MONAGAN. I have not specifically referred to primaries, because I think—I am not sure about the power to do that, since these are individual State provisions. But I would think it would be a desirable objective.

The CHAIRMAN. Today, most of the campaigning is in September and October for an election date in the first week of November, is it not? In other words, most of the campaign interest begins to peak in September, a period of about 60 days when the public is really interested in what is said in the campaign. Is that not about the size of it?

Mr. MONAGAN. I think that is an outside limit, Mr. Chairman. We have the world series for example and you all know you cannot arouse any interest during the world's series. You have the Labor Day weekend. By the time you get through, if you have 6 weeks, that is a lot, in my opinion, during which the public is really interested in the issues of the campaign.

The CHAIRMAN. Well, the world's series comes at the end of September, does it not?

Mr. MONAGAN. Yes.

The CHAIRMAN. My foremost fan says about the first week in October. So you really have about 3 weeks in which the public is really interested in the matter.

Mr. MONAGAN. I believe that is true. If you remember the Kennedy-Nixon debates, even in those there was a very marked falling off of public interest after the first, and particularly after the second debate. This illustrates what we are talking about.

The CHAIRMAN. We used to have our gubernatorial primary in January. If you were out campaigning, by the time you got past

December 15, you might as well go home. Nobody was paying any attention to you. You could just go on home and celebrate Mass and come back about a week after Christmas and start campaigning again and nobody could care. They were too interested in Christmas to pay the matter any particular attention at that time, although those governors' campaigns in my State would take about 6 months, it seemed to me.

Mr. MONAGAN. I think in the Philippines, they have a campaign that takes about a year, but that is the only nation that I know of, at least among the democratically oriented nations, that take much more than 30 days.

The CHAIRMAN. This is the presidential campaign you are speaking about now?

Mr. MONAGAN. Yes.

The CHAIRMAN. You would like to limit that to, specifically, how long a period?

Mr. MONAGAN. I have said 60 days because I think perhaps that would be acceptable. My own judgment would be that 6 weeks would be enough. But I know that the professionals feel that you have to have all this time in order to crank up the machinery and raise the funds and so forth, so that what I have said is 60 days, although I would like to see it shortened.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. Congressman, I just want to say that as one member of the committee, I enthusiastically support your suggestion that we limit these campaigns. I have made a similar suggestion on many occasions, that both national committees arrange to have their national conventions in the early part of September. I wish that could automatically be a part of their State conventions. My experience has been that there has never been a party or candidate that cannot make his case in 60 days. I think people get sick of it and we have a much more intelligent discussion of the issues and people understand it better if we condensed it down and shortened it for the people. I strongly support your suggestion.

Mr. MONAGAN. Thank you, Senator.

I think the attitude of the people in Canada and England illustrates this. Certainly the issues they face are no less complicated than the ones we are dealing with.

Senator WILLIAMS. Before radio and television, when we had whistle-stop tours and had to go campaigning through the country, long campaigns perhaps were necessary. We are still operating them the way we did back in the horse-and-buggy days. But certainly with television and radio, it has been demonstrated that we do not need that time.

The CHAIRMAN. Senator Gore?

Senator GORE. I find your suggestions very interesting, Congressman. I am grateful for the thought you have given this and the contribution you have made to our consideration. I do not believe I have any questions, Mr. Chairman.

The CHAIRMAN. Senator Morton?

Senator MORTON. Congressman, actually, the chairman of the two major political parties, with the support of their national committees, could achieve this end if they wanted to sit down together and say, all right, we will go the first week of September, you go the third. I agree that right after an election, everyone of us gets excited about this thing but by the time the next campaign comes around 4 years

later, we have forgotten it, because, as you point out, this is not a meat-and-potatoes issue.

I think certainly campaigns can be considered. The fact that it can be done and is being done in Canada, England, and elsewhere suggests there is no reason why we cannot do it here.

There are other problems that I think we are going to face increasingly. The cost of these conventions has gotten to be sizeable. I have had something to do with conventions going back a good many years now. The cost of actually putting on a convention; the cost to the Democratic Party or the Republican Party has risen astronomically. And bear in mind that we do not buy television. That is all free. They cover it as a news item.

In 1964, for example, we Republicans had our convention in San Francisco and the Democrats in Atlantic City. I have heard from pretty reliable sources among the major networks, that the cost to one major network was over a million dollars just because of crossing the continent with all this new and sophisticated machinery they trot out at a political convention.

I have often thought if we could have the conventions in the same city, with one week in behind, the party out of power probably having its first because it takes it longer to get a campaign organized, and permit the networks, let us say, on a fair basis which they can work out, to give us some of the money they would save and treat that as an expense. Now, let us say that NBC spent a million dollars extra because we were in San Francisco and the Democratic Party was in Atlantic City. If we could permit NBC to contribute $300,000, not to the party, but to defraying the cost of the convention, they would be better off than spending the million dollars to move their equipment and it would solve the problem of paying for the convention.

The chairman of this committee has given a lot of attention, as have all of us, to these costs of actually putting on the campaign. More and more, we are going to have to face up to this other problem.

It used to be that most cities would be glad to give you a big guarantee just to come there and some have a room tax that stimulates the fund and goes into conventions. I think, looking forward to 1968, that probably Miami Beach and Houston seem to be the two that have made the highest bid. Everybody knows that Chicago is an ideal place to have a convention because of transportation. Yet, Chicago is getting as independent as a hog on ice because they get so many conventions, they do not care about raising the money to get a political convention. And the Williams amendment creates some doubts about the legality of raising money through the programs we used to put out at these conventions. In 1960, when I had something to do with it, I think we raised $160,000 on a program. Chicago gave us, I believe, a guarantee of about $40,000. We came out about even. We lost a few thousand.

I think the shortening of the campaign and this other problem do dovetail together. I think San Francisco is a lovely place to have a convention, maybe Miami Beach would be, but when you think of what the delegates from the Northwest have to spend to get to Miami Beach, or vice versa, the people from New England have to spend to get to San Francisco, you are running into some real problems. I think you would have greater participation, greater interest, if you could, No. 1, shorten up the campaign period as you suggest here, and, No. 2,

work out some way of financing these conventions out of television savings by having them back to back with 1 week in between at the same location.

But I commend you for focusing the attention of the Congress and the people on this problem. It is something we have to face up to and if we wait until after the election is over, we will put it off for another 2 or 3 years and then it will be too late.

Mr. MONAGAN. Thank you, Senator. I certainly agree that the communications aspect of the conventions does get into the realm of public interest. To a degree, we move from private enterprise.

I think, too, that all of us can profitably set up another objective. That is to give the convention back to the delegates, because we know that between the Boy Scouts and the Young Democrats and the Women Strike for Peace and everything else, including the commentators and the announcers, the delegates play a very subordinate role in the convention. Perhaps some way of dealing with that problem would bring about a partial solution of the problem that you refer to, Senator Morton.

Senator GORE. In that connection, I would like to relate that I was a delegate to the convention held in New Jersey to which the Senator from Kentucky makes reference. It happened that one day, I was seated in the convention hall at a spot where I could watch television and the convention simultaneously. They were two entirely different shows. The television industry was concentrating on tangential squabbles and it was so—what I was watching on television was so contrary to what was going on in the convention that, out of curiosity, I went outside to see what was going on. And I found television industry people setting up squabbles, conflicts, and at the proper time, the camera would appear and the fracas would occur. And after the television camera was gone, the fracas was over. The convention, meanwhile, was going on inside, but the American people were watching something that was entirely untypical. So if we are going to make a great accommodation for the television industry to cover the conventions at minimum expense, there ought to be some rules of coverage to give to the American people an honest insight, and accurate insight into the conduct of the convention.

Mr. MONAGAN. Management of the news is not restricted to the executive branch of the Government.

Senator MORTON. I might say, if my friend would yield, he was perhaps attending the Democratic Convention, watching the Republican Convention.

Senator WILLIAMS. The Senator from Kentucky mentioned the Williams amendment dealing with the advertisement features of the programs at these national conventions. That amendment did not extend to bona fide advertising when the proceeds were used to defray the costs of the convention. Those were recognized before, they are still permitted today. What my amendment did prohibit was the use of proceeds from these convention programs—in the particular case they were charging $15,000 a page, and then using the proceeds to defray the cost of the political campaigns thereafter, which, in effect, made them contributions. They were contributions even though they were labeled "advertising expenses"—they made those contributions under a ruling of the Treasury Department deductible for business expenses, charged off by the corporations and it was an indirect method of allowing corporations to contribute to the political campaign itself

In my opinion, there was no basis whatsoever for any such ruling ever having been approved in the history of our Revenue Department, no ruling similar to that had ever been approved prior to 1964, at which time they approved the donations and contributions of political campaigns in the extent of about a million and a half dollars to the Atlantic City convention and ruled those all as legitimate business expenses. My amendment overruled a ruling which should never have been made and which there was no basis in law to start with at all in my private opinion.

Senator MORTON. I am glad to get that straightened out, because it was a problem in my mind.

The CHAIRMAN. Senator Metcalf?

Senator METCALF. Mr. Chairman, I also appreciate the attendance of Congressman Monagan. I want to say that I am grateful for his contribution. I welcome an old personal friend with whom I served in the House to testify to the committee.

I suggest, however, Congressman, that we cannot quite draw an analogy with the parliamentary systems. We have a fixed date for election of the President and people who desire to be President aim at that date, whereas in the parliamentary systems, they can call an election at any time that the party in power feels it either has a vote of no confidence or feels an election should be called. So control of elections and the shortening of elections is easier in Canada or England or India than it is in the United States.

Now, the Senator from Kentucky, who has a great experience not only as a Senator but in managing, is former chairman of his own party, has suggested that these things could be done by working out some agreement between the chairmen of the two major parties. But we cannot prevent these long campaigns, both for the President and for Congressmen and Senators, in the preliminary campaigns right now. You drive down Pennsylvania Avenue and you drive past the White House and all at once you see a Nixon for President headquarters. I do not know whether that is authorized by Mr. Nixon or not. Even if it is not, this joking is certainly justified when we have to aim at a direct presidential election date. So even with legislation such as yours, I do not see quite how we can shorten all these campaigns except by definite agreement between the parties and holding the general election campaign at a later date, after the conventions.

Mr. MONAGAN. I think there is a limitation on what you can control or perhaps should control. One of the difficulties in obtaining agreement about the campaign length by the chairmen of the respective parties is that there is always one party whose leaders think that by the use of a little bit more time, they are going to prevail. One is always the incumbent, one is always on the outside. I think, however, with reference to Canada and England, that the party which is out of power is even more at a disadvantage than in the United States, because not only do they have short campaigns, but the time of the election day itself, as you suggest, is purposely kept from them. Yet they still think that that is sufficient time for the campaign.

Senator METCALF. I am in complete agreement with your proposition that in modern times, in this electronic age, with the communications facilities that we have, we could shorten the campaign. I just have some misgivings as to how we can control people or clubs or individuals who are so enthusiastic for their candidates to try to

bring them to the attention of the American people, their own ideas about the presidential candidates. Sometimes these campaigns are long and drawn out because the party in power certainly does have an advantage.

Certainly you have made some constructive suggestions that we should try to work out something within the framework of our system, which is not quite analogous to the parliamentary systems abroad.

The CHAIRMAN. I have a voucher plan bill for the presidential race. It provides on page 13 that no certification for reimbursement could be made with respect to presidential expenses incurred before September 1 of the year in which the election is being held. That would limit payment for campaign expenditures to maybe 69 days. So it does contain some of the philosophy you have here.

There are no more questions.

Thank you very much.

Mr. MONAGAN. Thank you very much, Mr. Chairman.

(The articles previously referred to follow:)

[From the Washington Post, Monday, Nov. 9, 1964.]

POLITICS—A MOVE TO SHORTEN CAMPAIGN

(By Edward T. Folliard)

Now that it is all over, some of the politicians are echoing what many voters said of the 1964 campaign—that it was too long, on the dull side, and, finally, a bore.

Rep. John S. Monagan (D-Conn.) has announced that, when the 89th Congress meets in January, he will introduce a bill to limit presidential campaigns to 60 days.

"Our American electoral circuses are ridiculous," Rep. Monagan says. "They are wasteful in money and time, and they exhaust the nervous and physical resources of the candidate. Above all, after the first informative period, they bore the elector and thus fail to serve a purpose.

"There is no reason why our campaigns cannot be carried on with dignity and brevity. Canada, Israel and India do it. Why can't we?"

Senator Hubert H. Humphrey, the Vice President-elect, agrees that "the public becomes a little tired" of America's long-drawn-out campaigns. In a taped interview with Ray Scherer, a National Broadcasting Co. correspondent, who traveled with him, the Minnesotan said:

"Maybe we can have a little bipartisan soul-searching and negotiation and come to an understanding that it might be well if we had our political conventions . . . in September rather than in July and August."

Senator Humphrey said that there could then be two weeks of preparation "and maybe a six weeks' campaign instead of a ten weeks' campaign."

President Johnson, the big winner, hasn't been heard from on this, but he would be very much surprised to hear anybody say that the campaign was dull, a bore. For him it was a thrilling experience that seemed to bring him stimulation rather than fatigue.

The Texan probably is the most thoroughly political man ever to occupy the White House. Politics is for him both a vocation and an avocation.

He looks upon a crowd at an airport or along the streets as political treasure. He wants to get close to that treasure, and that is why he plunges into crowds and reaches out for them until his own hands are raw and bleeding.

Mr. Johnson was confident of winning a four-year term from the time he took over his office; he was certain of victory once the Republicans had nominated Sen. Barry Goldwater. It was really not necessary for him to go out on the campaign trail, and he knew it, but he chose barnstorming and loved every minute of it.

The really brutal part of campaigning for the Presidency is not what comes after the big political conventions; it is the part that comes before them—that is, fighting in the primaries for delegates in order to win a party's nomination. This involves trudging through the ice and snow of New Hampshire, which holds its

primary in March; dashing then to the other side of the continent to campaign in Oregon, and on and on.

That was the biggest ordeal for the late John F. Kennedy on his way to the White House.

It was an ordeal for Adlai Stevenson, too, not in 1952 (he was drafted that year) but in 1956 when Estes Kefauver gave him a battle for the Democratic nomination. Ambassador Stevenson is not an unfriendly man, but he thought Sen. Kefauver overdid the handshaking business.

However, having been forced into it, Stevenson engaged in a handshaking duel with the Tennessean in a Florida primary. In his quest for hands to shake, he went into department stores, shipyards, liquor stores and barber shops. He won the Florida primary but he later said that kind of campaigning was "lunacy."

[From the New York Times, Nov. 17, 1964.]

Is This Convention Necessary?

It is none too soon, as we observed a day or two ago, to make a serious effort to shorten the quadrennial Presidential campaign. It is also none too soon to undertake a revision of the national political convention in order to make it something more than the archaic and disorganized jamboree it has become.

The essential ailment of the conventions as they now exist is technological lag. In the days of the horse-and-carriage and slow surface mail, a national party convention lasting a week or more every four years was necessary and useful. People who rarely came together needed that much time to get acquainted and to do their business. Delegates often balloted forty or fifty times before settling upon a nominee for President.

Radio was the first intruder on the old, closed world of the long party convention. Ever since radio reported the Democratic convention of 1924 in all its rancor and tedium, the pressure has been on the leaders of both parties to speed up their proceedings. That convention took 103 ballots to choose a nominee; no convention of either party has since needed more than six.

Television has even more profoundly altered the character and coherence of the convention. The keynote speaker and other orators who used to bellow happily for an hour or more to the furthest balconies now think first of the bemused citizen viewing them close up on his home television screen. Previously, the innumerable seconding speeches served the purpose on enabling the lesser party figures to be heard and looked over by their political peers—the other delegates. Now, however, camera towers and other impediments of television have distorted the physical arrangements within the hall to such an extent that many delegates would with good reason rather watch a convention than attend one, Ironically enough, the network—fearing to bore the viewers back home—shift their cameras during the minor speeches from the rostrum to their own commentators. No one, therefore, gets publicity exposure from these speeches except the network, "anchor men," who scarcely need it.

What is to be done? The convention might well be limited to the only activity that now interests most of the delegates and most of the public—the nomination of candidates. If the oratory were cut back to one talk by the presiding officer or some other prominent leader, then the calling of the roll for nominations, the balloting and the acceptance speeches could easily be completed in two or three days.

The party platform would gain importance and fresh seriousness if it were divorced from the nominating procedure. A much smaller and more leisurely party conference could consider the platform before the Presidential election.

Short conventions and a short campaign—these would vastly improve the Presidential election.

[From the Ansonia (Conn.) Evening Sentinel, Nov. 3, 1964.]

Shortening the Campaigns

Congressman Monagan had been the author of a bill in the last session which would have limited the politicking period to 60 days—as is done in England.

The Fifth District representative thinks the lengthy campaign just ending offers substantial proof of the need for some such measure. The people get wearied of extended campaigns.

How many have you heard remark: "I'll be glad when it's over."

And don't think candidates don't get exhausted, and aren't glad when the hustle and bustle ends.

Besides, perhaps a shorter campaign would mean less money spent in the drives for votes—maybe.

There's only one drawback—the incumbent, whatever he does, and whenever he does it, can always get in a few political licks, and long before the start of the 60 day period.

And the outs won't take it lying down if they can't give tit for tat.

[From the New York Times Magazine, May 8, 1960.]

CAMPAIGN FOR SHORT CAMPAIGNS—A CONGRESSMAN CONTENDS THAT MANY ILLS OF OUR PRESIDENTIAL ELECTION SYSTEM COULD BE REMEDIED SIMPLY BY CUTTING THE TIME BETWEEN CONVENTIONS AND ELECTION DAY

(By John S. Monagan)

WASHINGTON.—Any thoughtful American must admit that our Presidential campaigns have got completely out of hand. When it comes to the method of choosing our principal administrative officer, we rank at the bottom of the list of democratic countries.

I find myself looking enviously at the efficient, brief and effective manner in which England and Israel, for example, select their national governments. The contrast with our quadrennial Roman circus is no compliment to our political maturity.

Our campaigns are objectionable for many reasons.

They are over-elaborate. Is there any real need for the pageantry and pomp? Do they really contribute to our understanding of the basic requirements of the country? Is it necessary that we have not only buttons and posters and newspaper advertising but also the live elephants and the prancing donkeys, the squads of winsome models and the helicopter rides? Is the apathy of the voting public so abject that it ran be dissipated only by this sort of emotional shock treatment?

Our campaigns generate more heat than light. What begins as a sober discussion of national problems degenerates into an exchange of epithets and limping, laboratory-created catch phrases. Frenetic politicans shout about "slave-labor laws" and "red herrings" and "traitors to democratic principles" and "twenty years of treason."

In the "give 'em hell" slam-bang campaign, candidates of stature often are pressed into positions that are not representative of their real thinking and that are not at all conducive to the enlightenment of the public, the objective of any campaign. One thinks, as an example, of the subsequent rueful apology of the late Wendell Wilkie for his assurances during the 1940 campaign of American nonintervention in the European war. He justified his promises as campaign exuberance.

Campaigns are unduly expensive. No one can say how much is really spent for a Presidential election, but estimates run as high as $33 million. Democrats and Republicans spent over $7 million for radio and television alone in 1956. The Democratic National Committee as of this date is still $250,000 in debt as a result of the 1956 contest, and no one who has read of the pathetic week-end hat-passing to which the Truman emissaries were forced by opposition expenditures in the 1948 campaign can be happy about a custom which requires this unseemly scramble for funds.

Inevitably, too, as the devices become more elaborate and the demands more extreme, the fund-raising becomes more dubious and the resort to questionable sources and means becomes more common. The temptations inherent in this helter-skelter collection and distribution of vast sums have led to legislation like the imperfectly enforced Hatch Act and to laws limiting contributions.

They have also resulted in various suggestions—that private campaign contributions be eliminated entirely, that reasonable election expenses be paid for by the Government or even that radio and TV networks, as public monopolies, be required to allocate regular program time to Presidential hopefuls. Senator Hubert H. Humphrey, always fertile in ideas, has come up with the suggestion that we inaugurate what I have called a "political community chest" which would finance campaigns by donations from millions of small contributors.

Our campaigns emphasize the unimportant. They consume time and energy with silly ceremonies—with donning Indian headdress, milking cows and laying wreaths. They require candidates to perform endlessly before audience after audience of sworn supporters instead of allowing them to preach to the unconverted or to persuade the unconvinced.

They also interrupt our dealing with the problems of the country and of the world. Once the election machinery starts grinding, the chancelleries of other nations lock up their files on American affairs and declare an unwilling recess in the discussion of vitally important international issues.

The most regrettable aspect of our campaigns is their physical effect upon the candidates themselves. Most of us can recall Wendell Wilkie stumbling through the final days of the 1940 contest, his eyes heavy with fatigue and his voice reduced to a hoarse croak. And I well remember seeing Adlai Stevenson, in New Haven in 1956, so tired that he could not have said whether he was in Connecticut or Illinois, losing his train of thought during his speech through sheer fatigue, and then, after the meeting, being stood up against a wall by party wheel-horses to pump the hands of the faithful.

In spite of improved communications, the trend today is toward more traveling and more speaking, instead of less. In 1932, Franklin Roosevelt traveled about 15,000 miles and made about 100 speeches. In 1956, Adlai Stevenson traveled 75,000 miles and made 300 speeches.

It is obvious therefore, that there are many ways in which our campaigns can be made more effective and I suggest that it would be a distinct public service to provide some measure of improvement.

I believe that the principle place to attach the abuses which I have described is on the point that can most easily be adjusted—the length of our campaigns. If the campaigns could be shortened, I am confident that many of the other objectionable features would be reduced and possibly eliminated.

Under our present system, the Democratic convention will open at Los Angeles on July 11 with the nomination coming on or about July 14, while the Republican convention will open at Chicago on July 25, with the nomination coming on or about July 29.

Since election day will be Nov. 8, there will be nearly four full months between nomination and balloting for the Democrats and almost three and a half for the Republicans. And, candidates being competitive, and campaign managers being insistent, this means that the candidates will begin peddling their wares as soon as they decently can after the close of the convention.

Surely, these contests are now too long; undoubtedly their prolongation beyond a certain stage yields no dividends for the country or for the candidates themselves. What that stage is no one can say exactly, but that it exists is certain.

My own boiling-point may be abnormally low, but I feel that all the amenities and necessities of an election debate could easily be satisfied in two months. The British, whose campaigns used to run on for several months now hold them to approximately twenty days from the time of the issuance of the original writ to the day of election. (Churchill posited a seventeen-day period in the crucial post-war election of 1945). No one has ever suggested that English candidates suffer as a result.

Certainly I would not want to choke off any Presidential aspirant so long as his labors served a good purpose, but when he begins to talk more and more to himself, and his audience resolutely switches to "What's My Line?" or "Gun Smoke" through sheer boredom, I submit that the time has come to ring the bell.

(It should be noted that the deadening effect of too much campaigning upon the candidate and upon the public results in part from the time involved in primaries, which must be added to the Presidential campaign itself. But primaries are regulated by state law and their limitation on a national basis would run into technical and practical difficulties that would not be involved in the regulation of national elections.)

As a start toward solving a critical campaign problem, therefore, I have introduced two bills in Congress to limit our Presidential campaigns to sixty days from nomination to election.

House Resolution 9584 provides that no person nominated over sixty days before the election date shall run for the office of President. House Joint Resolution 547, which is calculated to eliminate Constitutional objections, proposes an amendment to the Constitution that would place in the qualifications for the Presidency a requirement that the Presidential candidate be named within sixty days of election day. These bills would have no effect on the 1960 campaign.

There is, of course, no magic in the sixty-day period. It simply seems to be a reasonable outside limit. (Laos nominates forty-five days before the actual balloting date: the Israelis average sixty days for their canvass). A shorter period than sixty days would be perfectly acceptable to me and I believe that six or seven weeks would be entirely adequate.

In considering the advisability of shorter campaigns, it is illuminating to hear what the experts have to say. Surely no more reliable testimony could be elicited than that from men who have been through the campaign mill themselves.

Senator Thomas J. Dodd, who in 1958 battled his way through a combined primary and election campaign in Connecticut, wholeheartedly agrees that Presidential campaigns should be shortened.

"Campaigns are much too long," he says, "and also much too costly. The British have real controls and enforce them and I think we've got to come to it here, too. It's the only way it can be fairly done because nowadays the amount of money spent is just shocking and unnecessary."

Senator Dodd adds his opinion that the campaign should really not be of more than four weeks' duration.

Representative Chester Bowles, who was Dodd's main opponent in the Connecticut Senatorial primary contest, not only would limit Presidential campaigns to sixty days but would extend the limitation to all contests involving candidates for Congress and state office.

"This is not a question merely of ever-growing financial costs, many of which are far greater than our political parties, the candidates or their supporters can be expected to meet," Bowles says. "It is also a serious question of the wear and tear on the candidates themselves, the nervous exhaustion, the endless speech-making and the sleepless nights of travel and talk."

Senator Hubert Humphrey, when he paused temporarily in the midst of the recent Wisconsin primary, expressed the fervent hope that the limitation might be extended to primary campaigns as well as regular elections.

Senator Estes Kefauver, who slogged his lonely way through mile after mile of primary contests and then went through a Presidential campaign as candidate for second place on the ticket in 1956, believes that some restriction is advisable.

"I certainly can understand," he says, "how a long campaign can be a drain on the physical and emotional resources of candidates. No one knows this better than I and I would be in favor of doing anything possible, within Constitutional limits, to shorten the campaign period."

Jim Farley, not unacquainted with Presidential campaigns, agrees with the objectives of shortening them, as does Paul Butler, chairman of the Democratic National Committee. Senator Thruston B. Morton, chairman of the Republican National Committee, also approves the purpose of the bills.

All three, however, have some reservations—natural enough in those concerned with the mechanics of campagins and bound by tradition.

Farley feels that "the idea is all right," but that there might be a time problem in getting the national campaign machinery under way in a shorter period. Butler says that "long campaigns impose an unconscionable physical drain on the candidates," but he is chary of any limitation "that might prevent the American public from fully knowing the candidates or understanding the issues."

Morton says, "I certainly agree that a long campaign is tough on the physical and emotional resources of the candidates and party managers." He would move warily, however, on any limitation of the time which might be available to establish customary campaign apparatus. He has some feeling that the size of our country makes our problem different from that of the British. He also believes that the primary is a greater drain on candidates than final election, but he asserts that these qualifications in no way lessen his sympathy for the "end objective" of limitation.

I concur with everything that these professionals say, but I submit that the two-month period, properly used, provides adequate time to accomplish the purposes they set forth.

Of course, there have been objections to my proposal. It is pointed out that the Presidential nominee is the head of a ticket on which many others, including Senators and Representatives are running, and that their demands for a personal appearance by him to help them necessarily make for a long and grueling campaign. It is my opinion that the value of such appearances is overrated and that they can be largely eliminated with profit to the candidates and without injury to the ticket. Even now, off-year and special elections do not enjoy the presence of Presidential candidates and they have adequately served their traditional purpose.

Some also feel that my proposal flies in the face of the American tradition of giving free rein to political discussion. Others believe that any such limitation would prove beneficial to the party that was better financed. Still others point to specific campaigns—such as the Truman 1948 election—and argue that they would have resulted otherwise but for the length of the canvass.

I find none of these arguments convincing. Proper organization can adjust itself to a different time schedule. To the Trumanites I would say that a twelve-month campaign would probably have several shifts of voter sentiment depending on economic or political developments, but that is no reason to make our campaigns longer than they are.

Apathy and an unwarranted regard for tradition will suggest reasons against change. But the full realization of our democratic potentialities requires that we suppress our native exuberance, cut out the unnecessary horseplay and get back to the real purpose of campaigns—the discussion of the issues affecting our national destiny and the selection of the candidate offering the greater evidence that he will meet those issues with courage and vision.

Shortening the Run

[From the Hartford Times, June 1, 1967.]

Once again agitation is beginning for shorter presidential campaigns.

The latest efforts have been launched by Senator John J. Williams, Delaware Republican, who says that the best way to cut impositions implicit in skyrocketing presidential election campaign costs would be to slash the campaigning period drastically.

Senator Williams thinks that five weeks would be sufficient campaign time in contrast to the present custom of carrying on for two or more months.

Congressman John S. Monagan, who represents our Fifth District, has been agitating for years for shorter election campaigns. He has said that he considers about 60 days enough for candidates to explain their views to the voters.

This is a huge country. It used to take a lot of time for candidates to cover even a small part of it in person. But radio, television and swift air transportation have erased the earlier necessity for protracted campaigns.

Today, candidates can get their messages into millions of homes in a single day and touch half a dozen states to address the people in several cities on one brief tour.

After the first few weeks of campaigning, candidates begin to hash over the same topics with such frequency the people tend to become fed up and lose interest.

Shorter campaigns are going to come some day. Why not in 1968?

[From the Meriden (Conn.) Record, May 30, 1967.]

Shorter Political Campaigns, Later Conventions Suggested

WASHINGTON (AP).—Sen. John J. Williams, R-Del. has said the best way to reduce soaring presidential election campaign costs would be to shorten drastically the campaigning period.

Williams told a reporter he has written to the Republican and Democratic national chairman, Ray Bliss and John Bailey, urging them to consider campaigns of about five weeks, rather than two months or more.

Both men presumably will be invited to testify in public hearings which the Senate Finance Committee will open Wednesday on the question of government financing of election costs.

The Delaware senator, senior Republican on this committee, said he hopes Bliss and Bailey will appear and be prepared to comment on his letter to them.

NOT NEEDED

"The very things which have caused much of the increase in the cost of campaigning—television and the jet airplane—have made it unnecessary to continue with our present long campaigns," he said.

"Now, any place a candidate speaks, he can be seen and heard by every voter in the country. Since this is true, I think five weeks is ample time for a presidential campaign.

"Anything beyond that is bound to be repetitious and boring."

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LATER CONVENTIONS

Williams said he has urged Bliss and Bailey to consider holding the national nominating conventions in September. If this were done, he said, the campaigns could begin about Oct. 1, allowing five weeks before the November election date.

The present custom is to hold the conventions in July or August, or sometimes even in June. The campaigns normally get into full swing by Labor Day but often begin earlier.

Williams was a leader in the recent successful fight in the Senate to render inoperative the key sections of the 1966 presidential campaign financing law.

This law could have made available up to $30 million in federal funds each to the Democrats and Republicans in next year's White House battle.

Williams said he remains opposed to any substantial government financing of campaigns because he believes it would be subject to many abuses.

But he said he might be willing to accept a carefully limited provision under which the government would pay for a few national telecasts for each candidate.

AGAINST FREE TV

He said he does not think the networks and TV stations should be forced to provide these free, as some legislators have proposed, but that they should reduce charges "since they are operating with a public resource on a government license."

President Johnson, in his Thursday message to Congress on campaign financing, urged that government funds be used to pay for the major costs of presidential campaigning including TV and travel.

But he left it up to Congress to decide what sum should be made available.

The Delaware senator said his own proposal which he plans to introduce this week, will include besides a ban on all campaign solicitations from federal employees:

—A special income tax deduction for political contributions up to $100.

—A requirement for complete reporting of contributions and expenditures by political committees.

—Broadening of the corrupt practices act to cover primary elections.

[From the New Haven (Conn.) Register, May 31, 1967.]

A SHORTER CAMPAIGN? PEOPLE WOULD LOVE IT

Delaware's Sen. John J. Williams long has been a champion of preserving the public purse. Now he well may aspire to yet another title, and one certain to be equally popular with the American public.

His suggestion that the presidential election campaign period be cut from its current two months or more to a five week period carries tremendous appeal—practical, political and in terms of saving public eardrums and eye sight. This, of course is to say nothing of the eased pressure on jangled nerves which arises from overplayed political fulminations and the long and painful series of charges and counter-charges, accusations and denials, most of which give rise to a wearied boredom not unmixed with frustration.

Senator Williams suggests this drastic reduction in campaigning time with a major objective that of reducing ever-soaring campaign costs. The need for this is apparent, both in terms of soaring election expenditures by both parties and in terms, as well, of the bitter feuding which attended the congressional effort to tax the public for campaign costs.

Shortening the campaign certainly should open doors to saving millions in campaign expenditures. This idea is one which thus should be extended to every level of campaigning. Candidates for Congress, and those for lesser state and municipal offices as well, now over-spend excessively and unnecessarily. Any citizens subjected to week after week, if not month after month, of hammering and harranguing by contending candidates certainly will likewise agree that they over-talk, excessively and unnecessarily.

From the purely practical standpoint most astute political observers will agree—in private if not in public—that few voters are won—or lost—by long campaigning. Most voters, in fact, have their minds made up in advance as to parties and candidates they intend to support. Changes and shifts it is true, come during the very early stages of a campaign when platforms and promises are first presented.

After that? Nothing, in most instances. Boredom, if not angered rejection, in practically all instances.

Senator Williams reports that he has written to the two major party national chairmen, Democrat John Bailey, Republican Ray Bliss. One or both of them can win a lot of friends and influence a lot of people by giving the Williams' suggestion personal endorsement. This would be particularly so if one of the two is lucky enough to get there fustest with the mostest.

[From the Congressional Record, Jan. 14, 1965]

SHORTEN PRESIDENTIAL CAMPAIGNS

The SPEAKER pro tempore (Mr. Albert). Under previous order of the House, the gentleman from Connecticut [Mr. Monagan] is recognized for 15 minutes.

Mr. MONAGAN. Mr. Speaker, my first action after receiving the oath of office for my fourth term as Representative in Congress from Connecticut's Fifth Congressional District, was to file House Joint Resolution 16 and H.R. 96, both of which limit presidential campaigns to 60 days. I ask permission to append the text of these bills to my remarks.

I have advocated legislation of this character since I came to Congress in 1959. Through the years public support for this objective has been mounting, but I am frank to report that the enthusiasm which is registered during and immediately after each succeeding presidential campaign tends to wane after the campaign is over.

I have compiled a substantial file of supporting statements, the most recent of which has come to me from Vice-President-elect Hubert H. Humphrey, and it is gratifying to note the growing interest among peoples at all levels of the community who have communicated with me to urge that I continue my efforts toward enactment of this change in our election procedures.

I am not speaking for myself particularly in urging an abbreviated campaign, for those of us in the House who serve active districts realize that we must campaign in one form or another without letup from one year to the next. However, the protracted and unseemly circus type of presidential campaign that is known only in this Nation is, in my opinion and in the opinion of many others, an expensive, boring, unnecessary and provoking imposition upon the public, and an exhausting and shattering experience for the principal candidates themselves. I am convinced that excessive exposure soon leads to boredom and lack of interest on the part of the electorate and thus frustrates the main objective of the candidates—discussion of issues with the people.

India, England, Canada, Israel, and many other nations of the world perform their national electoral tasks in roughly 30 days, and I believe that we would be well advised to follow their example. I have long been convinced that this vaudeville circuit type of American campaign should have passed into oblivion with the departure of the stagecoach and the carrier pigeon. Today our transportation and communication facilities are such that lengthy campaigns are no longer necessary. Our campaign procedures are certainly not in keeping with the potentials and realities of the jet plane, television, radio, and the thorough reporting of our news and information media.

I have asked my colleagues in the House to join with me in urging immediate consideration of H.R. 96 by the Committee on House Administration and House Joint Resolution 16 by the Committee on the Judiciary. The former disqualifies from office any candidate for President or Vice President who was nominated for the office more than 60 days before the day established for the appointment of electors of President and Vice President of the United States for that term. The latter deals with the problem through amendment of the Constitution, placing in the qualifications for President and Vice President a requirement that no person nominated for the office shall be eligible to serve if the nomination was made more than 60 days before election day.

In further support of my proposals, I want to make available to the House copies of letters, statements, newspaper editorials, and radio commentaries which I shall submit to the appropriate committees at the appropriate time. Certainly these comments eloquently testify to the need for a reduction in the time of our campaigns, a cutting down in our expenditures and a proper use of the energies of our candidates.

Following is the text of House Joint Resolution 16:

H.J. Res. 16

Joint resolution proposing an amendment to the Constitution of the United States relating to qualifications for election to the offices of President and Vice President of the United States

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, and shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"Article—

"Section 1. No person nominated as the candidate of a political party for election to the office of President or Vice President of the United States shall serve in such office for the term for which he was nominated if such person was nominated with respect to that election as the candidate of such political party for such office more than sixty days before the day established for the appointment of the electors of President and Vice President of the United States for that term.

"Sec. 2. This article shall take effect at the beginning of the first calendar year which begins after the date of ratification of this article.

"Sec. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

Following is the text of H.R. 96:

H.R. 96

A bill to establish certain qualification for election to the offices of President and Vice President of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no person nominated as the candidate of a political party for election to the office of President or Vice President of the United States shall serve in such office for the term for which he was nominated if such person was nominated with respect to that election as the candidate of such political party for such office more than sixty days before the day established for the appointment of the electors of President and Vice President of the United States for that term.

U.S. Senate,
Washington, D.C., November 25, 1964.

The Honorable John S. Monagan,
New House Office Building,
Washington, D.C.

Dear John: Thanks so much for sending to me a copy of your bill to establish a Federal Presidential Election Board.

I fully agree that we must think seriously about commonsense ways and means to limit the length of our presidential campaigns. Believe me, I know from experience.

I know your interest in this problem will be of substantial importance in pursuing the kind of solution which is acceptable to our political parties and the people of the United States.

Best wishes.

Sincerely,

Hubert H. Humphrey.

[From the Meriden (Conn.) Morning Record, Jan. 6, 1965]

Representative Monagan's Bill

As Congress convened this week, Representative John Monagan, whose expanded Fifth District now includes Meriden, has introduced again a bill to limit presidential election campaigns to 60 days.

This is not the first time Congressman Monagan has proposed such legislation, but if experience is of any value, his bill should attract greater support during

this session. The 1964 election campaign is still fresh in the minds of the voters and of the candidates, and there is general recognition that a long drawn out campaign is no longer necessary.

Time was in an earlier era when it was necessary to have a long campaign. Means of transportation were fewer and slower then. A candidate went from region to region by train, and it took longer to cover the country. There were no airplanes to enable him to speak in San Francisco and New York within a matter of hours, if necessary. There was no television to bring his image and his argument simultaneously into every home in the land.

Now that these means of communication are available, the need for a long campaign no longer exists. Under present conditions, the protracted campaign is a disservice; it exhausts the strength of the candidates; it tries the patience of the voters, wearying them to the point of disenchantment with the democratic process; and it is needlessly expensive.

In terms of time, money, conservation of energy, and political efficiency, the Nation would be well served if there were a limit imposed on the length of the presidential election campaign. Congressman Monagan's bill recognizes this need. Examination and debate may lead to some modification, but in essence his bill is sound and deserves to be approved.

[From the Sacramento Bee, the Fresno Bee, the Modesto Bee, Jan. 5, 1964]

To Absurd Lengths

The clamor is mounting to shorten appreciably the extraordinary circus which occupies American life every 4 years—the presidential campaign. Old ways die hard, however, and few expect urged reforms will be resolved by 1968.

Look at England. Its recent elections for Parliament produced campaigns lasting but 3 weeks and nothing important was left unsaid. The most recent Canadian election lasted but 30 days; there were no complaints from the voters that they could not make up their minds in this time.

By contrast, the American presidential election campaign in 1964 began really in January with the primaries and drummed on, ad nauseum, through October. How is an officeseeker to fill that near vacuum responsibly and intelligently?

There have been many suggestions for reform.

Congressman John S. Monagan of Connecticut introduced legislation, which died aborning, to limit the presidential campaign, convention to election, to 60 days. U.S. Senator Thomas J. Dodd of Connecticut has suggested a 4-week campaign.

There is no reason whatsoever to justify the tiring, grinding campaigns, now fantastically costly. They produce little heat, less light. There was a time perhaps when they were necessary, when candidates stumped by buggy and by train and when it took time to reach the people. In this age of instant communication, however, the long campaign has become an absurdity.

[From the New York Times, Dec. 27, 1964]

Shorter Campaigns Wanted

To the Editor:

Every thoughtful American must share your editorial concern about the appalling cost of modern political campaigns. Croesus has a more effective claim upon high office than Pericles.

The 30-day campaign limit as employed in other countries suggests one way to reduce costs. It makes sense financially and psychologically for a nation blanketed by communications media which are intensive.

Even more to the point is the proposal that publicly licensed communications media ought to earn their franchise by providing free broadcast time to parties in rough proportion to voter registration.

The published expense figures for the last election suggests that national chairmen would rejoice in such a proposal. I believe, furthermore, that such a scheme would provide bracing tonic for the body politic.

Bruce McClellan.

Lawrenceville, N.J., *December 15, 1964.*

[From the Bridgeport (Conn.) Post, Dec. 20, 1964]

Law To Limit Campaign Time

(By Carey Cronan)

Representative John S. Monagan's proposal that legislation be enacted to limit presidential campaigns to 60 days should meet with favor from most of the Nation if not from the majority of Congress.

Representative Monagan has proposed such a limitation before but his pleas have not produced any legislation to ease the burden of running for national office.

Whether he will secure effective support for the legislation to be offered next month is not certain but he will not be alone in endorsing such a restriction.

Just now, when the campaign is of recent memory, there is no doubt that most citizens are weary of being harangued not only in person, but over the airwaves and through the press, magazines, pamphlets, posters, pictures. They are weary of the arguments pro and con, weary of the free-flowing phrases, the histrionic rebukes, the gaudy slogans, the innuendoes, the reckless claims, the inadequate explanations, the soul searching, the panoply of issues, the appeals to pressure groups and by pressure groups, the obvious moves for voter support, the tremendous physical efforts, the bands and the bunting, the parades and demonstrations, the noise of the crowds, and the calculated statements never ending.

Democratic process: Of course there are some who say we should be thankful that the democratic process permits such freedom, such liberty to campaign and to be campaigned upon. That is correct but we can have too much of a good thing.

The cost of campaigning is itself a major item for the candidates and the parties, not only at the presidential level but all the way down the line. The longer the campaign the greater the cost will be and even at the congressional level it is questionable that the average citizen could even attempt to run for office in most of the districts of this country. Suggestions that tax deductions for campaign contributions up to certain amounts, be passed into law have not gotten beyond the stage of academic discussion. There are more people contributing today but substantial parts of the burden are borne by a few who are able to dash off a check in several figures.

Forever now: It is also difficult for a candidate who is heard and seen and recorded almost every waking hour to be forever new. He has to say the same thing over and over again and try to give it a twist that will deliver it up as a novel concoction fresh from his desire to be of public service. Television stars who have to come up with a new program weekly have found that in the long run they wear upon the public and inevitably wear out.

There was a time when an actor, even with a small repertoire, could glean success from county to county because he made one night stands and his audience was limited. Today the camera's eye reduces him to mediocrity if he makes too many appearances.

Humphrey's reply: Representative Monagan wrote to Vice President-elect Hubert H. Humphrey and the retiring Minnesota Senator replied: "I fully agree that we must think seriously about commonsense ways and means to limit the length of our presidential campaigns. Believe me, I know from experience. I know your interest in this problem will be of substantial importance in pursuing the kind of solution which is acceptable to our political parties and the people of the United States."

Situation watched: Representative Monagan says he is watching the situation around the country to see whay support he may get from the hustings. He feels that the new Congress may be willing to consider such restricting legislation to save the wear and tear not only on the candidates and their parties but on the Nation as a whole. Anyone who can't say what he wants to say in 60 days would be a pretty poor standard bearer and the voter who isn't able to judge the field in that time should be in the minority. No matter what happens Representative Monagan will stir up comment that may eventually help to find the answer the majority are seeking.

WATR Radio-TV,
Waterbury, Conn., December 4, 1964.

Mr. Elman: Our Congressman, John S. Monagan, is out to get legislation passed that will limit presidential campaigns to 60 days.

Mr. Monagan objects to long campaigns as being wasteful of money and time that "they exhaust the nervous and physical resources of the candidate" and bore the elector.

WATR agrees with Congressman Monagan entirely. We would add that in these days of mass electronic media communications a campaign longer than 60 days is not necessary. If a candidate cannot get his story over to the electorate in 60 days he won't do it in 120 days either. The last election campaign would seem to prove the point.

WATR congratulates John Monagan on another piece of forward looking legislation and hopes for its passage in Congress.

[From the Washington Post, Nov. 14, 1964]

FOR SHORTER CAMPAIGNS

In all American history there has been no more propitious moment than the present to strike a blow for shorter campaigns. Almost everyone was weary of the recent presidential consent before it ended. Many were almost frantically closing their eyes, plugging their ears and avoiding their friends. There was a strong feeling that everything had been said some weeks before November 3 and that prolongation of the uneven contest merely invited vituperation and the throwing of verbal grenades.

Now there is much talk of shortening the 1968 campaign, and Representative Monagan has indicated that he will introduce a bill designed to keep the cannonading within a 60-day period. Of course the two parties could accomplish the same result by agreeing to hold their conventions after Labor Day. That would allow 6 or 7 weeks of full-fledged campaigning, which is certainly ample. In these days of television, radio and many other means of mass communications there is simply no need for barnstorming of the type that every candidate used to think necessary.

[From the Meriden (Conn.) Morning Record, Nov. 13, 1964]

FOR A SHORTER CAMPAIGN

When Congress convenes after the first of the year Representative John S. Monagan of Waterbury, whom Meriden voters helped to reelect last week, will introduce legislation to limit presidential election campaigns to 60 days.

"There is no reason why our campaign cannot be carried on with dignity and brevity. Canada, Israel, and India do it, why can't we?" he asks.

Actually, there's no reason why we can't—if we want to. There are good reasons for wanting it, too, and never a better time to press for the legislation than right now in the wake of one of the dreariest and most bitter presidential campaigns within memory.

"Our American electoral circuses are ridiculous. They are wasteful in time and money; they exhaust the nervous and physical resources of the candidate. Above all, after the first informative period, they bore the elector, and thus fail to serve a purpose," says Representative Monagan.

The Congressman is right. Most of his constituents will agree with him and they will hope that a reasonable restriction can be put upon compaigns in future. All that needs to be said can be said in 60 days or less, and there will be a great saving not only in nervous and physical energy, but in money as well. The voters, the nominees, the political parties, and the Nation itself will benefit by a shorter presidential campaign.

[From the New Haven (Conn.) Register, Nov. 8, 1964]

LONG ELECTION CAMPAIGNS COSTLY, WEAR DOWN CANDIDATES, SUPPORTERS

(By James MacGregor Burns)

WILLIAMSTOWN, MASS.—Most voters and probably all candidates ended up the campaign agreeing on one thing:

Our election campiaigns last too long.

The final 2 or 3 weeks of this fall's battles were a dreary anticlimax. The exhausted candidates said little that was new. Their speechwriters cranked out the same old charges and countercharges. Many campaigns deteriorated into mudslinging as the candidates gave in to their frayed nerves.

Long campaigns are dull. After a few weeks people become bored by the tired old war cries. There is a natural limit to the extent that voters can focus their

attention. Our campaigns are like plays with especially long fifth acts that no one knows quite how to bring to a close.

Long campaigns are expensive. President Kennedy's Commission on Campaign Costs estimated that the total expenditures on behalf of all candidates for all public offices in the United States probably reached $165 million in 1960. Part of this cost is due to the sheer length of the campaigns.

ENORMOUS TOLL

Long campaigns are hard on the candidates. Both Barry Goldwater and William Miller felt that the presidential race had gone on too long. Senator Goldwater told a Delaware crowd that it would be good if "we could change this crazy system in this country whereby we have to campaign for months and months and months." The toll of endless intensive campaigning on men in their mature years—the toll of little sleep, constant pressure, sporadic voting, incessant clamor, worry, rush, irritations—must be enormous.

And long campaigns are hard on the voters. Most of them make up their minds much earlier during the campaign. They do not need all this time to come to a verdict. What can be done?

I have a simple proposal: Hold elections about 3 weeks earlier, around the middle of October. Zealous candidates would probably start their campaigns that much earlier, but there is a natural limit. August is not a good time to begin open campaigning because of the number of people on vacation. A mid-October election date would give candidates about 6 weeks for campaigning, which is more than ample. Party candidates could be chosen in primaries or conventions either during the summer or during the previous spring.

BRITAIN DOES IT

Six weeks may seem a short time compared to our present monthlong campaigns, but that period of time is enough to present the candidates and elucidate the issues. Britain conducts its national campaigns in a period of 3 or 4 weeks, and there are no complaints that the parties have been short of time to present their platforms and engage each other in debate. The shortness of the actual campaigns in Britain also compels the parties and politicians to engage in a moderate amount of year-round political activity and dispute—which also would be beneficial in this country.

A shorter presidential campaign would also help straighten out the awkward schedules that new Presidents now face. Under the present arrangement, the man who wins the Presidency does not enter the White House until January 20. This period of time was sensible in horse-and-buggy days, but today it subjects the Nation to a long interim period of confusion and delay while we wait for the lameduck President to fill out his term.

Another difficulty with our present scheduling is that the lameduck President must deal with Congress during the first part of January while the new House and Senate are organizing and beginning to take up their business. The new President does not take office and begin proposing specific measures until several weeks after Congress has assembled.

DECEMBER 1 INAUGURAL

A mid-October election date could help on both these problems. Such a date would enable the President to be inaugurated as early as December 1. His inaugural talk could lay out the broad design of his administration; he could still have December to line up his Cabinet and other major appointments and prepare the specifics of his program. He would then be ready at the beginning of January to present his legislative program to the new Congress. Governors and other executive officials in the States might also benefit from such a schedule.

The weather is a final argument for such a change. October 15 is a good time for ending electioneering across the tier of Northern States. After that time the weather turns colder, the days are much shorter (especially with the time change), and campaign color and excitement seem to decline. And considering the weather we have had at such inaugurals as John F. Kennedy's in January 1961, December 1 would seem a much more seasonable time for the big day in Washington.

[From the Waterbury (Conn.) Sunday Republican, Nov. 8, 1964]

AGREED, BUT * * *

"If the presidential campaign started all over again tomorrow, there would be mass emigration."

U.S. Representative JOHN S. MONAGAN has promised to reintroduce legislation limiting presidential campaigns to 60 days, and if millions of Americans who just about made it through the last one could influence Congress Representative MONAGAN's proposal might have some chance of adoption.

But it is generally believed that any congressional resolution telling the major parties what they should do is almost impossible to pass, and one that would cut down on their time to try to win votes would meet strenuous objection.

Not that Representative MONAGAN hasn't got a point. Long campaigns, even in an immense country with 50 States and nearly 200 million people, can become nauseously boring, as the recent presidential contest proved again. It was one of the least uplifting national campaigns within memory.

But we suspect that the nominating conventions are not going to be pushed closer to election day until the leadership of Mr. MONAGAN's party and the opposition party so desire. Perhaps sooner or later commonsense, voter outrage, or the hard bite of campaign expenses will lead the major parties to abbreviate their quadrennial efforts. In the meantime Representative MONAGAN will help if he keeps raising the question.

[From the St. Louis Post-Dispatch, Jan. 3, 1961]

MORE TALK OF CAMPAIGN MONEY

In the wake of a national election Congress invariably frets for a while about the high cost of running for public office. Last year was no exception. The House Special Committee To Investigate Campaign Expenses and Corrupt Practices conducted hearings when recollections of the biennial ordeal of the Representatives were still very fresh.

Judging by the past, these lose their sting rather rapidly. Yet since there always must be hope for reform, it is interesting that much emphasis was put on shortening campaigns. This would save energy, and maybe it would save money. Representative John Monagan, a Connecticut Democrat, spoke up for his bill which provides that no person nominated more than 60 days previous to the election shall run for President. Charles P. Taft, chairman of the National Fair Campaign Practices Committee, said that campaigns are so long that they become boring. Maurice Rosenblatt, of the national committee for an effective Congress, also favored shortening campaigns, but he emphasized that the law should require and enforce complete and rapid disclosure of all campaign contributions. And there, we believe, he came closer to the real need.

Gov. Luther Hodges, of North Carolina, who is to be Secretary of Commerce in the Kennedy administration, offered the opinion that no legal length on campaigns is needed since campaign managers avoid the saturation point. But he did add that it would be wise to put a ceiling on the amount of campaign expenditures, since, as it is now, the expenditures are far too great and put a premium either on wealth or dishonesty. He said: "I think stringent laws should govern contributions and expenditures."

The regulations now on the books are anything but stringent. The major national committees are held to unrealistically low limits, but the doors are left wide open for all manner of unreported campaign gifts. These are all too likely to come from persons with purposes which are anything but in the public interest. If money is not to taint democratic elections, there must be a reasonable limit on the amount to be used, and there must be full disclosure of its sources, insofar as possible before election day.

The necessary formula is clear enough, yet Congress after Congress has shied away from it. So long as this continues, there will be a shadow, more or less dark over the Members of Congress and all elected with them.

The CHAIRMAN. The second witness this morning is the general counsel of the Republican National Committee, Fred C. Scribner, Jr. Mr. Scribner, it is with a great deal of pleasure that we welcome you back before our committee. We all recall your excellent work as general counsel and Under Secretary of the Treasury Department in

President Eisenhower's administration and at that time we were privileged to have you before our committee on a number of occasions. Since then you have performed fine public service as the general counsel of the Republican National Committee and I was pleased to see that you were appointed by the Comptroller General to be a member of the Advisory Board to counsel the Comptroller General in the administration of the Presidential Election Campaign Fund Act. We will pay particular attention to your testimony this morning.

STATEMENT OF FRED C. SCRIBNER, JR., GENERAL COUNSEL, REPUBLICAN NATIONAL COMMITTEE

Mr. SCRIBNER. Mr. Chairman, the debates in the Senate and the hearings of this committee are effectively focusing the attention of the voters and certainly the attention of those interested in politics generally, on the very important problem of campaign finances, their proper source and so on. This attention is long overdue. This committee is to be congratulated for the attention it is giving to the problem. As a representative of the Republican National Committee, I welcome this opportunity to discuss this problem.

The Republican Party has long supported the principle that the finances of our political parties should rest on as broad a base of popular support as possible.

The sustaining membership program sponsored by the Republican National Committee demonstrates our support of this principle. In 1966, 81 percent of the total amount raised by the Republican National Committee came from contributions of $10 or less. We had almost 250,000 contributions of $10 or less.

The Republican Party urges the adoption of legislation providing tax incentives for political contributions in both primaries and general elections. Such incentives should permit the individual to decide which party or which candidate he desires to support.

In December 1965, the Republican coordinating committee urged the enactment of these principles.

We specifically favor legislation making political contributions tax deductible to an annual maximum of $100 for each individual; or $50 each for couples, where they are making separate returns.

Taxpayers taking the standard 10-percent deduction should be encouraged to contribute to parties or candidates by the addition of another line or provision to tax return forms, permitting them to take up to the $100 limit in addition to the amount of the standard 10-percent deduction taken on the short form. This is because many people do not give enough money to go above the standard deduction and they get a little plus, if you will, by taking the standard deduction. If you encourage them to make a political contribution by giving a deduction in addition to the standard, I think you will get a bit more money.

Contributions which qualify for deduction would be those made to any political committee or candidate for any Federal, State, or local office. This would therefore include primary campaigns.

We also favor the modernization of the existing statutes which provide limitations on expenditures, the amount of contributions, and governing reporting requirements.

I think in general, we support, by and large, the provisions in this area that have been submitted by the President in his most recent message.

The CHAIRMAN. I did not understand what you said about the President's recommendations.

Mr. SCRIBNER. The President in his most recent message has made recommendations as to removal of limitations on expenditures, the amount of contributions and the filing of information and, while we do not support all of them, in general we do support those parts of his proposal.

The CHAIRMAN. Could you tell me a little bit about the sustaining membership proposal and how that works? Does that encourage a monthly contribution or is that just an annual contribution?

Mr. SCRIBNER. That is an annual contribution program, and as I understand it, the program has attained results looked upon as impossible by advertising people. Some years ago, some of our staff people had the idea that people in general are willing to make contributions to political parties and political campaigns if they could be sure the money went into the party coffers and it was made easy to make a contribution. So we tried out a direct mail approach in which we asked people to give $10, the money to be used for current expenses and supporting the operations of the national committee. Donors would receive a small card saying: "You are a supporting member of the Republican National Committee." This started in a small way and the program has grown and grown.

In like fashion, during the 1964 campaign, on all of the major TV programs which were put on, an appeal was made for contributions to be sent in to pay for the cost of the program. I believe I am correct that in every instance, we received approximately enough money from volunteer contributions coming through the mail to pay the cost of the program. This again, we were told by advertising people, was something that would not happen.

This sustaining program has built up and built up and it has an ongoing momentum. We think that it is the way money should be raised, with small amounts from hundreds of thousands of people.

The CHAIRMAN. But how about those whose income is $5,000 or less. Would you not find that most of those people in that category could not afford to make the contribution? In other words, they need the money for other purposes?

Mr. SCRIBNER. Well, again, it is, I suppose, a matter of individual choices. Many of those people that you mention give their time and their service and their effort, which are really worth more than the money. They are people who stuff the envelopes and ring the doorbells and make the telephone calls. Even people in those categories have money for those things which they think are worthwhile. Again, those are the very people I think we ought to encourage to make contributions, because if you can get somebody to give you some money for your political organization, you are pretty sure you are going to get his vote. This is a good way of bringing in people who are seriously interested in the party and its candidates.

The CHAIRMAN. Do you have any knowledge of the amount of money that was raised by independent committees in support of the Republican candidates in the last election, or the election before that, for President?

Mr. SCRIBNER. In 1964?

The CHAIRMAN. Yes.

Mr. SCRIBNER. You are referring to committees on the national basis or to all committees everywhere?

The CHAIRMAN. The Republican Committee filed a statement to which many writers have adverted and we have used it ourselves, because it breaks down the expenditures of $14 million for campaign expenses.

Mr. SCRIBNER. Of $14.5 million, I believe.

The CHAIRMAN. It is the most detailed statement that we have available to us on how campaign money was spent. There is a chart which details $14,416,324. The Democrats did not give anything in nearly that detail. I was wondering if you had any knowledge of how much more money was raised and spent in that campaign beyond that $14 million that was accounted for by the committees?

Mr. SCRIBNER. No, sir.

The CHAIRMAN. That accounted for the Republican National Committee, the Republican National Finance Operations Committee, the Republican Campaign Committee, Citizens for Goldwater-Miller, TV for Goldwater-Miller, National Goldwater-Miller Committee, and Women Go For Goldwater-Miller. Do you have any information as to how much was spent by other committees than this in support of the ticket, or in support of either Mr. Goldwater or Mr. Miller?

Mr. SCRIBNER. What page are you reading from?

The CHAIRMAN. That is page 48 of this document here.

Mr. SCRIBNER. I think this report accurately summarizes the material filed in accordance with the statutes, with the Senate and the House. How much more than this was spent on the State level by committees operating in single States, how much more was spent by individuals, how much more was spent by so-called nonpolitical organizations—for example, labor organizations, I am afraid we did not get very much of that help, but it was a little—would be only a guess.

Also important, is the fact that the dollars spent were only part of the operation. In my own State of Maine, I would gladly forfeit any help we get from all the individual contributions exceeding $200 if we could have the help of the labor organizations, because the work they do and the contacts they have are worth more votes. But we don't have them. I cannot answer your question in any more than that detail.

The CHAIRMAN. Of course, some of us would forgo the support of the labor organizations if we had the support of the newspapers.

Mr. SCRIBNER. When you do not have any one of those, sometimes the State changes from Republican to Democratic.

The CHAIRMAN. Or vice versa.

I would applaud this document that you have published. I would imagine, however, and I invite your reaction, that a great many people do not like to be identified by their contribution. Do you find that? I find a great many people who would like to contribute, but do not like to divulge their contribution.

Mr. SCRIBNER. From reading this book, I think you will find that some individuals contributed to both parties. There are some who, for one reason or another, like to have insurance on both sides. Certainly those people are not too enthusiastic about having the other side know that the contributions go both ways.

It is true, I think, that in some places, they are still pretty serious about their politics and people are a little reluctant to spell out just exactly what they do. I have never found that open participation in politics was a handicap, but some people, particularly those dealing with the public, seem to think that if they are partisan on one side or the other, it affects their business.

The CHAIRMAN. I have oftentimes felt that a person could well be justified in contributing to both sides just on the basis that both sides have to present their case—both sides need to be heard. The person could take the view that it is not a matter of great moment to him how the public votes, but he does think both sides have a right to be heard and the public, having heard the issue, would be in a better position to judge how it wanted to vote.

Senator Williams?

Senator WILLIAMS. Mr. Scribner, I appreciate your statement here and the endorsement of the principle of tax deduction. But I understand that you would not object, necessarily, to a tax credit or a deduction, whichever it may be, but that primarily, what you are endorsing is that the contribution itself be a voluntary act by the individual to the party or the candidate of his choice?

Mr. SCRIBNER. That is correct, Senator.

Senator WILLIAMS. I think that that is a principle that we must preserve.

Now, as to the more accurate and detailed reporting, would you endorse the revision of the Corrupt Practices Act that would require each individual committee, whether it operated in single States or otherwise, that all of them must make a full disclosure of their contributions and their expenditures?

Mr. SCRIBNER. Yes, sir. I think that this is essential and important if you are going to have effective reporting. I think the step, which apparently is pretty generally accepted, that reports should go to the Comptroller General or some independent office, is of relevance there also.

In this connection, you might want to consider a minimum figure below which people would not have to report, because you could just swamp an office with so many reports and so much detail that the reporting would not be meaningful.

Senator WILLIAMS. I think that the act itself carries that minimum. I understand it is around $100. But anyway, the part that I am speaking of, the loophole in the act is that political committees that are organized and operate within one State or within the District of Columbia and one State do not have to file any reports under the existing law. Revision in the law would require all of those committees, regardless of how organized, to report. That is what I was speaking of under the provision of the act.

Would you also endorse the principle that the Corrupt Practices Act should be equally applicable to primaries as well as to just the general election?

Mr. SCRIBNER. Yes, sir.

Senator WILLIAMS. There is a suggestion that in the act there is a prohibition against a public official, either an elected public official or any other public officeholder, from soliciting campaign contributions from civil service employees. But the act does not prohibit any public official having those civil service employees solicited on his behalf by

some outside committee. The suggestion is made that we should amend the Hatch Act to plug that loophole. Would you endorse such a proposal, that would completely exempt civil service employees from solicitation by any committee under any circumstances?

This would not prohibit that civil service employee from voluntarily contributing to the party or candidate of his choice. That is his business as an American citizen. But the solicitation is what we are trying to prohibit.

Mr. SCRIBNER. Yes, sir, I would. I think both parties are incurring at least a minor problem at the present time in the direct mail solicitation, because both parties are using mailing lists. They will secure a list of all the people who are dentists or all the people who belong to the Federal Bar Association, and just send out the letters. Sometimes a civil servant, who also belongs to one of these organizations, will get a letter. Sometimes the letter will go to his office, simply because we are in the machine age. And I suppose if you are being very technical about this, this is a violation of the statute, because it is a direct solicitation by a politician for a contribution. I have just stated that there are some problems in these areas when you are trying to use modern machine methods and modern mailing programs.

Senator WILLIAMS. That is true, but that problem exists even under the existing law.

Mr. SCRIBNER. Oh, yes, sir.

Senator WILLIAMS. So what I am speaking of is not necessarily either a correction of or an expansion of that problem. Let's face it, many of these employees who go to these $100 or $250 dinners, feel it is practically a shakedown and many of the bosses will hold a cocktail party for all the employees going, saying, "stop at my house." It is free will, but nevertheless, it gives them a chance to check and look over to see who comes in. I think we all know the abuses we are speaking of and what we are trying to correct.

Now, one final question. A suggestion has been made here about limiting these campaigns or shortening the period which the campaigns presently take up. Would you have anything to say on that suggestion?

Mr. SCRIBNER. I have been active in the organizations and having worked in several political campaigns, and I feel there can be some shortening and reduction of the campaign time. You have asked the chairmen of both national committees to give their specific attention to this problem and I know that this is being done at the committee office. It is a complicated problem.

In the first place, most of the States now provide when qualification papers have to be filed in order to go on the ballot. I think that Ohio is the earliest. They require filing sometime at the end of August. Most of the States require that the materials be filed by the first week in, or the early part of, September. This is essential from their point of view because of absentee voting, and particularly for the military personnel voting. In a number of States, the ballots are prepared in one central place and then they are forwarded to county clerks in various counties. Then the county has to make them available for absentee voters, or for the military personnel. I think we need to check carefully so that we would not shut out absentee voting.

Secondly, one of the basic problems, with all of the limitations on time of campaigns and your regulation of funds, is that there is a

great imbalance between the party that has the White House and the party that does not have the White House. This is particularly true if the incumbent President is going to be a candidate for reelection. I am sure that an incumbent President who is going to run again would be very happy to shorten the campaign to 2 weeks, because his campaign is going on all the time.

Mrs. Johnson this week is spending a week—I saw one newspaper report that there would be about 80 in the party, including Secretary Udall—visiting very attractive areas in New England, now that we have gotten rid of the snow. This is very effective campaigning and it is campaigning which no out party can match.

Certainly, we do not need the campaign speeches and the touring about the country and the television production for as long a period as we have had it. However, if a party nominates a man for President who is going to put his own organization in in the financial field and otherwise, you cannot do that in a matter of 5 or 6 weeks. When Senator Goldwater was nominated, he selected his own chairman of the national committee and put in mostly new people in the staff. It was a matter of 2 or 3 weeks before his finance group and his operations were functioning.

So with these factors in mind, so that we can made the adjustments, I think we can have it shortened.

Senator WILLIAMS. You speak of the question of absentee ballots. That is one of the problems in this area. I recognize that many of the States would have to change their existing laws as to the time the candidates' names are forwarded to the Secretary of State. That was true in my own State. I think we have to have them filed the first week in September.

Mr. SCRIBNER. Yes.

Senator WILLIAMS. But that could be taken care of, I think. Do not some of the States have their conventions now in about the middle of September? How late are the States with their State conventions?

Mr. SCRIBNER. Well, most of the States nominate in convention the delegates to the national conventions, so they have their conventions before the national conventions. Whether there are any that nominate candidates for office, I think New York used to do it at a fairly late date. They have recently adopted some legislation making the change. I am not sure whether they have expanded or contracted it.

Senator WILLIAMS. New York is one of those I had in mind. Their convention is around the middle of September, is it not?

Mr. SCRIBNER. That is right. They used to fix it, I think—each time the legislature would fix a date. I think they have changed it so they have a little longer time, because of some primary possibilities. You have certain States—I think of Massachusetts, for example—which has a convention that will nominate people and then a primary will follow thereafter in which the nominee of the convention is a candidate opposing anyone else who wants to run. Those States will have their conventions earlier, because they need more time for these contests.

Senator WILLIAMS. That is true, but the point I am making is, for example, in New York State, I do not recall any problem that they had with their absentee ballots and their absentee ballots could not possibly have been sent out in prior years prior to the end of

September, because they did not have their State convention where they would have a list of candidates until after that. So if a State the size of New York was able to overcome that and got their absentee ballots out, I just wonder if that could not be overcome in many of the other States if they wanted to do? it I recognize that New York may be changing their dates—I do not know whether they shortened it or lengthened it. But I do not recall that this was being changed on the basis that they were having difficulty mailing their absentee ballots.

Mr. SCRIBNER. I do not think it was. I think they have adopted some kind of possible primary operation and need some more time to function.

Senator WILLIAMS. As the Senator from Kentucky pointed out, this is not a question posed to the legislative. I think it is a question that primarily can be worked out between the chairmen of the two national committees. But as one who has participated in some of these campaigns, I know that both the local candidates—and it is also true of the presidential candidates—are practically repeating themselves in the last 2 weeks and they are scrambling to try to find something that they can say that is different. Often they find themselves in trouble the last 2 weeks trying to keep the issues going. I do know from the standpoint of the public, they got disgusted with them.

The CHAIRMAN. Senator Gore?

Senator GORE. I find your statement that in 1966, 81 percent of the funds for the Republican National Committee was derived from contributions of $10 or less quite encouraging. In the investigation which a subcommittee of which I was chairman conducted in 1956, 10 years earlier, receiving its information under power of subpena and sworn testimony, I found that the Republican Party received more funds from contributors with a Manhattan address then from all the remaining States in the United States combined. And very few of those contributions were in small denominations. I found this rather shocking until I pushed another button and found that the Democrats received a large proportion of their money, too, from contributors with Manhattan addresses, many of them the same people.

Mr. SCRIBNER. Yes, sir.

Senator GORE. So I do not quite understand that such a change has been wrought in a decade.

I notice that you say you received contributions of $10 or less from 250,000 contributors and that 81 percent of your funds were derived from contributors of $10 or less. According to that, the Republican National Committee received contributions of no more than $3 million in 1966.

Mr. SCRIBNER. That is the requirement of the law, Senator.

Senator GORE. I beg your pardon?

Mr. SCRIBNER. Yes, sir; that is correct. We were within the limit as fixed by the statute.

Senator GORE. Oh, I see what you mean. You listed the small contributions as received by the Republican National Committee.

Mr. SCRIBNER. No, sir; we listed every contribution. Our books have been audited and we would be glad to have you look at them.

Senator GORE. I see. Well, put it another way, a more practical way. The contributions made in small amounts were made payable to the Republican National Committee, while the more affluent and

generous donors, by suggestion or as a result of suggestion or otherwise, made their checks payable to some other kind of recipient?

Mr. SCRIBNER. I do not think that the facts would substantiate that, Senator. As a matter of fact, in the 1964 campaign, there were approximately 800,000 contributors to the various Republican National Committees, the ones that are noted in Dr. Alexander's report. Of that 800,000, the average contribution was about $11. We did very well getting money in 1964. We did not do so well getting votes. Some of my Republican friends say they would be glad to give up the effectiveness of the fundraising if we could have gotten more votes.

I think there has been a very significant change in the last 6 or 7 years in people being willing to make these small contributions, which was not the practice theretofore. You had people going house to house and they had groups raising small funds. But those funds stayed pretty much at the State or county level, where the people were working with those organizations. It has been the willingness of people to send money in by mail to answer appeals on television or direct mailing, that has made the great difference.

Senator GORE. Well, it is a great improvement if either party broadens the base of contributions. I am not attempting to be critical. I have related to you that I was greatly shocked at the results of the investigation in 1956. As each bit of evidence came in, we placed it on punchcards in an IBM system. When it was all over, as the results rolled out with the punching of buttons, they were to me surprising with respect to both parties. It revealed a pattern that I think we should correct. To some extent, your mailing campaign, your solicitation on a broad base has moved in that direction, and I congratulate you. I would still find it very interesting, I wager, to see the list of larger donations and the recipients of the larger donations. Perhaps in neither case would it be the Republican National Committee or the Democratic National Committee, it would be some tangential campaign committee.

Mr. SCRIBNER. Yes, sir.

Senator GORE. Thus avoiding the law which provides limits that are utterly and completely impractical.

Mr. SCRIBNER. Yes, sir.

Senator GORE. I agree with your prepared statement here that the limitation should be modernized. I do not agree with your oral statement that they should be eliminated. I think we should have realistic limits on the amount of money that any party or any candidate can spend in pursuit of an office. We surely, in this democratic system, this system of government of the people, should make it impossible for either a candidate or a party to buy the election to an office. If If you have no limits at all, then you make it possible for one to do that legally.

Mr. SCRIBNER. Senator, I think the only effective means that you have to limit campaign contributions and the amount spent in campaigns is the realization by the voters or the citizens of the amounts being spent and their turning against the people who are doing it. I have been disturbed in the last several years by the fact that I do not think people today are too much concerned about that. In the campaigns which Senator Goldwater and Governor Rockefeller waged in California prior to our last convention, both sides spent astronomical amounts of money. There was no secret about them.

In New York State, in the Senate campaigns there, there has been a very substantial amount of money spent. In Pennsylvania, in this last gubernatorial campaign there, I think one of the candidates gathered a good deal of support because of the very substantial amount of money he personally was spending. There was no concealment. Nor did I find in any of those instances, people saying elections are being bought and we are not going to support these candidates.

I think that if we can get accurate reporting of amounts contributed and publicity of those reports—and the one thing that I have not seen in your draft of legislation or in the President's report are any suggestions for publicity of these returns, it seems to me effective steps would have been taken. I wonder if some requirement that the reports be published in the Congressional Record or some other place to give them more exposure than they would have just being filed in an office where somebody who wants to study can go in and look at them, would not be helpful. I also feel that reports ought to be made more frequently. You get a report 10 days before an election. There is not enough time to get the word out, and to say, "look at what has happened, how much money has been spent." You could almost, I think, require monthly returns. Publicity, maybe even authorizing the Comptroller General to publish summaries in major newspapers throughout the country—this is what would do the job.

Now, the limitation on dollars cannot take into consideration the contributions of time and service. This is the problem with the ceiling.

Quite seriously, I have talked to labor leaders about this and they realize the very effective service that their shop stewards, their full-time union officers can give, if they take 6 weeks before an election and just spend it doing work with the voters. This is also true with corporations. They can say to a vice president or other employee, "take the next month off and tour around for Joe Smith." These activities you do not pick up at all in your reports.

Senator GORE. I suggest, Mr. Scribner, that you have given us a contradiction.

Mr. SCRIBNER. Well, I am sorry.

Senator GORE. No, no. Let me call it to your attention. You said in the first instance that you thought the way to handle this problem was through disclosure.

Mr. SCRIBNER. Yes, sir.

Senator GORE. Then you proceeded to tell us that you had been disturbed recently that people paid little attention to disclosure and you have cited instances of vast expenditures which were not secret, but people gave it little attention. Your final suggestion is that maybe we should put it in the Congressional Record.

Now, that is a real good interment of the problem.

Mr. SCRIBNER. Well, I do not find it so. If people want to find materials——

Senator GORE. Well, somebody suggests the Federal Register.

I realize that disclosure has some effect, but I doubt it has very much effect. It was general knowledge that Governor Rockefeller was spending an enormous amount of money in New York in the last gubernatorial campaign. I do not cite this critically, I cite it as an example, as you have cited others. It was general knowledge that this was an enormous expenditure of money. Yet it seems that people have become callous to this. Disclosure is not the answer. A man

should not be allowed to buy an office because his grandfather discovered some oil wells. In a democratic system, this should not be permitted. There should be limits, in my view.

Disclosure has its part and I am for disclosure. But the disclosure usually comes after the candidate has been elected. So maybe we should have a combination, both limits and disclosure.

Somebody gave me a note here that my time is 11:05 to 11:15. Did you use that much time?

Mr. SCRIBNER. Well, I tried.

Senator, if I could, my point on the elimination of ceilings was that the public at present is not going to support your dollar limit. Candidates are going to find methods of getting around them. I go back to prohibition days where the people did not support prohibition and therefore it did not work. If people are not concerned about the amount that is being spent in campaigns, then I do not think a statute that says you cannot spend more than $15 million or what have you, is going to do the job. It will do the job if we have people who will say, if anybody spends more than $15 million, I would certainly not vote for him or support his party. But unless you have the two things, I do not think it is going to be effective. If you have the unwillingness to have campaigns financed so heavily, then I think disclosure does it without a ceiling which is, from my observation, almost impossible to enforce.

Senator GORE. Well, I appreciate your thoughtful suggestions. You are experienced in the field. I am under the impression that if any candidate for the British Parliament should spend a minuscule percentage of what candidates for public office in this country spend, they would not be permitted to take their seats. I think in some respects, that is an advantage over our system. It has not been many years, let me recall, when successful candidates for the U.S. Senate were denied their seats in the Senate because they had expended an unconscionable amount of money in quest of the office. I doubt if that would occur anymore, under the circumstances which you have well described.

Mr. SCRIBNER. That is exactly my point, sir.

Senator GORE. So maybe, if people have become immune to the expenditures, public disclosure is not the answer. Maybe we must rely on some rigidly enforced limit. But as you say, it would not be enforceable unless it is a realistic and reasonable limit.

Mr. SCRIBNER. Yes, sir.

Senator GORE. Thank you, Mr. Chairman.

Senator METCALF. I wonder if you would yield a minute?

Senator GORE. Well, I have finished.

Senator METCALF. I am going to call on the Senator from Kentucky and I would like to interject a comment here on the matter which you are discussing.

The State of Montana once had a Senator Clark, who was one of the copper barons out there. He campaigned in the days when Senators were elected by the legislature by the very elemental method of throwing bundles of hundred dollar bills over the transom in hotels in Montana.

Senator GORE. Over the transom?

Senator METCALF. Yes, of the various members of the legislature.

Senator GORE. How could you be sure who was going to catch it?

Senator METCALF. He was not sure, but he got elected.

Senator WILLIAMS. That is a situation where air conditioning would have cleaned up your election.

Senator METCALF. The Senator from Delaware suggested that they put in air conditioning and clean up the election.

At any rate, he was denied his seat because the Senate felt that that was the wrong method of campaigning. Now, there was no law as the Senator from Tennessee has suggested that limited the amount of expenditures at that time. But would you suggest that we put in a provision that a Senator who makes excessive expenditures of such a ratio, so many dollars per vote, or something, be denied his seat in the Senate or in the House of Representatives, or that a President be denied the election?

Mr. SCRIBNER. No, sir; I would not. I think it is up to the State to elect to the Senate the person it wishes to elect. I think the one thing you ought to do is to make sure that the facts are available to the people of that State when they vote.

Senator METCALF. Of course, they are not available to us when we vote. Of course, all of us have 5 or 10 or so many days to turn in a final report and we save up a lot of things for that final report and they are not available until after the fact, are they?

Mr. SCRIBNER. This is true as to some, but not true to many. You cannot run a national campaign all in the last 5 days.

Senator METCALF. But you do not report until after the election?

Mr. SCRIBNER. I agree the present reporting is not effective. It is my suggestion that you need more direct reporting. Again I say, reporting without some publicity of what is reported is just a waste of everybody's time.

Senator METCALF. I hope to go forward with some of this discussion. But I will call on the Senator from Kentucky.

Senator MORTON. I believe it is the State of Florida. Are you familiar with the State law there?

Mr. SCRIBNER. Not in any specifics.

Senator MORTON. I think it applies in both the primary and the election and it applies to those seeking national office, the Senate or the House. They are required to report fully contributions, the source of contributions, and expenses, I think it is fortnightly. It may be one a month during the campaign. but it goes right along. I agree with your point that the publicity of this does some good.

Now, I am sorry the Senator from Tennessee has gone, but the point you brought up, and I am familiar with this program because it has been developing over the years of the $10 gifts. Of course, the 1966 election to which you refer, you refer to the expenses of the Republican National Committee.

Mr. SCRIBNER. The income, yes.

Senator MORTON. Yes, it is income. This is the national committee. There were millions of dollars spent in 1966 by both parties. Candidates for the House, in every Member of the House, and in 1966, we had hotly contested Senate races. To my knowledge, in 1966, the Republican National Committee did not make contributions to Tom Smith's race for the Senate or John Jones' race for the House. Organizational service, suggestions as to materials, issues that might be important, the organization of so-called minority groups, your ethnic groups—all of this is a service that both national committees give to

everybody running on their ticket, or practically anything running on their tickets, if they want to. But obviously, in 1966, there was a lot of money spent by candidates. Each candidate had his own finance committee.

So I think in sustaining the Republican National Committee or the Democratic National Committee as it has gone on, year from year, is separate and apart from the campaigns. Take the $3 million limit. They need that much, both of them, every year, whether it is an election year or not, just to stay in shop. I served for 4 years as the chairman of the so-called Republican Senatorial Campaign Committee. During my tour of duty, I think the distinguished Senator from Washington, Senator Magnuson, served in a similar capacity for his party. Now, we have had to—or attempted to raise funds either through our committee or by encouraging people to give. I would get a phone call, someone would say, does this fellow have any chance out there? Yes, he has a good chance. He needs all the help he can get.

But I did not want to let the record stand that the fact that some $2.5 million came in in $10 gifts to the Republican National Committee meant that this took care of the entire Republican effort in 1966. Obviously, it did not. I suppose some of these Senate races came to a million dollars in a big State like New York.

I see from the report that the Senate has before it now from the so-called select committee, that in Connecticut, the report of the successful candidate for Senate, the last time that Senator Dodd ran, was something like $484,000. Connecticut is not a big State.

We all face this problem. My 1962 election, whether we had to spend it or not, I do not know, but we spent twice as much as we did in 1956. One reason was that we did not have as many television stations in 1956.

But this is getting astronomical. I do not know what the answer is. I know of your long experience in this area and appreciate your giving the committee the benefit of your thoughts. But I think we have a lot to do in this area and I do not think it is just confined to the presidential problem.

I agree with the chairman of this committee that that is one place to start, but we are going to have to probably get into it in other areas.

I know that in our State of Kentucky, a million votes, approximately, were cast in both 1956 and 1962, perhaps a few more in 1956, it being a presidential year. But the population of our State is about static, we're growing very slowly. When I see the amounts that have to be spent in congressional races and senatorial races, it is getting to be a serious problem.

I guess the best financed campaign I ever had was 1946. Everybody wanted to give because everybody knew if you were a Republican and did not have a jail record, you were probably going to get elected down there. I somehow managed to qualify on those two counts, We had everything we could possibly need. But today, in that district. which is smaller in area than it was then—it has been cut down—the costs of the two districts that are now there, probably in each one of them they are at least triple what the cost was 20 years ago. This is a thing that disturbs me. I do not pretend to know the answers. But I think perhaps some of the questions you are pursuing here are going

to give us an answer to the problem. But it is getting worse every election year.

I thank you very much for taking your time, Mr. Scribner. I know that the effort and the time and the studies you have given to this matter will be helpful to the committee.

Senator METCALF. I, too, want to thank you for giving this committee, giving me the benefit of your experience and background and your long-time knowledge of campaign activities. I do want to comment that I hope you will not downgrade the very fine activities of some of the chambers of commerce and utility people and so forth that sort of offset the work the labor unions do in that person-to-person campaigning that goes on in the various States in behalf of the Republican Party as against some of the activities of labor leaders that sometimes work to the benefit of the Democrats. I can tell you from bloody and scarred experience, it is pretty effective.

I congratulate you on your statement that you have long supported the principle of broadening the base of popular support. I want to talk to you a little bit about my own suggestion, which is this voucher plan. I was forced to draft a bill rather hurriedly because this matter came up on an amendment rather than in regular orderly process, so I had to throw it in without giving it the consideration and time and thought that would have been given to a fine bill. But as I think about it now, I would like to have a plan whereby every person who files an income tax return would automatically get back from Internal Revenue a voucher for $1 to be contributed to the national candidate of his choice, either presidential, congressional, or senatorial.

Now, that would mean that about 60 million taxpayers would have in their possession $1 that they could voluntarily contribute to the various candidates of their choice. That certainly would broaden the base of contributions. What do you think about such a proposal?

Mr. SCRIBNER. As I understand it, these vouchers would be really drawn on the Treasury of the United States?

Senator METCALF. That is right. They could only be turned in by regular officially recognized political committees.

Mr. SCRIBNER. Yes, sir.

I think in the Republican National Committee, the opinion at the present time is that we have enough burdens on the Federal Treasury, that we are making some real progress in these voluntary contributions of small amounts, and that we would like to try that plus the tax incentive for awhile before going beyond that.

Senator METCALF. You are willing to have the United States pay up to $100?

Mr. SCRIBNER. No, sir; this would be a tax deduction.

Senator METCALF. A deduction. Say it were 30 percent, it would be up to, say $35 on a——

Mr. SCRIBNER. Yes, it would be. But this would follow from the voluntary action of the taxpayer who had made a selection or a choice during the year in which he was reporting at a time when he wanted to give. There is a flexibility there that I do not think you have under the system which you suggest.

Senator METCALF. Well, now if a man has a voucher in his hands that is drawn on the Treasury of the United States, he certainly has more flexibility than under your proposal. He can go and make a contribution to any person just as though it were a dollar bill.

Mr. SCRIBNER. At any time, Senator?

Senator METCALF. Yes, sir.

Mr. SCRIBNER. One year, 2 years, 3 years?

Senator METCALF. I have been thinking about this and I would suggest, Mr. Chairman, that this—as I say, I hurriedly drafted this legislation. I would suggest that this voucher be put out every year and that a limitation be put on it, say, for each presidential campaign. He could make the contribution to a political party or even, perhaps, in special elections in districts where a Congressman or a Senator were elected in a special election. I have just been thinking about national elections. The Senator from Louisiana, the chairman of this committee, has spoken to me about just limiting it to presidential elections. But anyway, here is a broad base of a man who has a voucher and he can make the voluntary contribution that a campaign warrants.

For instance, in your own party, Mr. Scribner, there are some very grim advocates of, let us say, Mr. Romney and if he is not nominated, they would not have to make a contribution, of course, to the nominee.

On the other hand, if former Vice President Nixon were nominated, they could say, we like him better than we do the incumbent President. But the voluntary part of it is you could wait and campaign for that money, too.

It would seem to me that it would be an incentive to your party and to my party to go out there and for local precinct workers to go to work and work just as they work for local votes for that voluntary contribution.

Mr. SCRIBNER. I am sure if the dollar slips were there, we would make an effort to get them.

Senator METCALF. I am sure you would, too. But is that not the real way to broaden this base and for the Federal Government to participate in the expense of the campaigns?

Senator WILLIAMS. Would the Senator yield?

Senator METCALF. The Senator from Delaware.

Senator WILLIAMS. Under this participation, if the Treasury mailed to the individual this dollar from the Treasury and he, in effect, passed it on, he would not be giving anything out of his own pocket, would he?

Senator METCALF. It is exactly the same as the President suggests that we make it from a million dollars appropriation for each party. The taxpayer is supporting—the Federal taxpayer is being asked to support Federal elections. My proposal is to broaden the base somewhat so the Federal taxpayer gives $1 instead of a big taxpayer giving a greater amount. Mr. Scribner's own proposal is that you give up to a hundred dollars deduction for each individual.

There are proposals here that we give a tax credit of various amounts. Each of those, I think, finally comes down to a proposition that the Federal Treasury ultimately has to pay the cost of this campaign one way or another.

Senator WILLIAMS. The necessary result of these contributions or a tax credit, both plans of which have been endorsed by President Johnson and President Kennedy and, I think, President Eisenhower, although he did not get to the stage of offering it, have this advantage, as I see it: the contributor can select the party of his choice and, in each instance, he has to give something out of his own pocket in order to get this tax credit or this contribution. It is true that the more contributions that are made, the more the Treasury will lose.

But now, just to say that the Federal Treasury pays it or that it is the Federal Treasury's money is to proceed on the principle that all that the man has been earning belongs to the Federal Government and the Government gives back to the man that part it wants him to have.

I have always approached this on a different basis, that what a man earns is his own and he pays his obligation to the Federal Government and the Government takes it. That point is academic, so we will not argue it.

But I think the basic difference between those two plans, as I see it, is that under the tax credit one as advanced by President Kennedy and advanced in many proposals before this committee, and under the tax-deduction proposal as advanced by President Johnson and Mr. Scribner here today and by others, the contributor in each instance will be giving something out of his own pocket. It is true they result in a lost revenue. But it seems to me that is not the major point. I think the major point is that we encourage the masses of people to take part in this election and in broadening the base we get people to make some sacrifice on their own part. If we just get contributions on the part of the National Treasury, I do not think we accomplish anything but getting more money into the stream and I do not think we need it.

Senator METCALF. Of course, a tax deduction is a greater encouragement to the person who is a larger taxpayer and has a greater tax deduction. So the person who gives a tax deduction of $100 and is in the 50 percent bracket gets a larger deduction, actually.

Senator WILLIAMS. That is true of all tax deductions.

Senator METCALF. Yes, and I think that is something you and I could take up.

Senator WILLIAMS. Sure.

Senator METCALF. You feel, however, that at the present time, the Republican National Committee would not favor a voucher plan?

Mr. SCRIBNER. I have not had an opportunity to discuss your particular plan, the voucher plan, with the chairman of the Republican National Committee or with the executive committee. They are in support of the position which I have presented and I think that is the position they would take.

Senator METCALF. In other words, they are in support of the principle of Federal assistance to campaign funds?

Mr. SCRIBNER. I would like to state it another way. They are in support of broadening the base as wide as possible on a voluntary basis and to the extent that you encourage that by giving a tax incentive; we are for that.

Senator METCALF. OK.

Thank you.

The CHAIRMAN. Mr. Scribner, we have some conversation around here about the idea of complete public financing of these campaigns. It has been suggested and discussed. It is recognized that there are certain things that we cannot prevent private individuals from doing if they want to help a candidate of their choice. I thought you might have given some thought to it to the extent that you might give me some additional information to help with my thinking. I am satisfied that there is no power in the Federal Government to prohibit a man from erecting a sign on his own property advertising that he is in

favor of John Smith for President or anybody else for public office, that that falls within his freedom of speech and freedom of expression, that we are powerless to limit that. I take it you would agree with that?

Mr. SCRIBNER. Yes, sir.

The CHAIRMAN. Do you feel it is beyond the powers of the Federal Government to limit what an individual can do to help the candidate of his choice?

Mr. SCRIBNER. Yes; I think it is. I think on the last requirement, the last, there might be some requirement that they report the amount they spent if it is above a certain amount. But I think the complexity of the problem arises from the fact that the party in power, particularly that has the White House, has a tremendous advantage over the party out of power. Therefore, when you try to regulate them both on the same basis you inevitably are giving a further advantage to the party that has the White House.

Secondly, while you can attempt to limit and measure the amount of dollars spent, it is not possible, under our system as I see it, to limit the contribution of time and energy and know-how and so on that is voluntarily given by various people. For example, I would rather have an enthused man who would call up 50 of his friends on the telephone, that is a tremendous help if you are in a small community as, opposed to some fellow who just gives you $50. You cannot equate the two of them.

The CHAIRMAN. Right.

As you know, our laws with regard to television stations require that they provide equal time to the competing candidates and that has created some confusion. But no one has ever really contended that you should not have equal time available to the two major parties. Now, whether we provide a deduction, a tax credit, a Federal appropriation, and even if we just required the TV stations to provide free time, assuming they are paying an income tax and that that reduces their income, even that is a burden on the Federal revenues, because it reduces the amount of revenue available to the Government—that amounts in one degree or another to a Federal subsidy. If we are going to provide a Federal subsidy, it seems to me we should think in terms of, one, what we want to achieve, and two, what is the most efficient way to do it.

Would it not seem appropriate, that funds should be provided so that both parties have an adequate opportunity to make their case and be heard so long as both of them represent a substantial portion of the American view? In this bill by the administration which I introduced, it would be the party that gets 5 percent of the votes. Would it not be fair that they have an equal opportunity to be heard and that we should provide the funds or make sure funds are available so both sides have an equal chance to present their case to the public?

Mr. SCRIBNER. Senator, I think that the Republican Party at this time would like to try the voluntary methods which they have suggested and are supporting. We are trying to get as many people to give voluntarily as we can. To aid and supplement that we favor some form of tax incentive, be it tax deduction or tax credit, I think we would like to see how that works before we move to another position.

The CHAIRMAN. The thought that occurred to me, Mr. Scribner, is that would work all right for your party. I am not sure it would work very well for the other party. As one who represents an oil-producing

State, if I take a position on oil matters such as the oil depletion allowance, I find that that helps me finance my campaign and I strongly believe in the depletion allowance. I do not believe it is enough. It ought to be more than 27½ percent.

Mr. SCRIBNER. Coming from Maine, sir, I am not sure I agree with you.

The CHAIRMAN. I understand that, that you might not agree. And I might even be prejudiced in favor of Louisiana, and I would not deny it for a moment. But that accounts for 40 percent of all industrial production in Louisiana. Every time Drew Pearson writes an article about what rascals we are and describes me as spokesman of the oil industry, I feel like sending him a small contribution. But it would not get me any campaign money, as far as I can see, if I were advocating the other side of the issue.

And I think the same thing would be true if I were on a monopoly problem. I have been chairman of a monopoly subcommittee for years. I finally stepped aside and let Senator Gaylord Nelson take it over when I became chairman of this committee. But I do not believe I can honestly think of a single campaign contribution I have received in 12 years as chairman of that monopoly subcommittee. I just cannot think of anybody who contributes to help pay expenses because you are a strong antimonopoly man. I can think of people who contribute to your opponent for that reason. I cannot think of anybody who contributes to help finance my side of the campaign on that issue. They might find something else to justify a contribution, but not on that basis.

Yet it seems to me that one who feels that way should have available to him enough funds to explain his views to the public. Maybe he can get it, maybe he cannot. But he ought to have that money available to present it.

I would submit to you and ask you if it would not be fair that we should have as an objective the assurance of enough money for both parties to make their case. Some years a party may fall on hard times. I know the Democratic Party experiences that every now and then. We had a candidate who had to cancel his TV programs. Adlai Stevenson had to do it—or somebody who cannot pay the train expenses to take his train to another town, as Truman found a couple of times—I think they were able to scratch up enough money to do it, but they could not compete with your party in some circumstances to provide time to present their case. I just wonder if we could not agree that both sides ought to have adequate funds available to them to present their case to the American people so the people could decide on the issues quite apart from the ability of the parties to raise money. I wonder if you could not agree with the principle?

Mr. SCRIBNER. I certainly agree with the principle that we ought to have a procedure under which both sides, the views of both parties on major issues could be brought to the people. I think this is the basis of the whole discussion, how you most effectively do it.

The CHAIRMAN. Thank you very much for your testimony, Mr. Scribner. You have been most helpful today.

Senator METCALF. The next witness is Mr. Herbert E. Alexander, director of the Citizens Research Foundation, Princeton, N.J. Mr. Alexander perhaps has contributed more in research and writing in the area of campaign financing than any other individual. Included among

his books is this one, "Financing the 1964 Election," which we have consulted a number of times. Mr. Alexander was the Executive Director of the Commission on Campaign Costs which reported to President Kennedy in 1962. He also served as consultant to the Neustadt Study Group named by President Johnson last year to report back to him on the subject of campaign financing. In addition, Mr. Alexander has been a consultant to congressional committees on the subject of election reform. In order that this hearing would reflect all viewpoints regarding the important matter before us, a number of leading political scientists were invited to participate in our discussion. Professor Alexander has graciously consented to share his expertise with the committee. I am sure that his remarks this morning will be of immense value.

Professor Alexander, you are recognized.

STATEMENT OF HERBERT E. ALEXANDER, DIRECTOR, CITIZENS RESEARCH FOUNDATION, PRINCETON, N.J.

Mr. ALEXANDER. Thank you, Mr. Chairman. I want to state at the outset that my views are my own. They do not represent those of the Citizens Research Foundation or of the Neustadt Study Group. I have no prepared statement, but I am prepared to speak from notes, with your permission.

Senator METCALF. Go right ahead.

Mr. ALEXANDER. I appreciate the opportunity to be here. I would like to play for a moment the devil's advocate and help to get the pros and cons of the various alternatives before the committee in order to better understand the implications of each proposal that has been made.

For example, tax incentives, I think, do violence to the tax system and will not guarantee any candidate or committee the necessary money. On the other hand, subsidies clearly affect balances of power within the parties, affect party relationships, and perhaps would adversely affect efforts to get more citizens in the habit of contributing. So I think it may be necessary for this committee or for the Congress to choose as between various values and consequences. That is why it is necessary to sit back to look at the various alternatives, the advantages and disadvantages of each, in some perspective and to ask what is it we really seek to accomplish? What are the practical and constitutional considerations of the various alternatives?

We are building on a system of financing what is basically a two-party system, rooted in a strong spirit of voluntarism. Voluntary effort has been the great sustaining force in our political parties. You men know that better than any of us, because you have participated in campaigns, you are, in a sense, yourself volunteers as candidates.

Voluntarism also provides campaign workers and money to sustain the political process.

Now, I think it is terribly important to recognize that a democracy requires and should encourage widespread participation by citizens in the political process. There is both value and inherent danger, however, in a system of private contributions. Unfortunately, even in our affluent society, we have not yet had sufficiently wide financial participation to sustain all parties and candidates. So there has been,

with some notable exceptions, excessive, relatively great dependence and reliance upon relatively larger contributions.

But we have been improving and we are a long way from the time at the turn of the century when a handful of robber barons or millionaires may have helped to support the great national parties.

For example, public opinion polls in 1964 indicate there were as many as 12 million contributors, at all levels, to political activities in that year. Unfortunately, we do not know how many of these contributed to the Presidential as opposed to congressional, State or local offices. But nevertheless, 12 million does represent 17 percent of the electorate in that year and it represents a dramatic rise from the 3 million or so contributors that were found to have made gifts in the year 1952. So we have come a long way in the direction of broadening the base.

At the same time, I think we have to recognize the political costs are high and are escalating, putting undue pressures on the political system. So it is incumbent to recognize the need for some form of Government assistance to help provide alternative sources to the parties and candidates. Government assistance, I think, should be in a form that is fairly reliable, that is not subject to political whim or maneuvering in a given election year.

Now, with respect to subsidies, the most important question, I think, is the question of to whom to give the money. Whoever gets the money gets certain political leverage. If the money is given to the national committee, this could significantly change power balances within the parties. I do not say it is necessarily wrong to give it to the national committee if you recognize that you are thereby strengthening the national committee vis-a-vis State and local committees or even vis-a-vis senatorial and congressional campaign committees. Certainly, if you favor strong national parties, there is no problem whatsoever in giving money to the national committee for a presidential campaign. The important thing, I think, for the Congress to determine is the extent, the direction, the dimension of the subsidy that you are willing to put into the hands of the national committee if that is the route that the Congress decides to go. Clearly, money gives the national chairman and the national committee leverage. The problem is how to direct the money without favoritism or without factual advantage or without interfering with campaign strategy. This is a very difficult, complex question.

For example, if the national committee is going to make some expenditures in the States, in some States, there is not much party organization to work with, with the result that they would probably bypass the State committees and work with volunteers. Now, this may affect the efforts to build a stronger State party organization. In some States, the national committee might not want to work with the State committee at all. For example, to be frank about it, the Democratic National Committee might not want to help the Alabama State Democratic Committee when the money may be controlled by a former Governor of that State.

Even with respect to the 140 percent rule which was recommended by the President with respect to expenditures by the national committees within the various States, I think even there, there is room for bargaining. The national committee can still say we will spend only up to 70 percent unless you do this or that, whereas we will

increase the amount to 100 percent or to 140 percent if you do this or that. Now, in certain circumstances, that could affect both the delegation of that State at the National convention and it could also have effects upon the elected representatives from that State in the President's dealing with members of his party, for example, here in the Congress.

Also, it raises a question, if 140 percent were spent in New York and the money were utilized up to that extent over radio and television in New York, we have to remember that the New York channels serve also New Jersey. New Jersey has no commercial TV stations. The question is whether you could go beyond the 140 percent in order to reach New Jersey audiences under the New Jersey portion of the formula. Some of these things could be worked out, I am sure, nevertheless, I want to raise them.

There is also a point under the 140 percent formula which the administration proposed, which is that if very many States got as much as 140 percent, some States would be starved entirely. That is, they would not receive any funds, or expenditures would not be made by the national committee in those States.

Now, the administration proposals, the bill introduced by Senator Long, would restrict the subsidy to essentially media and travel expenses, which does raise several other questions. It is, in effect, a limitation upon the amount that can be spent on media and travel to say that only public funds provided by the subsidy can be used for those purposes. Now, in some cases, this could conceivably begin to interfere with campaign strategy. I refer to the closeness of the public opinion pools the week before the 1960 presidential election, when some extra efforts might have wanted to have been made on behalf of one or the other or both of the candidates.

I would like to suggest the possibility of, say, a scurrilous charge being made over the weekend before the election and the opponent needs to buy extra time to go on television, extra hours the day before the election in order to answer those charges. I think you conceivably could run into problems of this kind with respect to these kinds of limitations.

In his testimony on the first day of hearings here, Under Secretary of the Treasury Barr indicated, according to figures that were provided to me by the national campaign of the Republicans in 1964, that about $8.3 million had been spent on media and travel during the 1964 presidential campaign. But actually, of course, much more is spent at the State and local levels on media and travel connected with presidential campaigns. Unfortunately, we do not know how much, but we do have some representative figures if you want them.

The administration bill, the bill proposed by Senator Long, also raises questions of how to allocate expenditures in case of joint appearances; that is, in most of the travels of presidential candidates, when in a State, he is on the platform with the senatorial, congressional, gubernatorial and other candidates of the State. I think it is really a policy determination that should be made by the Congress as to how far the Comptroller General could go in paying for and certifying expenditures in cases of that nature.

Now, the administration bill also raises questions of whether salaries of certain campaign employees engaged in activities acceptable as qualified expenses could be included. That is, during a presi-

dential campaign, certain employees of the national campaign may be working exclusively in making travel arrangements, or in preparing media copy. So that, I think again, if the Congress decides to enact a subsidy, it should make clearer than in the present bill, precisely the extent if any to which the national committee can certify expenditures for employees involved in those qualified activities.

I think also that the administration proposal raises some questions with respect to the emergence of independent groups. I refer also to the Liberal Party in New York State which normally, at least in recent presidential elections, has endorsed the Democratic candidate. Now, the Liberal Party in New York would not qualify as a major party under the subsidy; yet if it raised and spent money on behalf of the Democratic ticket, this would be an example of other than public funds being used for these precise media and travel purposes. One can raise the question as to whether a subsidy in the form that has been suggested might not actually encourage the proliferation of such committees at the State and local level on behalf of presidential candidates, independent of the party organization.

Again with respect to the administration proposal, I think it is desirable to tie the subsidy to a formula based on the previous vote; that is, the vote 4 years previous—and divide it evenly between the major parties, as was provided in the original Long Act. I think this is terribly important, because I can envisage a time when the Congress might be dominated by individuals who are concerned with balancing the budget and might not want to appropriate very much money. I can envisage a time when the Congress may be dominated by an incumbent President who is running for reelection, who has the advantages of incumbency, who looks like a sure thing to win, and his party in the Congress might not want to appropriate more than a token amount for the opposition to field its candidate, to get its candidate and position known through the media and through travel. So I think it is terribly important that if the Congress enacts a subsidy of the type proposed by the administration, that it be tied to a definite formula and divided evenly as between the two major parties, with other provisions for the minor parties.

Now, with respect to tax incentives, I would like to say that four States now do have tax deductions for political contributions. The advantage of a tax incentive is that citizens' patterns of contributing determine who will receive the benefits.

There are no inflexible formulas, as are necessary under a subsidy provision. Tax incentives also have the advantage of being able to reach all levels of party and candidacy, including levels where the problem is perhaps greater than it is at the Presidential level. Moreover, tax incentives can easily be extended to prenomination, as well as general election campaigns. The general evidence is that the impact of money on the political process is greatest at the prenomination phase and is less significant in the general election. I do not think a single Presidential election in the 20th century would have been changed had either party had more money or been able to spend more in the campaign. However, tax incentives are no panacea. They require the parties to get out and raise the money. They do give solicitors an additional sales tool in that they can say, if you give $10 perhaps half of it will be eligible for a tax credit.

On the other hand, tax incentives do not give any assurance that any given candidate or committee will receive sufficient dollars to put on the kind of campaign considered necessary or desirable. Tax incentives have one other advantage or disadvantage, depending on how you look at it. That is that there are fewer side effects to tax incentives than subsidies.

That is, they less affect party relationships and balances of power, because the citizens are contributing perhaps as much as in the past to the candidate of and committee of their choice. They are making the choice. So there are fewer side effects to tax incentives than there are to subsidies.

With respect to tax incentives, I think a tax credit is preferable to a deduction. It reaches more people more effectively, is fairer, and I think is closer to the one-man, one-vote principle.

With respect to minor parties, I certainly agree that the percentage formula proposed by the administration is preferable to the determination of an arbitrary number of votes for a qualification to receive subsidy money. That way, the Congress does not need to change numbers every 4 or 8 years. The minor party problem, in a sense, would be eased by tax incentives in that you can simply state that minor parties or candidates are eligible if they are on the ballot. Getting on the ballot is essentially within the control of the States, not the Federal Government.

With respect to Senator Metcalf's voucher plan, I like to call it political scrip or political green stamps. I think it has some potential in terms of a direct subsidy. It may be preferable to some other formulas for the reason that there is still citizen determination of where the money is going.

But I think it has to be understood as being basically a direct subsidy and there are mechanical problems with respect to how to distribute the money or the scrip, whether to give it only to taxpayers and if to taxpayers, do you give it to both the husband and wife on a joint return? And if not only to taxpayers, how else do you distribute it? And also, when do you distribute it?

If you distribute it early enough in the year, conceivably it could be extended and useful in prenomination campaigns as well as in general elections. Certainly it is versatile in the sense that it could be utilized easily for presidential, senatorial, or congressional campaigns. You may not want to go beyond that at this point. But clearly, it offers some advantages in that voluntarism is encouraged in the sense that parties and candidates might have to go out and collect these.

One of the sleeper suggestions in the report of the President's Commission on Campaign Costs was for a matching incentive plan. This is a form of subsidy under which the Federal Government would match, up to $10, amounts contributed by different individuals. In theory, this is a good kind of subsidy, because it does not sacrifice, but actually encourages voluntarism and spontaneity in the political system. It is probably not politically viable at the present time, because one party so outnumbers the other here at the national level with respect to numbers of contributors that one party would unduly benefit and the other would not unless it was able to organize a tremendous solicitation program within a short period of time.

I will close with only one more point. I have taken more of your time than I really intended to. Whichever way the Congress goes, this

is a rare opportunity now to give the political system an infusion of new money. There is no question that the system sorely needs an infusion of new money. The question really is for the Congress to determine as to how it can best be provided within the framework of either preserving or strengthening the values that you determine to be most important in our political process. But whichever way the Congress goes, I think it is incumbent on the Government to study the effects of the program, because a subsidy would entail direct appropriations, a tax incentive would entail revenue loss. And I think it is important for the Congress to conduct more and better investigations and studies. A lot has been said in these hearings about the lack of good information with respect to presidential and other campaigns. The truth is that except for a few individual scholars and one research organization, really nobody is seeking very hard to go out and find out what the true story is. Certainly the Congress is in a position to do so.

Certainly, if it undertakes a subsidy, it should watch closely the operation of that subsidy with respect to the party system and the implications on private giving.

Only one other major but brief point. I think it is important to try to reconcile the reporting of public money under a subsidy plan with the reporting of private money under a private reporting system. That is, that the same agency of Government—for example, the Comptroller General--both report on how the public moneys are being spent and also receive the reports which would be required to be filed with respect to the private aspects of the same presidential campaign. Because I think unless one agency has this same responsibility, it is going to be very difficult for anyone else to try to reconcile the report on public spending that the Comptroller General is making and the report on private spending that under the administration proposal would be made here to the Secretary of the Senate or the Clerk of the House.

Thank you very much.

Senator METCALF. Thank you, Mr. Alexander. You have made a very significant and important contribution to the thinking of this committee. We are very grateful for your assistance.

Senator Long?

The CHAIRMAN. It came as somewhat of a surprise to me in the Government to find that the ability of the candidate to be elected to office depended upon his ability to raise money to run for it. I recall in about 1947, some people were discussing whether my uncle ought to try for Governor of Louisiana again. Someone who knew politics would say, well, do you think your Uncle Earl can run for Governor? A seasoned politician would immediately ask the question, do you think he can get the money to go and run the race? I did not realize the significance of that until the campaign was underway, but it cost him about $25,000 to send out a letter to every registered voter stating his platform and his position. That got him off the ground and moving along. I would say before the first primary was over with, it would cost a half million dollars.

Once he was the leading candidate in the runoff, raising money then was easy. Most people who were contributing on that runoff all wanted to get in on a good thing. By that time it really looked like the man was going to be elected Governor. People put money up mainly because they do not want to be forgotten by the man.

They want to be considered as well as the other fellow and even want to have some preferential treatment when the various decisions are made with regard to who gets various and sundry business with the State, particularly the kind you do not have to bid on, such as selling State insurance or being the architect or engineer for a project, or even those who do have to bid for the business do not want the State inspectors to be too tough on them in making them meet specifications.

So the impression I gained is that in a runoff election, leading gubernatorial candidates find money very easy to raise. But when they are running against a number of other people and no one knows who is going to be in the runoff, it is very difficult to raise money.

But I think you and I agree that it is not desirable that the outcome of an election for Governor or Senator or particularly President, should depend on the ability of one side or the other to raise money. It ought to depend on what the people think after they hear the issues discussed. Taking the point of view of a professor or student of the problem, I think you and I agree that that is the ideal.

Mr. ALEXANDER. Yes, sir, Senator. One columnist recently wrote that it is really an indignity that the first step a man who aspires to the highest office in the land must take is to go hat in hand asking for money. It is a very real problem. Of course, under present circumstances, it is possible to go into debt. The evidence is that the parties do go into debt. They do spend the money whether they raise it or not. Then they worry about paying it off afterwards. Clearly, it is a bigger problem if you lose the election that if you win it with respect to paying off these debts.

The CHAIRMAN. Now, I am not particularly impressed by this fact that 12 million people contributed. I would be curious to see a breakdown of it, but I think the figures that Mr. Barr gave, indicating that about 90 percent of the money comes from people who contribute more than $100 is somewhat significant. I think if you check that out, you would find out that a great deal of these hundred dollar contributions are dictated by a single person. For example, a corporation has a dozen board members and 50 junior executives and maybe 30 retired executives. Oftentimes the chairman of the board or the president of the company concludes that this candidate has taken a view that is very important to that company; they believe it is very important that he win, the other fellow's viewpoint being in favor of raising their taxes or denying them some consideration that they have enjoyed in the past, can pretty well set the stage for passing the hat and everybody puts in $100 or $200, what is expected of him.

So that while it would appear that you have 50 people putting up $100 or $200, as a practical matter, one man dictated that decision. So the so-called proliferation of contributions oftentimes is not genuine at all. It is just a matter of finding a desirable way to raise the money, rather than having it all contributed through one man, who cannot deduct it anyway, to having those executives generally attuned to the idea that they should contribute and that they are paid enough that their salaries can cushion that contribution. It might be considered a part of their expense of being a corporate executive.

Are you aware that some of that does exist?

Mr. ALEXANDER. There is no doubt that some of that does exist, Senator. However, a good deal of the increase in numbers of contribu-

tors has been brought about as the result of, for example, the Republicans at the national level with their mail campaign, the kind of campaign that Mr. Scribner was describing is essentially a mail drive for funds, in which there is not much possibility of collusion in getting employees or getting a company to contribute through that means. And if they did, it would not be very meaningful in terms of influence, if a thousand employees in a company were to contribute through that means.

On the other hand, what you say is true in some cases. Some corporations do attempt to raise money among management employees and sometimes they have political committees just within the corporation and just at the management level for the purpose of raising funds so that they can buy tickets to the various dinners that they think should be attended on behalf of the company and they choose the very people who they think should attend those dinners.

The CHAIRMAN. It seems to me that we would do well, if we are going to do anything at all in terms of providing a Federal subsidy—and after all, whether we are talking about a deduction, a tax credit, an appropriation, it is all a Federal subsidy, is it not?

Mr. ALEXANDER. Yes, sir, it entails either direct appropriation or revenue loss, so it amounts to the same thing.

The CHAIRMAN. So if we are going to provide something that will cost the Federal Government revenue in order to help finance the campaigns, is it not well that we think in terms of, A, what we want to achieve; and B, what is the most efficient way to do it?

Now, you made a statement here that you doubted that any difference in how you finance the campaign would have changed the outcome of prior elections. You may be entirely right about that. But that, to me, is not as important as whether a surer method of financing these campaigns would have caused a candidate to run on a different basis and perform differently when he was elected to office.

For example, President Kennedy was running on a Democratic platform that indicated strongly the Democrats were going to reverse that tight money, high-interest policy and put interest rates at somewhat the same level we had experienced during the Truman era. Now, we could see during that campaign that the further the campaign went, the less conversation there was about reducing these interest rates, that the gold problem became more and more important from the point of view of the candidates. So when the election was over, nothing was done in that area.

Now, my guess is that people who borrow money contribute very little. People who are in debt and have no money to lend, they are not in a position to contribute very much. But the money lenders are well in a position to contribute.

I would not be surprised if that had something to do with the fact that the further the campaign went, the less interest there was in this democratic deal of a lower level of interest rates.

And I would think that with regard to the monopoly problem and a number of other problems, there is a lot of money to be raised if one is on the side of the people who have the money and the income, the large amounts of it. But little can be raised by being against monopoly. As I say, I have been chairman of the Monopoly Subcommittee, and I am convinced that on balance, monopoly is not a good thing for the public. In some instances, it is necessary. But nobody

ever gets any campaign contributions, to my knowledge, because he is opposed to monopoly or would like to break up monopolies that exist. I do not know of anyone who had any particular campaign support for that.

But it would be well that those who are on both sides of that issue should be permitted to express their views to the public and let the public judge, would it not?

Mr. ALEXANDER. Senator, there is no doubt that candidates in the past have sometimes been more responsive to large contributors than they would like to be. There is no doubt that efforts should be made to reduce the dependence upon special interests. Certainly a democracy should encourage as much freedom of action, freedom of conscience for candidates as for elected public officials. But again, it comes to the question of how it is best and easiest to achieve this.

Now, you can do it in one of two ways: You can provide subsidy money which will, in effect, be an alternative source of funds for candidates so that they will not have to rely, as in the past, upon large contributors as much or as often. On the other hand, the other position would be that if you can sufficiently broaden the base of political contributors, the candidate is not going to be very beholden to a million contributors at $10 apiece. So the question really resolves itself again into a matter of policy: What are the values that you want to preserve, what are the values that you want to encourage in our political process?

The CHAIRMAN. Well, even when you are talking about these contributors at $10 apiece, if a man is putting up $5 and the Federal Government is matching that at $5, the kind of person who is putting up the $5 is generally a person who has no need of that $5. Even such a small amount as $5 is an amount that a person has some need of if he is in the middle income or lower income bracket. If he is in the upper bracket, it is no problem. He would be happy to contribute if someone would make it convenient for him, it seems to me.

But here is the kind of case I am aware of. The best estimates I have seen on the amount of money the two parties had when Adlai Stevenson ran against Dwight Eisenhower are that the Republicans that year spent $40 million in that campaign, not talking about the money that is reported and the money that is not reported. It has been more since that time. For the Democrats it has been about $12 million.

It seems to me when the Republicans have three times the advantage in that area to begin with, have most of the newspapers anyway, that to provide some answer that gives them some additional advantage does not help what you are trying to do at all. What you are trying to do, it seems to me, is give both sides an equal chance to be heard. In that year, Adlai Stevenson had to cancel a couple of his national broadcasts. The opposing side did not have that problem, It seems to me if you are trying to help the public reach a proper conclusion, you try to see to it that both sides have an opportunity to be heard and you would be trying to see to it that that $40 million need not be increased at all, necessarily, but that both sides have ample funds to make their campaign to the American people.

That is what the administration proposal provides—as I understand it—that both sides have an equal opportunity to be heard. You provide by law that television stations have to accord them an equal chance, provided they can pay for it, but why not take the step

that is implicit in that and assume that they have the money to pay for it?

Mr. ALEXANDER. Senator, I certainly agree that this is a valid position to take. On the other hand, I also must state that unlike Avis, No. 2 has not tried to become No. 1 with respect to the numbers of contributors. To be perfectly frank, the Democratic Party at the national level has not tried as hard as the Republican Party to raise money in small sums, with the result that we do have this kind of imbalance at the present time. But in this country, we still have much larger Democratic registrations than Republican. I find it hard to believe that with the proper steps taken, both parties could not substantially fund their campaigns through small contributors, and do so early in the year: a dollar contributed early is worth two later on.

On the other hand, I want to emphasize, I have no objection, in principle, to subsidy. The only problem with the subsidy is the question of how it is going to be administered and how the money is going to be allocated and distributed. If you agree that you want to encourage the strengthening of the national parties, fine, give subsidies. This is one of the ways to do it. But if you want to retain the present balances of power and party relationships, then I think you have to be very careful in going ahead with subsidies.

The CHAIRMAN. Well, as between two groups, the business people generally feel that they should contribute and that is the class that does contribute and pays for these campaigns. They pay for both sides of the campaigns, in my opinion. In my State, they pay both sides. The labor element pays very, very little of it.

I am a Democrat, regarded as something of a populist in philosophy. My campaign is paid for by business people, not labor groups. As a matter of fact, my general attitude has been that it would be better for the labor fellows to spend their time seeing if they could get their votes together, getting people to go out and vote and not worry about the money part of it.

So it is the business people that pay for the campaign, and generally speaking, as between the two parties, the Republican Party does attract more support from the business people and, generally speaking, the Democratic Party does attract more support from the rank and file of laboring people.

Mr. ALEXANDER. By the way, many of those 12 million contributors, you know, are very small contributors to the labor union organizations, at the rate of about a dollar a head. They certainly make up a good portion of that 12 million people.

Now, I think you can emphasize the habit of contributing the business executives have. On the other hand, I think it should be stated clearly that the American people simply have not, for a long enough period of time, been educated to the necessity of financially supporting the parties and the candidates. They have to be put into the habit. It has to become a habitual thing. They have to be asked to give.

It is very difficult for the parties in campaigns to organize this kind of massive solicitation. With proper publicity campaigns and educational campaigns, I think it could be done with the additional sales [illegible] of the tax incentive. I think it is necessary to emphasize contributing as an act of citizenship alongside with voting.

We have literally hundreds of years of experience in democratic countries with the notion of voting. Yet, on a given November day, we may be lucky if 50 percent turn out. I think we have to begin educating people, children in schools, to financially support the party and the candidate. Otherwise, we are going to have to go the route of direct subsidies.

There is one very democratic thing about a direct subsidy, and that is that all the taxpayers are making the contribution, not just a few. That is the broadest possible base, in effect.

The CHAIRMAN. If you think it is worthwhile that both major parties have an equal opportunity to be heard and that it should not depend on the ability of either side to attract voluntary contributions from anybody, they ought to have an equal chance to be heard, and the people will decide that by voting on election day for the party to maintain that party as a major party. If that is the case, and they think it is worth doing, fine; give them enough money to go and make their pitch to the American people. Why make it depend on anything else? On who is rich, who is poor, who feels like contributing?

It may be that a great number of people who cannot afford to contribute anything, who cannot afford even to pay taxes, might determine the outcome of an election. But on the basis of one man, one vote, why not?

Mr. ALEXANDER. Senator, with respect to a direct subsidy, I would suggest that one kind of compromise that would least affect the party structure as we know it would be simply to subsidize each party for the media and travel at the national level alone, disregarding the amounts that might be spent in the States. That $8.3 million, for example, that Mr. Barr was talking about as spent in 1964 was spent by the national campaign organizations.

It was not money that was spent by the State and local committees on behalf of the presidential ticket. So that the formula that would least upset things in the present circumstances would be something in the area of $8 million to $10 million for these purposes only to the national committee, and only for the national committee to pay directly. That way, you avoid the whole question of devising intricate formulas with respect to how much could be spent in a given State.

The CHAIRMAN. It seems to me that it would be desirable to pin the responsibility more directly on the candidate by simply saying that he would designate a campaign-finance chairman and let that man have the responsibility of handling the money. That way, you would let that man serve at the pleasure of the candidate.

Mr. ALEXANDER. Senator, there again, I have to disagree, for the reason that I think it is important to bolster the parties in our political system. If you give the money directly to the candidate for him to use as he sees fit, or even for specified purposes, you tend to splinter the candidate away from the party. Once he gets the nomination, he owes no obligation, really, to the party.

American politics tend to be candidate oriented more than party centered. This is one of the reasons that it is particularly difficult to finance American campaigns, because many people would prefer to give to the candidates and not to the party. You have a splintering effect every time a candidate goes out on his own and forms his own campaign committees; he is not supplied money by the party. I would certainly not favor giving a candidate or his authorized agent

anywhere in the vicinity of $8 or $10 or $15 million for him to spend without channeling through the party.

The CHAIRMAN. All the legislation is talking about is paying for television, radio, transportation.

Mr. ALEXANDER. You see, the party is a permanent organization, and I think we should encourage professionalism in the staff at the national committees. I think they should gain expertise over the years in experience and be able to utilize it, whereas if you give the money to a candidate, what you are doing is giving to an ad hoc group who gather together to back his candidacy.

I am certainly in favor of strengthening the national parties to that extent and in trying to accomplish the development of professional staff activities in the parties.

The CHAIRMAN. We have heard a lot about the concentration of power in party bosses. It seems to me if we simply place the responsibility on the candidate to select his agent, who would decide how the money is to be spent, how much of it was to be spent on what programs for radio and television, and what transportation was to be paid for and what newspaper advertising was to be bought, I would think that that would avoid that problem that has been discussed about the great fear that some party boss might dominate American politics.

Mr. ALEXANDER. Of course, you have in recent presidential campaigns the tendency for more centralized financial operation. Whether the fundraising is primarily through the national committee or through the citizens committees, the truth is that in these days of high-broadcast costs and travel costs and the rest, it is necessary for some person with authority to be able to say, we need $100,000 from this committee because it is available, and we need a half million dollars from that committee because it is available, in order to pay for this particular broadcast or that particular expense, with the result that it would seem to me that the national committee, the party agency, would be the normal center for that kind of authority, drawing in funds that are raised simultaneously by the candidates and the party.

So in effect, the national committee attracts certain moneys during the year and plays an important role in raising money for these other unsubsidized expenses; that is, for the staff and rent and salaries and the rest, that would not be covered by the subsidy.

Just as a general proposition, however, Senator, I think it is important to funnel money through the party and not cause more splintering in the political structure than we already have.

The CHAIRMAN. Thank you.

Senator METCALF. Thank you, Senator Long.

I want to say that during the course of the debate on this bill, there was an amendment for a tax incentive when Senator Long's Act last year was part of the discussion. Senator Kennedy's criticism as to the power that would be put in the hands of the national committee was a very important factor. Of course, in my discussions with my colleagues, that was perhaps as valid a criticism as was made, that a lump sum of $20 million in contribution to the national committee would destroy the local organizations. I think many of us are somewhat wary of too much power in the hands of the committee.

I want to comment that it has not been my experience that we have had this continuity in professionalism at the national level that you feel is desirable. There was a great exodus from the Republican

National Committee in Washington when Senator Goldwater was nominated for President, because he put a whole new staff in. I would suggest that if someone replaced President Johnson—after 4 more years—as the nominee, there might be a change in the Democratic National Committee, because the nominee would put his own staff in.

So I have the same misgivings that Senator Kennedy had; if we put all this money for television in support in the hands of the national committee without any local control, it could destroy any of us in our own primaries, which some of our opponents come up in. Speaking for the President, speaking in a campaign, they gain a lot of recognition and it would be very dangerous. I feel there should be more local control.

Where did we get this idea of 140 percent? That is in the bill, but is that just an arbitrary figure? Is it a realistic figure, do you think?

Mr. ALEXANDER. That is in the administration proposal.

Senator METCALF. That not more than 140 percent can be spent. It is just an arbitrary figure, is it not?

Mr. ALEXANDER. Yes, sir, I believe it was designed, in effect, to try to answer some of the criticisms that Senator Kennedy had made with respect to potential power in the national committees. If the national committee had unlimited authority to distribute the money as it saw fit, it could, in effect, starve certain expenditures in certain States for factional purposes within the party.

Senator METCALF. I agree there should be some limitation. It is really 140 percent against zero, maybe, in some States.

Mr. ALEXANDER. I think the 140-percent formula was based on the assumption that something in the vicinity of $30 million might be appropriated by the Congress, in which case the National Committee would have sufficient money to pay for the State and local activities on behalf of the presidential ticket. On the other hand, if you go the route of direct subsidy, but limit it only to the evidence of media and travel expenditures that are paid directly by the national campaign organization, which in 1964 were, for the Republicans, at least, in the area of $8.3 million, then you tend to overcome this problem of how much would be spent in a given State. Because in effect, what those media expenditures are are basically two or three things: One is network broadcasts for presidential candidates; secondly, perhaps, some spot announcements in some key areas, but basically network programs. And thirdly, travel of the candidate and his entourage, his immediate traveling party.

He tends to go into 40 or 45 of the 50 States, in any case, so the money would tend to get spread around the various States. But the point is that those expenditures are being made directly by the national committee, and that is different from the original concept, where more than was actually spent in 1964 would have been made available under the Long Act, and therefore, the national committee would be in a position to fund the State and local activities on behalf of the presidential ticket.

Senator METCALF. Now, do you feel that it would be desirable to make this money available in the primaries or prenomination campaigns?

Mr. ALEXANDER. Well, I indicated that I thought the impact of money was greater in the nomination phase than it is in the election phase. This is certainly true. I think, however, it is extremely hard to

find a way to get at the problems of the candidates in the prenomination period except through some generalized scheme which permits citizen determination of where the money is going to go. Otherwise, you get into inflexible formulas of what is a leading candidate, what is a less than leading candidate, what is a dark horse.

I mean basically, you have to make all these kinds of definitions. Just take recent prenomination campaigns. What would you have done in 1960 when then Senator Johnson was not actively campaigning for the nomination, was purportedly attending to his business as majority leader here in the Senate? How would you handle the prenomination expenses of people who were advocating his candidacy when he was not even an announced candidate? Or a candidate who is a dark horse who disclaims entry into the Oregon or Nebraska primaries?

So you get into an awful lot of sticky questions with respect to this funding unless you do it through tax incentives, again, which permit the citizens to give their money in the prenomination period if they want, or in the general election period if they want. Or through your voucher system, Senator, if you can get the voucher to the citizen early enough in the year so he can decide whether he wants to spend it on the prenomination period or in the general election period. Otherwise, it is extremely difficult to get at these prenomination expenditures of candidates.

Senator METCALF. It would seem to me if that were desirable, and it is very difficult to analyze what would have happened in some of our presidential campaigns, but certainly it would be desirable if we moved down into the congressional or senatorial campaign, because in many of these States the decision is made in the nominating or the convention procedure. And, of course, it seems to me that that that is the advantage of this voucher system, which is purely voluntary and gives an opportunity to an individual to make his contributions, as you say, when he gets to——

Mr. ALEXANDER. I think the matching plan is also feasible in the prenomination period, whereby the Federal Government declares its policy to match up to $10 each contribution raised on behalf of a candidate for nomination for Presidential office. This puts the candidates on the spot to go out and get as many contributors as they can.

If they get a $1,000 contributor, the Federal Government will match only up to that $10. This is one other way of trying to get at this problem in the prenomination period. Otherwise, you have to define leading candidate, and you run into the same thing if you want to either subsidize political broadcasting or require broadcasters to give free time.

The question is to what candidates they are going to give it in the prenomination period. Are they going to give it to the undeclared candidates who very well might get the nomination? To the Johnsons or the Symingtons who simply will not announce or will not campaign very hard, who will not enter primaries, but nevertheless might like the nomination?

Senator METCALF. You talk about subsidies and tax incentives. Senator Long has brought up some of the questions. The counsel for the Republican National Committee came in here and advocated a $100 tax deduction. Now, a great many people, especially people in lower income brackets, do not even pay $100 in tax. A $100 tax

deduction would not mean a great deal to people at their level; whereas if a person is in a 50- or 60-percent bracket, a tax deduction means that the Federal Government subsidizes it to the amount of the very highest level, $50 or $60. So it seems to me that gives the Republican Party, which is the party especially of corporations and big business, an added advantage, whereas the proposal that I have made, that you in effect give a tax credit of $1 to every income tax payer, gives every income tax payer a possibility to participate in the campaign.

Mr. ALEXANDER. Of course, a tax credit does not favor a higher income person as against a lower income person.

Senator METCALF. If it is a small taxpayer——

Mr. ALEXANDER. It is not at all determined by the person's income bracket, whereas the tax deduction——

Senator METCALF. Some people suggested that they give a dollar; other people suggested a tax credit of $5, maybe even up to $10. There is nothing to mean that you could not have a tax credit of up to $10 and still have a voucher plan in operation, too.

Mr. ALEXANDER. That is right. You could have a mixed system. There is practically no limit.

Senator METCALF. Or you could have a voucher system in operation for senatorial and congressional elections, and a tax credit up to $10 for presidential candidates; could you not?

Mr. ALEXANDER. Yes, sir; there is no limit to the combinations that could be devised. The question is a matter of public policy, as to whether you want to treat presidential campaigns in a different way from which you treat senatorial and congressional of State or local campaigns.

Senator METCALF. Would you not agree that if it is in the public interest, of course, to control contributions that might affect policy, the national scope of the presidential campaign means that there would be less opportunity for even substantial contributions to control, as in the congressional or even some senatorial campaigns?

Mr. ALEXANDER. Of course, if the truth be told, in a presidential campaign the costs are so high and so much money has to be raised that it is even difficult under present circumstances for any one large contributor or group of large contributors to be very influential.

Take the President's Club in 1964. It had 4,000 members contributing at least $1,000 each. It is kind of hard in those circumstances for a single interest to be terribly influential.

Senator METCALF. And you read down the lists of activities, the industrial and personal activities of those members of that club, and they are in conflict with each other and they are so diffused and so widespread that there could not be any control.

Mr. ALEXANDER. This tends to be true in both parties. There are conservatives and there are liberals in both parties. You will find representatives of, let us say, railroad interests contributing and representatives of trucking interests contributing within the same party, perhaps to the same candidate. So this still leaves him relatively free to choose as between railroads and truckers on a public policy question.

Senator METCALF. But there are congressional districts and there are some States that are largely controlled, either by a large bloc of voters or maybe the United Auto Workers or the rubber workers, or by a large corporation such as the Anaconda Co., or something of that

sort, that brings up the need for financing in local elections to be even more important than in presidential elections, it would seem to me.

Mr. ALEXANDER. Absolutely. This is why the problem is more pronounced in some senatorial or congressional campaigns, because the State or district is, in effect, dependent on one major industry, and there is no counterbalance. Labor may not be strong as a counterbalance to that industry, with the result that the candidates tend to reflect pretty much the interests of those vested interests that are dominant within the State.

Senator METCALF. You also said that we have had a century and a half of political activity in America. We have had drives to get out the vote all these times and have found it very difficult to get a substantial vote. Sometimes it is only 50 percent, and sometimes, even in a presidential year, 75 or 80 percent in hotly contested races. We have to have an educational program for contributions. So it would seem to me that the voucher plan would help in that. Here is a man and he has $1 to contribute to a political party. He is going to be more interested and more concerned that he ever has been before in saying, where am I going to put that money? I can only use it for a political contribution; I cannot use it for anything else.

That, it would seem to me, would be the best educational source for getting people to start awareness of, not 12 million but 30 or 40 million people, contributing to the party of their choice.

Mr. ALEXANDER. Well, I would assume under the original Long Act, where there is a tax checkoff, or under your voucher scheme or under tax incentives, it would be incumbent upon the national parties to organize media campaigns to try to get people to either checkoff or to get people to send in their vouchers, or somehow to devise collection systems for picking up these vouchers so that the money would be available. But the same thing applies to tax incentives, too. There is no panacea, and there is not going to be a sudden outpouring of money because of tax incentives. The parties and the candidates still have to go out and organize and ask people to contribute.

Senator METCALF. But, on the other hand, a person who has never contributed and does not have very much interest or concern, when he filled out his tax return in April, might not have made the contribution and made the tax credit, be eligible for it. But if in the mail, he gets a voucher, and then along comes a political activity or a national convention and it is of interest, he can either say, I have this voucher and I can either tear it up and it will go back into the Treasury, or I can make a contribution—it seems to me that is the greatest inspiration for political contributions that we can have in this program in the future.

Mr. ALEXANDER. Well, I think it makes sense in terms of its ability to retain the right of the individual to make his own determination as to where the money is going to go. It is a direct subsidy which does not unduly encumber the tax system. I mean it is not in the same form as either a tax credit or tax deduction, and it has certain advantages.

On the other hand, I would not minimize the disadvantages—the administrative headaches of getting these vouchers to the people and, secondly, the administrative headaches of redeeming, or candidates and committees eligible to receive them, receiving and redeeming the money. Your bill says the U.S. Treasury, but in effect, the Treasury would have to delegate banks or post offices or something at the local

level to redeem these vouchers. There you get into problems of administration and control.

But in terms of principles, in terms of the principle of voluntarism, in terms of the principle of the parties having to go out and actively seek out these vouchers, in terms of citizen determination of where the money is going to go, it is a feasible alternative.

The CHAIRMAN. It seems to me the voucher plan has one strong advantage to be said for it; that is, every taxpayer, every citizen over age 21, whether he makes enough to pay an income tax or not, could have the privilege of mailing in a little certificate, especially if you confine it to the presidential race, and say, here, this man is for what I think is right, I want to see that he gets $1 for his campaign. The Government made it possible for me to mail in my voucher for $1 to help him make his campaign, because that is what I believe in.

That then gives every person, regardless of his wealth or lack of it, the opportunity to see that the point of view to which he subscribes is heard. Americans then will have about the same general weight in saying how the campaign should go, both in votes and in expression.

Mr. ALEXANDER. Another thing. As a matter of policy, if the Congress is concerned with encouraging registration in the States, for example, this might give incentive to the State party organizations to get people registered, because you could make these vouchers available only to registered voters, if the States were to, in effect, act as channels for the distribution of the vouchers. So they could be used as an incentive to increase registration, or for other purposes.

You would also have to make the determination as to whether the money would be limited to media and travel, if it were used exclusively in a presidential campaign, or whether it could be used for any kind of expenditures.

Senator METCALF. That determination would have to be made whether it is a tax credit or a deduction or direct appropriation, or whatever it is. That is a separate determination.

Well, I think you have made a significant contribution and you have been very helpful. We are very grateful to you for your appearance here.

Did you have anything more?

The CHAIRMAN. I have no questions.

Mr. ALEXANDER. Thank you, Senator.

Senator METCALF. Our last witness this morning is Mr. George Agree, of the Association for the Democratic Process. This association is one of the newest organizations devoting itself to the important task of providing better government through better elections and a more just campaign financing process.

I personally know that Mr. Agree is no newcomer to this business of campaign financing. He has long been associated with other organizations that have been in the political field.

I am glad to have you, with your background and expert testimony, as an old personal friend of mine, Mr. Agree, to make your statement on this subject.

STATEMENT OF GEORGE E. AGREE, ASSOCIATION FOR THE DEMOCRATIC PROCESS

Mr. AGREE. Thank you, Mr. Chairman. I am grateful for the opportunity to participate in these proceedings. I hope what I have to say will be useful in your deliberations. I will try to say it quickly so that you can get to lunch.

I have been directly involved in the problems of campaign financing for the past 15 years—through seven national campaigns on the soliciting side as executive director of the National Committee for an Effective Congress and an officer of a dozen ad hoc fund-raising efforts for various candidates of both parties, and through one campaign on the contributing side as an associate of one of the finest men of our time who also was one of the biggest political donors in the country, the late Stephen R. Currier.

Like everyone else involved in campaign financing, I have been aware of the many inadequacies and inequities in the way it has been handled under our system. Like most others, I had little hope and less expectation that it ever would be possible as a practical matter to achieve substantial improvement of this system.

Yet that possibility exists today thanks to the convergence of a number of factors, not least of which has been the determination of your chairman. It would be a pity if this opportunity were to be lost through lack of agreement as to the nature of the problem or the priorities to be sought in resolving it. But even if that should prove the case, there is reason to hope that your work here may sufficiently clarify the issues to assure broader understanding and greater accomplishment next time the opportunity arises.

All the bills before you seem to reflect general agreement on the following propositions:

1. That campaign costs are rising sharply, due principally to the increasing size of the electorate and the expensiveness of news media;
2. That voluntary contributions are falling dangerously behind in meeting these costs;
3. That wealthy candidates have an unfair advantage, not in the public interest;
4. That givers of large contributions may therefore gain and use undue influence over elected officials beholden to them; and
5. That some form of Federal financial assistance is needed and would be appropriate to help correct the situation.

All of these statements appear to be consistent with each of the plans under consideration, whether for a tax checkoff, a direct appropriation, vouchers, tax deductions, or tax credits.

But it is clear that any form of Federal assistance inevitably would have some effect upon the distribution of political power. And there is considerable disagreement as to whether—in what direction—or to what degree—political power should be restructured as a consequence of Federal assistance.

This is the real import of the differences in the various bills before you, and of the difficulties the Congress will face in agreeing upon a solution.

It seems to me that the administration bill goes off on the wrong track altogether. It would strengthen major national party organizations at the expense of the voluntarism and open option by the people

that should animate our political system. And then, as if in horror of that prospect, it attempts to protect against its consequences by establishing a new bureaucracy and a set of arbitrary restrictions that would either stultify campaigning or invite widespread circumvention.

Mr. Alexander referred to the problem posed by the Liberal Party in New York using voluntary contributions for television, and in connection with the proliferation problem.

No privately contributed funds may be used for television by a party receiving Federal assistance. My State of New York has 10 percent of the Nation's population and television stations which reach a substantial proportion of the people of six other States. We have a minor party, the Liberal Party, which invariably supports the Democratic candidate for President, and another, the Conservative Party, which may some day support the Republican candidate. How can a prohibition of major party use of privately contributed funds for television prevent one of these minor parties from collecting that money and using it to televise its candidate, who happens to be the same man being supported by a major party? And what implications would this have for the proliferation across the Nation of similar minor parties which nominate major party candidates?

Senator Anderson observed the other day that it is impossible to attempt to control this sort of thing without being compelled to control everything. This was most profound.

By channeling Federal assistance through the parties, rather than the people, the administration bill, and others like it, must then protect the people by what could become an endless series of prescriptive amendments—the result of which would be to put both the parties and the people into political straightjackets. This is not the way to freedom.

Far preferable in my judgment, are those proposals such as the bills for tax deductions, tax credits, and vouchers, which determine the Government's participation on the basis of the voluntary actions of individual citizens. Once the basic formula is set, these would operate automatically, and with minimal restructuring of political power.

But, while I believe any of these devices would represent an improvement over the present situation, there are important differences between them.

Tax deductibility for political contributions would give the greatest benefit to the people who need it least—those in the higher income brackets. This may be good policy when trying to encourage support of philanthropy. But political contributions are not philanthropy and should not be so considered. They are a means of influencing the course of government. And wealthy people have enough advantages in this regard without the Government itself giving them more.

Tax credits to the limits proposed in the various bills would be far more equitable and are therefore to be preferred over deductions. But these pose other problems. If it were required of taxpayers to prove that the contribution had been made, donors would have to save receipts from summer or fall until the following spring, and for small amounts the task might seem too troublesome to constitute any incentive at all. On the other hand, if it were not required to prove that the contribution had been made, all taxpayers might come to claim the

credit, whether they had contributed or not, and it could cease to be an incentive in this way, too.

If tax deductions or tax credits should be offered, I would urge that they be applied to contributions to all political committees, and not just to party or "authorized" committees. The ability of citizens to band together in groups of their own choosing, for the support of candidates by criteria other than party affiliation, cannot be limited without unjust abridgment of a right they now possess.

The only bill before you which extends tax credits to all such political committees is the Clark bill.

For what it may be worth, my own experience in soliciting contributions in the hundred-dollar range and below suggests that neither the proposed deductions nor the proposed credits will add more than marginally to the supply of political money. Even a $5 out-of-pocket contribution requires such a high order of conviction and commitment, and also means, as Senator Long points out, that most people who have it are already contributing and do not need the incentive. They may give a bit more, but there will not be many more givers.

If this is true, or if campaign costs continue to rise, we will quickly be back with the same old problem and needing a new solution.

I believe that solution is available now in Senator Metcalf's proposal for campaign contribution vouchers.

In presenting his bill, Senator Metcalf described its operation as follows:

> All taxpayers who had checked the box on their income tax forms would receive political campaign contributions vouchers from the Treasury. These vouchers would be mailed to everyone at the same time, at the beginning of each campaign. In all years in which general elections are held for the House and Senate, there would be one voucher for such campaigns. In years in which there is also a presidential election, there would be an additional voucher for presidential campaigns.
>
> Each voucher would be redeemable for $1 when presented to the Treasury Department at times and places to be prescribed, but only when presented by authorized candidates and political committees. The vouchers would have no value for anyone else, or for any taxpayer who neglected or decided not to use his. In each election year, the Congress could appropriate sufficient funds to cover the number of vouchers requested, and the amounts not redeemed in that campaign would revert to the Treasury at the end of the year.

This is a novel proposal which perhaps for that reason has not yet received sufficient attention and understanding. I have discussed it with a number of Members of Congress, managers of campaigns and people in the academic community, and it seems to fit better with every wearing.

A voucher system would inject really significant amounts of clean money into political campaigns while eliminating the need for arbitrary formulas concerning who gets what, the people will decide, just as they do their votes. This would not assure the two major parties of precisely equal amounts of money, but it would assure them of roughly equal amounts. One may assume that the Republicans would have had a few percentage points' advantage in 1952 and 1956, that there would have been virtually no advantage to either side in 1960 and that the Democrats would have had a rather considerable, if temporary, advantage in 1964.

Of course, much would depend on the vigor of the respective collection efforts, but this fact would enormously benefit the political process. Both parties would be encouraged to get down to the grass-

roots, with an across-the-board stimulation of political interest and activity.

The fact that the voucher plan is as readily adaptable to congressional as to presidential elections means that neither branch will be neglected, and that our system can be kept in balance. It also avoids the ludicrous possibility that we might wind up with two different systems of Federal assistance operating at once.

Above all, the Metcalf plan would not restructure power within the parties. All the national level, State, and local organizations now involved in fundraising would also be active in voucher collections—as would candidates' own campaign committees and citizens groups. As I understand it, the Senator's bill limits redemption of the vouchers to authorized committees, but does not prevent others from participating in the collection efforts.

Certain questions remain to be answered, shall vouchers be sent only to taxpayers who check their returns, as in Senator Metcalf's bill, to all people who pay taxes, which might be simpler to administer, to all people with social security numbers, as Senator Long has suggested, or to all registered voters? I doubt that it would make much difference and suggest that ease of administration should be the controlling factor.

How much money would a voucher system really provide? Only trial will tell. If the amount proves insufficient, the value of the vouchers could be increased for subsequent campaigns. On the other hand, to guard against the possibility that everyone would use his voucher and thus flood a campaign with money, a simple formula could be applied that would reduce the value of all vouchers presented for redemption beyond a number representing a certain proportion of the electorate in the particular constituency. For example, vouchers might be redeemable for the full amount only to the number of 50 percent of the registered voters in a given district, and for half the amount beyond that.

Finally, there are three additional points: a voucher system could be operated with the same kinds of limitations of authorized expenditures as envisioned in the administration's bill, although I do not believe such limitations would be as necessary; a voucher system could operate smoothly side by side with continued solicitation of cash contributions, and might even stimulate them, and yet it would provide opportunity for limiting the size of allowable contributions; and a voucher system would be readily adaptable to primary elections when and if that were desired.

In summary, Mr. Chairman, I believe that the administration's bill and others like it would impose unwarranted and, in many cases, unworkable limitation on our political system, that tax deductions and tax credits are better in principle but would be only marginally useful, and that a voucher system would probably be the best way to provide significant amounts of public funds for campaign purposes with least distortion of our political institutions and practices.

Thank you for your attention and courtesy.

Senator METCALF. Thank you very much, Mr. Agree.

Senator Long?

The CHAIRMAN. Well, the voucher suggestion is a very interesting idea. I have found a lot of appeal to it, as I have indicated. We may have some difficulty in finding congressional agreement just because

a lot of Members of Congress may be reluctant to make it so easy for an opponent to finance himself against them. But there is no doubt about it that it does provide a very democratic way to finance elections, because people may hear a man make his speech and say what he believes in and this voucher sent to them by the Secretary of the Treasury for $1 to help a fellow keep it up, maybe put him back on the air so they can hear him again.

It does have one disadvantage in that the candidates may not estimate the accuracy of the vouchers that they may receive. They may just guess at it. But I think the major party candidates could very well rely on a fairly substantial amount, perhaps as much as 30 percent of what was mailed in.

Mr. AGREE. I think you are right about that, Senator Long. I think for the other candidates or for candidates for lesser office, it still might be as predictable as the amount of cash contributions. One does not know that in advance, either. But there would be a pretty fair idea, with pretty fair predictability.

On the point of Members of Congress being concerned about stimulating opposition, I think that this need not be. Perhaps it ought to be something to be feared, but I do not think it needs to be feared if you have a constituency in which a member normally wins by a very large margin. I think he can well expect that his opponent is not going to get a great many vouchers, no more than he can get a great many dollars. The proportions would be about the same.

The CHAIRMAN. Right.

Thank you very much.

I think you have made a very fine statement.

Senator METCALF. Thank you very much, Mr. Agree. I am not going to comment, except that you made a very eloquent defense of my proposal, and I am not going to ask you any questions about it. But I will quote it and plagiarize it a good deal in the course of the discussions, and I think that you raise some questions that are involved. I think you pointed out the advantages of the flexibility of this proposal, and I hope that during further discussions, we do ascertain whether or not it should be distributed to registered voters or taxpayers.

But as you point out, that does not make a great deal of difference. The principle of the thing is that here is the broadest possible base for the encouragement of political contributions with a Federal subsidy. I think you have made a significant contribution to this hearing.

Thank you very much.

Mr. AGREE. Thank you, Senator.

Senator METCALF. The committee will be in recess until 10 o'clock tomorrow.

(Whereupon, at 1:25 p.m., the hearing recessed until the following day, June 8, 1967, at 10 a.m.)

POLITICAL CAMPAIGN FINANCING PROPOSALS

THURSDAY, JUNE 8, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 2221, New Senate Office Building, Senator Clinton P. Anderson presiding.

Present: Senators Long, (chairman), Anderson, Gore, Hartke, Metcalf, Harris, Williams, Carlson, and Dirksen.

Senator ANDERSON. The hearing will come to order.

Today, the committee continues to receive testimony regarding the important question of political campaign financing. Our first witness this morning is the Honorable Howard W. Cannon, U.S. Senator from the State of Nevada. Senator Cannon is the chairman of the Subcommittee on Privileges and Elections of the Senate Committee on Rules and is a former member of the Democratic Senatorial Campaign Committee. Senator Cannon has long been concerned with matters relating to political campaigns and is the author of S. 1880 which embodies several recommendations submitted to the Congress by the President. His bill has been previously described to this committee as a companion measure to S. 1883 which reflects the political campaign financing recommendations of the President. Senator Cannon, we recall the fine statement you made here last August on this question. I know the testimony you bring to us today will aid us in our work. You are recognized.

STATEMENT OF HON. HOWARD W. CANNON, A U.S. SENATOR FROM THE STATE OF NEVADA

Senator CANNON. Thank you, Mr. Chairman.

I thank you for this opportunity to testify at this hearing.

For several years the Congress has been wrestling with the problem of discovering better ways to finance political campaigns in order to permit all qualified candidates and parties to compete without relying too heavily upon a small number of contributors who can afford to make large donations to or expenditures in their behalf.

Everyone recognizes the inadequacies of existing law and each year an increasing number of legislative proposals are submitted to the Congress by administrations or introduced by members of the Senate and the House of Representatives.

For one reason or another none of the earlier measures has received a preponderance of support from either House of the Congress and the country is left in an obsolete and confused maze of jumbled laws and regulations.

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Everyone also recognizes the fact that some form of financial assistance must be given to candidates and political parties—both in presidential races and in congressional campaigns as well.

The form of financial assistance is proving to be a hard nut to crack. Some advocate the reimbursement of political parties supporting presidential candidates for expenses incurred during the course of a campaign.

Others support a direct appropriation of money to defray the cost of certain programs properly scheduled during presidential campaigns. Both proposals would require the adoption of specific guidelines and limitations.

Both proposals are meritorious because they seek to avoid dependence upon huge contributions from a relatively small percentage of the population of the United States. That is a noble goal because it would relieve candidates and national parties from the constant pressure of paying off debts and raising more money to meet new commitments in order to present their platforms to the people. Those proposals would also be subject to the continuous scrutiny of a national authority and disclosure of the amounts and uses of funds to the public.

There are some factors, direct or indirect, in those proposals that are of dubious value.

The receipt of great sums of money, gratis, may tend to destroy initiative and determination to seek the support of the average citizen in the formulation of policies and the raising of funds to carry out those policies.

A candidate or political party required to look to Mr. and Mrs. Average American for understanding and support will work very hard to earn that help and, in return, the average citizen who feels that his help is needed and appreciated will feel closer to his party and his candidates and will involve himself more fully in the campaign.

I am aware of the serious study that has gone into presidential campaign fund measures and fully appreciate the advantages to be enjoyed under such. However, I fear that the very fact that candidates for the Congress and their political committees would still be forced to seek political financing by separate means plus the additional fact that independent groups or associations or political committes would continue to function in raising funds from private sources and spending in behalf of whatever candidate or political party they chose, might have a demoralizing and shattering effect upon the public financing system. Nothing could prevent ad hoc groups from seeking to influence elections on all levels with money received from sources other than the Government subsidy.

If constitutional controls could be imposed to prevent a candidate or political party from benefitting, directly or indirectly, knowingly or unknowingly, by receiving financial support both from the U.S. Treasury and from independent groups, then I would be more favorably inclined to give my support to measures such as are now before this committee.

Public financing, shackled by private committees moving in another direction, seems unworkable to me.

For several years tax incentives in the form of tax credits or tax deductions, or both, have been presented on both sides of the Congress. I am of the opinion, Mr. Chairman, that the American public, fully informed of a right to claim a tax benefit for a political contri-

bution, would respond enthusiastically and in sufficient numbers to relieve political parties and candidates not only of a substantial portion of their financial worries and burdens, but also of the potential threat to their political independence occasioned by the acceptance of larger contributions from a small number of donors.

I also hold the belief that any tax incentive should be reasonably modest so that all of the burden would not be shifted from parties and candidates to the Federal Government through the loss of tax revenues.

I would like to make my position clear, Mr. Chairman, with respect to my preference for a tax credit over a tax deduction.

My position now is the same as it was when I previously testified before your committee on this subject in 1966.

A tax deduction is an allowance granted from gross income before actual computation of tax liability. In effect, it operates on a sliding scale according to the taxpayer's net income bracket. As the income bracket rises, less of the contribution is actually made by the taxpayer, and more of it is borne by the Government. Thus, the higher a contributor's income, the more a given deduction will save him in taxes. The effects of the proposals for allowing deductions for political contributions of up to $100, let's say, both as to cost to the contributor and revenue loss to the Government, would be determined by the tax brackets of those who take the deduction.

A tax credit, on the other hand, is an allowance taken from the final tax liability itself. It operates in such fashion that every taxpayer, large or small, would derive the same benefit for the same amount of contribution. The revenue loss to the Government would be related to the number of contributions made and credits sought on tax returns—not to income levels or tax brackets. If a $10 tax credit were allowed, for example, every contributor, large or small, regardless of income, would be entitled to subtract up to the credited amount from his final tax bill.

A tax credit, in my judgment, is more equitable and would be more appealing to the average citizen.

Two of my bills—S. 2426, passed by the Senate in 1961, and S. 2541, reported to the Senate in 1966—contained provisions, as reported, calling for a tax credit of one half of the amount of a political contribution but not to exceed $10. Alternative proposals suggest a tax deduction not to exceed $100 in a calendar year.

Tax credits and tax deductions have been attacked on the grounds that a tax credit would be of real benefit only to the low-income wage earner; that a tax deduction would benefit the large wage earner more; that both types of incentives would be too costly or difficult to administer, et cetera.

Also, there is the problem of giving the benefit of a tax incentive to those who owe no tax, et cetera.

However, almost every wage earner must file a return whether he pays a tax or not, and some method could be devised to afford him a credit against taxes or even a partial refund. There are problems, very real problems, as we all know, in finding new and better methods for financing political campaigns. Existing, outmoded ceilings and limitations must be disposed of; reporting requirements must be broadened and made more detailed; the entire Corrupt Practices Act should

be rewritten or repealed and a comprehensive new election reform act substituted for it.

Yet at the base of the political structure is money. Without it a political party and its candidates are helpless to reach the voters with their programs. Money is vitally needed but, in my opinion, there should be a cooperative effort between the country and its people.

Tax incentives such as tax credits and tax deductions are cooperative and mutually beneficial. The contributor and the Government each, would lose a little in revenues but gain far more in mutual trust and interdependence.

During its deliberations I hope that this committee will give careful consideration to the adoption of a tax credit or a tax deduction, or both, in preference to a system which merely depletes the Treasury without guaranteeing, in the true sense, any effective control over campaign spending.

I thank you, Mr. Chairman, for the opportunity to appear before you this morning. I am ready to answer any questions.

The CHAIRMAN (presiding). Senator Cannon, I want to thank you for your very fine statement here this morning. You have worked in this area very diligently and we on this committee, as well as the entire Senate, are very grateful to you for your thoughtful contribution in this area.

I agree with you that if between a deduction and a tax credit, a tax credit would be a better approach. One reason, I think, is that there is really no lack of incentive for wealthy people to contribute to campaigns the way it is now. Those are the people who are financing them. And those are the people who achieve a great deal of influence by financing campaigns. I recall one of the best supporters I ever had, one of my dearest friends, his picture is one of the few that hangs in my office—I do not have my own picture there, but I have his—he was U.S. Senator immediately prior to me. I recall he could have very well said he contributed large amounts to help me run for office, not one time but several times. He could say, I suppose, for the first 12 years I served, he could say he never asked a favor of me, never asked me for anything whatsoever and he did his best to support me. As a matter of fact, I urged that he be named to the Senate at the time John Overton died. He was a good Senator and when his term was over, he always supported me as actively as he could. Finally, I think after 12 years in office, he did call me and urge me to vote on some particular matter, apparently the way he would have voted if he had been here. I frankly did not feel I could have turned him down. I pretty well agreed with him, but I would have hated to have that man say he had put up all that money to see me elected and he had only asked me one thing in 13 years and here I turned him down.

But if we do not find some better ways to finance these things, a man who is President, a man who is Senator or holds almost any position, from time to time is confronted with that. It seems to me a tax deduction does not help some fellow who is only in the 14-percent bracket. On a tax deduction, he puts up a dollar and it saves him 14 cents, while it saves a wealthy person perhaps 70 cents on the dollar. So the incentive is completely uneven.

Now, if you have a tax credit, the incentive would be the same for all of them, would it not?

Senator CANNON. That is absolutely right.

In other words, the wealthy man would not get any advantage over the poor man by a tax credit on the basis of his contribution. They would benefit equally. Even if the poor man, let us say, has to claim a refund on his tax return, or, in other words, pays no tax.

The CHAIRMAN. I really think the tax credit approach would be far preferable to a deduction. We have tried the deduction plan on the House, as you know, Senator Cannon. We took it one time and went to conference with them and then turned it down. My feeling is they would take the position again, those are the same House conferees, same Democrats, same chairman. They might be the identical Republicans. There might be one change in seats among Republicans; not more than one.

Senator CANNON. You will recall that when we reported my bill from committee before, our committee did not have any dissenting vote on the tax credit approach. We reported the bill to the Senate floor. Of course, the bill was correctly subject to a point of order and I was advised that the point of order would be made unless I deleted that provision for a tax credit, I deleted it on the floor in order that we could try to get a bill approved, get it through the Senate and the House. The Senate passed it but the House did not act even then.

On the other point you made, the point of large contributors and their interests, I think it is very well shown by the hearings that were held by the Privileges and Elections Subcommittee a number of years ago. The report that was compiled, even though it was never approved by the Senate because there were some difficulties in connection therewith, indicated that 10 of the wealthiest families of this country contributed a very great portion of the campaign funds for that particular election year.

Now, I do not want to name any names, but that did not happen to be a contribution to the party that I belong to and I do not think it is good, no matter which party the contributions are for, for 10 extremely wealthy familes to come up with practically all of the funds for political campaigns—whether it be the presidential campaign or a congressional campaign or whatever it happens to be.

The CHAIRMAN. Thank you very much.

Senator Anderson?

Senator ANDERSON. Do you not agree, Senator Cannon, we had better do something now while there is an opportunity to do it?

Senator CANNON. I fully agree. I think we ought to do something now and I am prepared, even though I think my proposal is best, and I thought so when I testified before this committee before. I think that something needs to be done and if this committee and the Senate in its judgment or the Congress in its judgment feels that some other method is better, I am prepared to support it, because I do think something needs to be done, now.

I would say with respect to the Metcalf proposal I do not think that is a good one. I think where you are talking about a figure of $1, which I recall was the tax checkoff there, if you get to that situation you are going to use up a substantial amount of whatever you gain in the cost of administering a proposal like that. So I would say that if you are considering something along that line I would respectfully suggest that you ought to consider a sum of $10, or something a little more, so that you are not going to use as much administering

the particular program as you would get out of it for the political campaign.

Senator ANDERSON. I am very interested to do something. I hope we do not get tied down to a controversy between credits and deductions while we are doing something. It ought to be passed this year to be effective for the 1968 election. I hope that you keep on working to the end that a bill gets carried, even though it may not be the things that you want. I have some definite convictions, but I am willing to forgo a good many of them if we can get a bill passed to get something done.

Senator CANNON. I agree with you completely that we ought to get a bill out and ought to get it out this year. As I have said, I do not believe it should be limited to presidential campaigns. I think it is just as important in congressional campaigns and other political campaigns as in the presidential campaign, but if this Congress, in its judgment, feels we should try it on a limited basis, I am prepared to try that, too, because I do think we have to take a step in this direction and I hope it will be this year.

Senator ANDERSON. There are some who say we cannot bother with the congressional elections because they will take care of themselves. I think we ought to include both the congressional election and the race for the President. If part of it gets knocked out, we can support it at least, and I hope you will, also.

Senator CANNON. As you say, there are some who say that congressional elections will take care of themselves; there are some who say all elections will take care of themselves. They have in the past and perhaps will in the future. But I feel if we follow a realistic approach to get a broad-based contributory effort from the public at large and make it so that we will have a greater public participation and remove the unrealistic limits that are now written into the law that nobody follows—everybody knows there are many, many ways of getting around them—and make a very tight, full and complete disclosure provision, then I think we would be getting someplace.

I might say that I understand that someone suggested yesterday that perhaps my subcommittee should not have jurisdiction over the proposals concerning the Corrupt Practices Act. I am very hopeful that within the next couple of weeks we will be able to commence hearings on that bill, S. 1880, which was just referred to my subcommittee yesterday from the Rules Committee, and that we get going in that direction, too, because we have to, and take some meaningful action with respect to the Corrupt Practices Act itself.

Senator ANDERSON. Well, Senator Cannon, somebody had suggested that we can only control certain things at the present time. We can control newspaper advertising, radio and television time and that is all we can really do. I am not worried about that. I would like to do more, but we can at least get some idea as to what has been done and should be done. I certainly hope you keep on working. A bill has to be passed. If it is not complete, it is all right.

I want to commend you very strongly for the things you have done. You have carried a good example for individual Senators trying to help in this area and I compliment you on it.

Senator CANNON. Thank you.

The CHAIRMAN Senator Williams?

Senator WILLIAMS. Senator Cannon, I, too, want to join you in a strong recommendation and expressing the hope that we can get

some constructive piece of legislation going this year and have it enacted.

As I understand it, you would look with favor upon a tax credit proposal if that is what was decided on? That was recommended the other day by both Senator Clark, I think it was, and Senator Kennedy spoke in favor of that, and many other Senators endorsed it. I think a few years ago, President Kennedy made a similar recommendation.

Is that in line with what you are speaking of?

Senator CANNON. That is correct, Senator Williams. This has been my consistent position over a period of time ever since this matter has been under discussion. I favored a tax credit over the deduction or over a direct appropriation. I testified before this committee in August of 1966, I believe, on that very point. I took that position in my subcommittee when we reported out a bill with a tax credit provision in it to the Senate on two previous occasions—first in 1961, I might say. That was some 6 years ago. I still believe it is best, but as I said to Senator Anderson and Senator Long, I think that something needs to be done, but that if you people in your judgment feel that another approach is better and the Senate feels that is it better, I am prepared to go along, because I think we have to do something. But I do believe that my proposal made prior to 1961 was the best approach.

Senator WILLIAMS. Well, I appreciate that statement and I, too, would try to keep flexible on this because I think the main thing is that we do get a start in this area. I am more favorably impressed at the moment with the idea of the tax credit. I think the suggestion made the other day was 50 percent of the first $20, and both of the Senators who testified on that said there was no magic in the percentage figure or the dollar figure, but that was just a suggestion for us to consider.

Senator CANNON. Well, the original proposal, which was deleted on the floor from my bill, was that you be allowed a tax credit of not to exceed 50 percent of the amount of your contribution but not to exceed $10 per person. So husband and wife would be able to take twice that amount, if they contributed twice that amount also, you see.

In other words, they would not get the full credit for every dollar.

Senator WILLIAMS. Oh, no.

Senator CANNON. We suggested the 50–50 proposal so that all were participating in it—the taxpayer participating and the Federal Government participating.

Senator WILLIAMS. I think that is an important point and that was emphasized by all who testified in that connection, that the contributor would always, in all circumstances, be giving something out of his own pocket, even though he did get a tax credit. I believe that under President Kennedy's proposal, if I recall correctly, it was either 60 or 70 percent of the first $25. But there is no magic in the percentage figure, no more than the necessity of insisting that there always be something contributed by the donor out of his own pocket. As to whether it is $10 or $20 or what the figure may be, that is something we can arrive at also.

If we adopted that approach, it would provide some answer to the congressional races and other type of campaigns, Governor and all, would it not?

Senator CANNON. Absolutely, it should go, in my judgment, across the board. It should not be limited to any particular campaign or any political party.

In other words, political parties should not be excluded nor should they be specifically included—that is, included to the exclusion of everyone else.

Senator WILLIAMS. In other words, that the allowance would be based on a contributor making his donation to the party or the candidate of his choice?

Senator CANNON. Of his choice.

Senator WILLIAMS. That is correct.

Senator CANNON. The important thing is that he have a choice, rather than a checkoff that just says, well, if I get a checkoff here, this amount of money is going to go to be divided up among the political parties. Now, some people might not like that. They might want to help finance the other political party. I know I would not. I would not want to help finance another candidate against me, either. I would want to be sure my tax money was not helping to finance somebody against me. I would want to contribute where I wanted it to go.

Senator WILLIAMS. I think that is an important element in this, to be complete.

One final question:

The proposal to revise the Corrupt Practices Act is presently before your committee?

Senator CANNON. Yes, sir; as of May 25.

Senator WILLIAMS. But there are many in the Senate on both sides that have strongly taken the position that they think that when we provide for an easier method to finance campaigns, it would be necessary or essential that we approve in the same package a broad revision of the Corrupt Practices Act and the Hatch Act, too, if necessary. As a member of that committee—I am not questioning whether this should be reported by the Finance Committee or your committee—do you not think it is possible that these committees who have this very jurisdiction could get together and agree that a single package bill be reported out to the Senate and all of us waive this jurisdictional question?

Senator CANNON. Well, I certainly would be very happy to do that. I would be happy to get together with the Finance Committee and the chairman and come to an agreement of that nature. However, I think that we might run into more difficulty on the floor and have less chance of getting some specific proposals through if we followed that approach.

Personally, I would like to proceed along the lines that we are following now and have both committees try to get some meaningful pieces of legislation through if we have to get them through in bits and pieces, rather than put a whole package through and then have it lost because we run into some little problems in connection with one part or another. This is one of the reasons that we do have, we had an understanding between the committees when these proposals came up, that the finance part would go to the Finance Committee and the other parts would go to the Rules Committee so that my subcommittee could consider them.

So as I said to you earlier, I hope that we will have hearings going within the next 2 weeks and certainly within the next 3 weeks.

Senator WILLIAMS. Human nature being what it is, that portion of the plan which would provide the method of financing the campaigns will be the easiest to get through the Congress. That is only natural. It is for that reason that some of us felt that it would be very important to have with this so-called sweetener, a revision of the Corrupt Practices Act that would require full and complete disclosure of all campaign contributions and expenditures accompany the same bill. Because if we are just going to provide an easier method of raising money, with no controls over the expenditures, I am fearful that we may fail to clean up this particular situation. I hope that we can work out an arrangement here where we can report a single package bill, whether it be a bill reported by this committee alone, or with your committee, so that when a Member of Congress is voting for a proposal that will make it easier to finance our campaigns, we will also be voting for the proposal which will give some greater element of control over the source of the funds and the expenditures.

I hope that you will give that consideration. I am not trying to usurp the jurisdiction of your committee. Whether the bill be reported out from this committee or your committee, that is beside the point. The main consideration should be that we get a bill before the Senate that will be of the proper form and that will give not only a method of financing these campaigns, whether through a tax credit or deduction or whatever you decide on, but also some badly needed corrections in the Corrupt Practices Act.

The CHAIRMAN. You may continue, Senator Williams.

Senator WILLIAMS. Mr. Chairman, I think I had just about completed my remarks. I think I am pretty much in agreement with Senator Cannon that we do need some legislation in this area and that if we all get together and work for that one objective, I think we can get a bill out and passed at this time. I certainly hope that we can, as members of the two committees that may be involved, reach an agreement where we can report a single package bill. I happen to be one and I know there are many others who feel that it is important that we act on the reform phase of the Corrupt Practices Act. In fact, I would give even top priority to that over the method of helping to finance it, although I think they are related and I think they should be considered at the same time with the other.

I thank you.

The CHAIRMAN. May I just make this one point?

Senator Cannon, you are one of the highly regarded members of the Rules Committee, a very fine committee, and you do wonderful service to the Senate on that committee. My only objection to your committee is that you do not have enough office space to assign. We have not been able to get enough room for this committee. We hope someday we can get together and build a new wing on this building so we can provide more room for our stenographers and our assistants.

But it is my judgment that my committee should not invade the jurisdiction of your committee unless it is with an understanding between us that the Committee on Rules would think that that was appropriate and would approve of it, or would not object. If the Committee on Rules sought to invade the jurisdiction of the Finance Committee and sought to pass a tax measure, I know what would happen to you.

Senator CANNON. It already did, Mr. Chairman.

The CHAIRMAN. If you succeed in passing such a bill to the Senate, the House would send you a little blue slip saying that in the judgment of the House, that was a revenue bill and revenue bills must originate in the House and they can send the bill back to you. We have had it happen quite a few times.

I must say that is one very satisfying experience as far as the Finance Committee is concerned, to stand there and defend your jurisdiction, and if you lose, have the House send the bill back with a little blue slip.

The House committee does not have that protection, but it has, of course, the privilege of originating revenue measures. But I would say as far as your committee work is in respect to that matter, we should respect its jurisdiction if they want to work on it.

But I also want to say that a bill that we report might be controversial and if it were, assuming that we could muster 53 or 54 votes for it, we might lose the necessary votes to pass the bill, because southerners might object to the Corrupt Practices Act applying to southern primaries or someone might disagree with something in the bill that your committee reports. It seems to me you might have a situation where your bill could muster 53 or 54 votes in its own right and our bill could muster that many votes, but putting the two bills together in one package might cause them both to fail.

Senator CANNON. Senator, you are absolutely right. This is one of the things we had to consider when we previously reported our bill to the Senate, because we left out a lot of measures that were extremely controversial in the hope that we could get something through and we ended up getting nothing through.

Senator WILLIAMS. Perhaps you compromised so far that you lost your virtue. I supported you and I think if you stand pat on the things you feel are necessary, it will pass. We are operating at a little different area at this particular time, because the Senate instructed the Finance Committee to report out a measure and based on those instructions, which I think were passed 93 to four or almost unanimously by the Senate, our instructions were to report out a bill revising the Corrupt Practices Act in all of these areas. I feel that we are somewhat bound in that particular field and there are more precedents that the Finance Committee and other committees are not overly sensitive about jurisdiction on.

As a specific example in point, I am reminded of the fact that we amended the antitrust laws dealing with football leagues on a Finance Committee bill and Congressman Celler's objections in the House were overriden.

The CHAIRMAN. But that was a tax bill, that was a revenue bill. Merging those two leagues was just incidental.

Senator WILLIAMS. That is right.

Then another point about the revision of the Corrupt Practices Act. That is not controversial, apparently, because if it was adopted in the Senate without a single objection as an amendment; it was lost by the wayside in parliamentary maneuvering.

The CHAIRMAN. You say that was adopted without any controversy. I was there when it happened. The Senator from Delaware, Mr. Williams, had an amendment at the desk, for which a substitute had been offered. So at that point, nobody could offer an amendment or vote on one until we disposed of the amendment and the substi-

tute. The Senator then stood there and said, I now modify my amendment. I asked the Parliamentarian, do we get a chance to vote on that? He said, no, there is no way on earth you can vote on it. He has a right to modify it. There is no way to vote on it until you dispose of these two, the substitute and the perfecting amendments.

I never knew that could happen, that somebody could stand there and modify his amendment, and nobody could do anything about it. It was done by unanimous consent of one man, the Senator from Delaware, Mr. Williams. If we did not like it, there was nothing we could do about it.

Senator WILLIAMS. I say it was adopted later. After we got through with the parliamentary maneuvering, on a roll call vote, the Senate approved it.

The CHAIRMAN. They approved it with a whole bunch of other things.

Senator WILLIAMS. That is right. But I say we need this and I say very strongly we do need a correction of the Corrupt Practices Act and full disclosure. As President Kennedy and President Johnson said about that amendment, as well as many others, I have a strong suspicion the Senate is going to get a chance to vote on it, too.

The CHAIRMAN. I am not objecting to it. I am merely saying that as far as this chairman is concerned, I do respect the jurisdiction of the Rules Committee. If the Rules Committee wants to amend this bill, I recognize its jurisdiction to do that.

I recognize the Senator from Indiana, Senator Hartke.

Senator HARTKE. I have no questions.

The CHAIRMAN. The Senator from Oklahoma?

Senator HARRIS. I have no questions.

The CHAIRMAN. Thank you very much, Senator Cannon.

I want to interrupt the Senator for just a moment. Some Senators will have to leave in just a few moments to go on with other business. While we have the present membership here, we wanted to present a plaque to our next witness. I would like to call him up here, one of the most beloved members who ever served here, the Honorable Paul A. Douglas, of Illinois, and a longtime member of the Committee on Finance. Recollection of the distinguished service he has rendered for this committee is strong within us. [Applause.]

Mr. DOUGLAS. Your Honor, my plea is "not guilty."

The CHAIRMAN. The first order of business of this committee in the 90th session was to adopt the following resolution:

> Whereas Paul H. Douglas, of Illinois, served honorably and faithfully as a member of the Committee on Finance from May 18, 1956, to January 3, 1967, and whereas, Paul H. Douglas generously devoted his knowledge and energy to the consideration of the many complex issues before this committee during this period, and
>
> Whereas Paul H. Douglas unceasingly advanced the development of legislation relating to trade, Government finance, and social welfare in execution of the broad responsibilities of his committee: Now, therefore, be it
>
> *Resolved*, That the Committee on Finance hereby expresses to Paul H. Douglas its sincere appreciation and gratitude for his outstanding contributions to the fulfillment of the obligations of this committee and for his faithful and devoted service as a member of this committee.

The CHAIRMAN. Senator Douglas, this is one of the few measures involving you that was adopted unanimously. [Applause.]

Mr. DOUGLAS. I am very grateful for this and also very much surprised, but pleasantly surprised, I may say.

Thank you very much. You should not be so kind to me as sometime I may appear before you on the depletion allowance.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We will now hear the statement of Senator Douglas.

Senator Douglas, I am pleased to have here a book that you wrote in this general area, ethics in Government. You discuss this general problem, the cost of running for the Senate, and the fact that the Corrupt Practices Act is a farce the way it works today. You have given a lot of thought to these subjects and you have done what you could to make Government more ethical and to clean it up to the greatest possible extent.

If I might recall a personal incident, when Senator Douglas was a candidate for office, I found a man I thought would contribute to the Senator's campaign. The man said he agreed he ought to contribute. He agreed Senator Douglas had been a fine Senator, but he read Senator Douglas' last essay on ethics and the Senator had such high ethics, he was afraid to talk to him. But he finally did come through anyway.

Senator Douglas was chairman of the first Senate Committee on Ethics back in the 81st Congress. His service on that committee and his own experience with political campaigns prompted him to introduce legislation many years ago to finance election costs with Federal appropriations.

STATEMENT OF HON. PAUL H. DOUGLAS, FORMER U.S. SENATOR FROM THE STATE OF ILLINOIS, ACCOMPANIED BY STANLEY HECKMAN

Mr. DOUGLAS. Thank you, Mr. Chairman.

Mr. Chairman and members of the Finance Committee, friends, and former colleagues, I am honored to be invited by the chairman to testify on the questions of the financing of candidates for election to Federal office. Someone once remarked that running for office was like sex; it had to be experienced in order to be understood. Running for public office is therefore a subject about which all Senators and Congressmen and especially those from two-party States are indeed very knowledgeable.

May I say to begin with that I support the main thrust of the administration's bill. I also support the general proposals of your chairman, Senator Long—in the previous Congress a sponsor of his bill, a cosponsor—and of Senator Metcalf.

The basic fact is that modern elections cost enormous sums of money, especially in two-party States. It so happens that I have been engaged in five statewide campaigns in what is now the fourth largest State in the Union; namely, one unsuccessful primary campaign and four general elections, three of which were successful, and the last of which was, as you know, decidedly unsuccessful. In addition, my wife ran twice for Congressman-at-large, winning one election and losing the other. So while not pretending to be an expert on these matters, I think I can qualify as having had a certain amount of experience during the last quarter of a century.

All of you gentlemen have had experiences somewhat similar to mine, and many of you, of course, far exceed me in your practical knowledge.

But there are two powerful restraints which largely prevent those in active political life from revealing the great need of money to meet necessary and proper election expenses and the ethical and economic problems connected with raising these sums. First, a large section of the public still regards political activity, political expenditures and political giving as somewhat disreputable. Of course, all this is nonsense and rather vicious nonsense at that. We are proud of our system of democratic government with the right of voters to choose between parties and candidates. But obviously this is impossible without elections, and these necessarily invoke and necessitate the discussions and arguing of issues, the presentation of candidates, and the getting out of the vote. These cost money. Without its expenditure democratic government would be impossible. Therefore, if there is no open or tacit bribing, no misrepresentation of facts, and if a general level of gentlemanly behavior is observed, the expenditure of money in elections is a civic function. But active politicians are reluctant to speak out lest they be smeared for engaging in the necessary activities of political campaigning. And if their rivals and opponents keep silent and refuse to tell the real facts, the man who does so puts himself at a competitive disadvantage.

Consequently, the politicians who could help most tend to remain silent. This is comparable to the way our grandmothers perpetuated the myth that babies were brought from the great unknown by storks who deposited them in swaddling clothes under the rose bushes. This led to unhealthy imaginings, just as the present lack of information has perpetuated false ideas and emotions amongst many unthinking citizens.

And yet it is a disadvantage for any one participant to break the silence.

The second set of barriers to frank talk are the unrealistic limits which Congress and some State legislatures have tried to set on the total sums which can be legally expended, with certain exceptions. These ceilings have been fixed at $5,000 for congressional elections, $25,000 for senatorial and $3 million for presidential. In view of modern costs for radio and television, billboards, printing, postage, traveling, and so forth, and the necessary salaries for personnel, these are impossible restrictions. Except in small one-party States, and then only for already well-known and highly esteemed incumbents, no effective campaign can be waged for these sums, and virtually none is. The candidates are then forced to seek loopholes in the law.

These were first discovered, I believe, in 1940 by the managers of Wendell Willkie. They set up a number of separate committees of which the candidate professed ignorance. Each one of these committees successfully contended that it was independent and that, at most, the limit would apply to each one taken separately, but not to the galaxy of Willkie committees as a whole. In this way several times the supposed limit was successfully and legally spent. I think every subsequent presidential candidate has been compelled to use similar devices.

This same method of necessary evasion has been carried over into senatorial and congressional campaigns. I remember the testimony

before a senatorial committee of the expenditure by various committees in behalf of Senator Robert Taft in the senatorial election of 1950. As I remember the testimony, these expenditures, only partially totaled, came close to $1½ million.

I have refreshed my memory this morning, and the expenditures of the committee specifically devoted to Senator Taft's election were something over $500,000, and in addition to that, there were committees apparently primarily designed to help Senator Taft's election, but helping other candidates as well, which admitted to expenditures of something over $1,200,000.

The CHAIRMAN. You are speaking, for example, of senatorial committees which supported entirely a Republican ticket or voted a straight ticket?

Mr. DOUGLAS. No, it was something more than that, not merely a straight ticket for the Senator, primarily, but also for other candidates.

The CHAIRMAN. Such as one that said, "Vote for Robert Taft and the entire Republican ticket."

Mr. DOUGLAS. I think it was that, yes.

Senator ANDERSON. I was connected with that campaign in 1950, a little bit, and there were some other things, not just Senator Robert Taft. It involved a great many things which were nationwide in their character. Jumping Joe Ferguson was the appointment, and they had a lot to say about the things that he had done and had not done—very unfair, probably, to him—but enough money was available to cause all kinds of trouble. There was something more than just a straight ticket.

The CHAIRMAN. I believe I once discussed this matter with Senator Taft, not this campaign, but the whole subject, and he said, well, I have never done anything that the other fellow did not do.

Mr. DOUGLAS. Gentlemen, imagine trying to run a senatorial campaign for $25,000 in New York, California, Pennsylvania, Illinois, Ohio, Texas, or a multitude of other States. Anyone who insisted on limiting his expenditures to $25,000 would surely be defeated and in horseracing lingo, left at the post.

Candidates therefore are forced to get friends who will organize citizens' committees for them, and in the larger States generally a host of others such as business committees, labor committees, ethnic committees and the like. These often come to a quite bewildering total. The candidate must swear that he doesn't know how much these groups have spent and must disavow responsibility for them. But there has to be a central intelligence to coordinate these activites and expenditures about which the candidate must swear he is ignorant. He only swears to expenses made by a committee or by himself, over which he assumes responsibility and avows knowledge. Generally, these are for personal expenses, travel, printing, and the like.

Let me say that I have always completely complied with the requirements of that oath. I have not known how much these committees have spent, nor precisely where they got the money. But I have known that my trusted managers were trying their best to raise as much money as possible, and I have been quite certain that similar friends of my opponents were apparently being far more successful than we were on our side.

Congress and the public were therefore forcing all of us to be less than completely frank and to resort to surreptitious methods to carry

out the legitimate and honorable purpose of making democracy work by running for office.

The results are therefore demeaning as well as ineffective. And yet almost no practicing politician dares to confess to the truth lest his opponents investigate him, take him up before the law, and smear him before an electorate which does not know the facts of life. The result is a guilty silence which has perpetuated a myth and which has prevented corrective action to clear up some of the real abuses which have grown up in the darkness.

Senator GORE. May I ask a question?

Mr. DOUGLAS. Sure.

Senator GORE. Does that come under the definition of your term on page 2 of the general level of gentlemanly behavior?

Mr. DOUGLAS. Yes; I think that is correct.

Gentlemen, I am no longer in this category. Having been defeated by the voters of my State, it is obvious that I will never run for public office again. Having no political future to protect, I am freed from the inhibitions which of necessity restrain those with political aspirations, and I can therefore speak where others feel forced to remain silent. And this is no act of virtue on my part; it is simply that if you have no future, you need not worry about the past.

I can say this, my friends of the committee and members of the public, that the present high costs of election combined with the lack of an effective and equitable system of financial aid, constitute one of the worst influences in the present selection and election of candidates and in the policies and programs which they enact.

Consider some of the recent facts which have been revealed. Governor Nelson Rockefeller filed a statement on January 2, according to the New York Times, that he had spent over $5 million in his campaign for reelection. This enabled him, according to the National Observer, to purchase and produce between 3,000 and 4,000 radio and television programs. These and other expenditures in his behalf were very helpful and probably decisive in enabling the Governor to reverse the unfavorable polls taken the first part of the year, which were reported as being 2 to 1, approximately, against him.

Senator GORE. Let me ask a question. I do not like to use objectionable terms.

The CHAIRMAN. I shall not call the Senate out of order. Let your conscience be your guide.

Senator GORE. It seems to me that spending $5 million in pursuit of one office in one State is very close to an outright attempt to purchase the office.

Mr. DOUGLAS. Well, I would say that I think the money was spent for honorable purposes. I do not think there was any purchasing of votes for this $5 million.

Senator GORE. Please, I do not mean that.

Mr. DOUGLAS. But it did enable him to get a radio and television saturation of the State.

Senator GORE. I do not mean at all to imply that anybody was paid $5 for a vote. But what this is, and I suppose all of us attempt it to some degree, is the purchase of the media to lead or mislead public opinion.

Mr. DOUGLAS. Well, a medium which in the main generally serves to create an aura of irrational belief.

The CHAIRMAN. If I might just say this about that race to which the Senator has made reference. The Senator is speaking of down-to-earth practical politics that many people do not talk about. I am frank to tell you that if you look at the number of votes that were cast in, let us say, New York, I would imagine that Governor Rockefeller, spending that, if that is all he spent on a per capita basis, is less than the average man spends being elected Governor of Louisiana.

Senator GORE. Please, by what I said, I do not mean to direct any derogatory remarks to Governor Rockefeller. It is just an example of what has grown up here.

Mr. DOUGLAS. That is right.

Senator GORE. The Senator will recall a time in our history when a man could not be seated if he spent a fraction of $5 million.

Mr. DOUGLAS. Yes, Truman Newberry was unseated when he spent only about $500,000, and another Senator, William Vare of Pennsylvania, was not seated for an expenditure which today would seem very modest.

Senator GORE. And the practice has grown up that in many of these instances, vast sums are spent by the candidates, not with the voters, but rather for pictures of the candidate fishing—it is image making, to mislead the American people.

Mr. DOUGLAS. There was an advertisement that appeared on the book page of the New York Times a few weeks ago, headed: "Opportunity." It asked for a native-born American, over 35 years of age, personable, interested in a political career, willing to spend $20 million to correspond with "The Right Image, Incorporated," with an address, I think, in 41st Street. I had a friend call this number up and then go to see them.

It was, in a sense, a spoof. It was an advertisement for a book entitled, "The Right Image."

But it raises interesting thoughts. I have not read the book, but I think that the book raises interesting thoughts, too, about how with $20 million, people believe that you can be elected to the Presidency.

Senator GORE. I had an interesting conversation with a public relations expert about the New York campaign. In his view, the vast majority of Governor Rockefeller's television programs, were not, in fact, related to the actual record, but were designed for image making.

For instance, children would be shown on television playing in the park, and then an announcer would come on, saying "Governor Rockefeller is for the children."

And again, I am not criticizing the Governor. Undoubtedly, he did not even see or help make this. It was a public relations firm that set out to identify the Governor with children, with parks, with motherhood, unrelated either to his record or to the issues in the campaign.

Now, this is what we have come to.

And what do we have before us? A measure to pour more money in the pot, not to place more restrictions or limitations upon expenditures.

Do you beg to be excused?

Mr. DOUGLAS. I shall testify to that later.

Senator ANDERSON. We asked a member from New York State; a great deal of the radio message spilled over into other States from New York, and the rates are very high because of that coverage.

When a man speaks in New York, he is tuned in to radios all across the country.

Mr. DOUGLAS. In New Jersey and also Connecticut.

Let me say that I regard Governor Rockefeller as an excellent chief executive and a highly qualified public figure.

Senator GORE. Let me concur in that.

Mr. DOUGLAS. I am not suggesting that I—I regard him as a highly qualified public figure.

Senator GORE. I do not mean to qualify my feeling about Governor Rockefeller.

The CHAIRMAN. Let me say to the Senator from Tennessee that he is not responding to your statement. That is the next sentence.

Senator GORE. Then I do not feel quite so much on the defensive.

Mr. DOUGLAS. But I would like to ask what would have happened had a poor man, or a man from the middle class of equal merit, but with no access to millions, been faced with a similar situation? I submit that in all probability he would have gone down to crushing defeat. Governor Rockefeller's opponent, Frank O'Connor, reported expenditures of only $576,000.

Or let me take the case of Pennsylvania, where a relatively unknown businessman by spending at least $1.4 million in the Democratic primaries won the nomination only to lose the final election after spending an almost equal sum. In the New York City mayoral election of 1965 John Lindsay spent $2.4 million and his opponent, Abe Beame, $2.3 million in the primary and general election. In California, in 1964, one candidate for U.S. Senator in the Democratic Party is reliably reported to have spent $1 million in the primary while his opponent was estimated to have spent $628,000.

It is estimated that the total primary expenditures of both parties in the senatorial primary were around $3.6 million, and if the general election were to be included the senatorial candidates spent at least $5 million. In 1966, the two candidates for Governor in the general election, Pat Brown and Ronald Reagan, spent about $5 million.

In the senatorial election of last year in the relatively small State of Oregon, Governor Hatfield reported expenditures of $582,000 and his opponent, Robert Duncan, of $277,000. A Congressman from New York state that in 1964 he spent $194,000 to get elected to Congress.

When I made my official statement last November I gave a detailed account of those personal campaign expenditures made in my behalf which were under my knowledge and control. I did not know at the time how much had been spent on my behalf by other committees and I still do not know this. But I have been able recently to get the total expenditures for my radio and television programs, newspaper advertising, billboards, etc. I find that these totals came to between $350,000 and $400,000. Television was, of course,the most expensive and most necessary of all. My managers report, for example, that a program of only 20 seconds overall on prime time on the leading Chicago television station cost $1,900 of which 6 seconds were taken up with the disclaimer leaving only 14 seconds of net time in which to identify the candidate and attempt to get the message across.

The CHAIRMAN. Senator, you are talking about what those people spent. I would like to remind you that you are probably testifying only as to what they reported they spent.

79-540—67——25

Mr. DOUGLAS. I understand.

The CHAIRMAN. I do not mean to imply that they spent more than that.

Mr. DOUGLAS. I understand. I was being very discreet.

The CHAIRMAN. Although I cannot speak for other States, I do know about the practice in Louisiana. I only wish my Uncle Earl could be here to testify on the same basis you are testifying now. I think he could say things that would——

Mr. DOUGLAS. I think this money spent under the table can be honestly spent, too. There are many people who want to contribute, but not be identified as contributing.

It happens, so I am told, that they will seek out candidates and want to give them money and the proper procedure for a candidate is then to have them see their managers.

The CHAIRMAN. My Uncle Earl, Senator Douglas, was known as the best money raiser and the best money spender in politics in Louisiana. Some of the things he would say were absolutely choice among politicians, because he would say things that other people would think but never say. For example, Uncle Earl would point out that if you have a close election, you ought to spend money to make sure your people get out to the polls on election day. He would advise you if you were running, look, don't you make the mistake of spending your money in parishes where you are likely to lose. All you will be doing is hauling out your enemies' people to vote. What you should be doing is spending money in the parishes you can carry. Let that fellow spend the money on hauling your voters in in the parishes you are going to lose and then hope that nobody votes over there.

On one occasion, I heard my Uncle Earl say, go take this fellow some money to get some votes out and someone said, how much do you think it would take? He said I think it would cost him about $300. Give him $600, he will keep half of that.

Mr. DOUGLAS. Well, Mr. Chairman, it is obvious, therefore, that modern campaigns have become so frightfully expensive that the attempt to put unrealistic restrictive ceilings on the maximum amounts which can be spent has proved almost completely ineffective.

It is also clear that it is almost impossible for a poor man to run for public office and that a man of moderate means can only do so if he has the backing of men and forces of great wealth. For hanging over the head of every candidate is also the prospect of a substantial deficit. He may have insulated himself, as I did, from the affairs of the various committees, but if the books do not balance, he is held morally responsible for the deficit.

Senator GORE. Mr. Chairman, could I ask a question here?

Senator Douglas, I am forced to go to another committee. I apologize for interrupting your eloquent statement.

Mr. DOUGLAS. Not at all.

Senator GORE. You will recall how many times, as a member of this committee, you and I found ourselves voting together.

Mr. DOUGLAS. That is right.

Senator GORE. And how frequently only we supported the idealistic positions or what we regarded as the public interest positions, and we had a right so to regard, while others have a right to have opinions otherwise.

I am struck here by two statements you have made, if I may read them together: "It is also clear that it is almost impossible for a poor

man to run for public office, and that a man of moderate means can only do so if he has the backing of men and forces of great wealth."

That is on page 6. On page 2, you say, "Therefore, if there is no open or tacit bribing, no misrepresentation of facts, and if a general level of gentlemenly behavior is observed, the expenditure of money in elections is a civic function."

Now, I ask you seriously and candidly if in fact we have a situation which you describe, that it is impossible for a poor man to run for office or even a man of moderate means to do so unless he has the backing of men and forces of great wealth, if that is not, if you will let me use the adjective, an eloquent description of a condition of tolerated and accepted corruption.

Mr. DOUGLAS. Well, it is a condition under which we do not have a democracy but a plutocracy, namely government by men of wealth.

Senator GORE. When 1 percent of the people provide 99 percent of the political campaign funds, and it is out of this situation which you have tried and which you recognize and of which you have expert and personal knowledge, that I have suggested a way to permit candidates to break out of this vicious circle of current practices and seek public office at public expense, asking no one for anything except votes and personal support and obligating himself for the receipt of nothing else.

Mr. DOUGLAS. I think that is the purpose of all of us, or should be.

Senator GORE. Well, that is not the bill. We have one bill before us to do that. What is your feeling about my bill? I will sit down, now.

Mr. DOUGLAS. There are a lot of good features in your bill. I have said that if the books do not balance, the candidate is held morally responsible for the deficit.

If he is victorious, this may not create much of a problem. People love a winner. But for a defeated candidate, it can be a crushing burden, for all but his stalwart friends fall away from a loser. In homely language, politicians describe this situation by saying that there is nothing more lonely than a last year's bird's nest.

I have known candidates who after having mortgaged their homes and borrowed on their life insurance to wage a campaign, find themselves as losers burdened with a heavy campaign debt. I submit that this situation is highly unhealthy and is one of the worst and most corrupting influences in political life.

The CHAIRMAN. Senator Douglas, I might just interrupt you there. I suppose you read the accounts in the press yesterday that former Governor Peabody is going to try to hold a dinner or something to raise the money to pay off his deficit.

Mr. DOUGLAS. I am going up to help him.

The CHAIRMAN. As I understand, he was left $150,000 in debt as a result of running for Senate of the United States. There is a man who had been Governor of a State. If the man had not been an honest man, he would not be $150,000 in debt.

Mr. DOUGLAS. That is right. I am going up to help him. I am going to make a small contribution.

The CHAIRMAN. That is something the public ought to think about, because if a man is an honorable, honest man, after serving in the highest office in his State, and is left with crushing debts he may have no possible way of paying them off. I understand he is the son of a minister, with no family wealth. That is the vicissitudes of politics, that 1 day the public is for him and the next day——

Mr. DOUGLAS. He is now being condemned because he is holding a dinner to pay off his debts.

The CHAIRMAN. Which is like condemning a man because he is poor.

Senator ANDERSON. How could he get debts of $150,000 and not violate the law?

Mr. DOUGLAS. I do not know what the provisions are in Massachusetts. This is running for State office.

The CHAIRMAN. He was running for Senate when he incurred the debt.

Mr. DOUGLAS. That is right.

The CHAIRMAN. As the Senators here well know, we have this hypocritical corrupt practices law which has a limit of $25,000. As the Senator would point out, if you did not evade or avoid that law, you have no hope of being elected in Massachusetts or Louisiana, either, because your opponent would go to work and have plenty of billboards and television time to make his case and you would be defeated.

May I say it was the corrupt practices law that I had in mind when I made a statement that anyone could be embarassed if he were subjected to the same kind of perfidy that one of our colleagues was subjected to. I was thinking that there is really very little excuse on those of us in the Congress to evade and avoid the Corrupt Practices Act when no one can change it but us and we have the exclusive power to amend or change that law. Yet every Member of the Congress prefers to evade or avoid that law rather than comply with the spirit and letter of it.

Mr. DOUGLAS. Mr. Chairman, if matters are allowed to drift, we will have not a democracy but a plutocracy or government by the rich. I have no prejudice against the rich as such. I agree with Gilbert and Sullivan in the opera, Iolanthe, that:

"Hearts just as pure and fair may beat in Belgrave Square as in the lowly air of Seven Dials." I am glad that the former prejudice against men of wealth running for office has been broken. But I do not want and I do not believe the American people want our officials to be primarily confined to the rich or to those whom the rich can control by their donations. I think we should try to make it possible for able and good men of moderate means or no means at all to run for public office with a greater prospect of success. Otherwise we will close off public life to people and interests which need to feel that they are a part of society and can make excellent contributions to public life. Moreover, excellent as individuals may be, a Congress or an executive branch largely composed of men of great wealth or of their proteges will inevitably become a class-dominated legislature in which the crucial decisions will predominantly be made in favor of the interests of the affluent. But the poor and the less affluent are not only people with equal rights, they also comprise the majority of the population and, if we take $10,000 for a family of four as the dividing line, I believe they comprise a full four-fifths.

Although there are numerous individual exceptions of wealthy men whose first concern is for others, of whom the late Senator Lehman was perhaps the most notable example during my period in the Senate, in the main men follow their own interests and those of their class. For this is what they know and that which they come to feel

is right. We therefore do not get the balancing of interests which is necessary for a sound and enduring democracy.

What is needed is to have our campaigns so democratically financed that candidates and parties will not be under obligation to large contributors and so that citizens and parties of modest means may be able to compete on much fairer terms.

Probably the ideal solution would be for large numbers of people voluntarily to make relatively small contributions so that campaigns would be adequately financed and yet parties and candidates would not be under excessive obligations to individuals and interests.

The difficulty with this is, of course, that it is almost impossible to get enough people to take enough interest in sufficient time. The quarter of the population in poverty or on its fringes are unable to give. Another quarter who are in the lower economic middle class have such pressing personal and family needs and desires that they really cannot afford to contribute to political campaigns and it is an almost heroic act when they do. Then a large proportion of the middle and upper layers of the middle class feel it is disreputable to give to candidates and parties and this is true of some of the affluent as well. Others are indifferent; still others wake up to the issues too late to be of much help. Modern campaigns are therefore like wars. They cannot be fought or financed by guerrilla bands of amateurs.

Past efforts to finance campaigns by these individually small contributions have therefore been largely ineffective. The most effective device thus far has been the political dinner. Although there probably have been some abuses in this field, it is on the whole the least objectionable way of raising large sums of money. It does distribute the costs and largely frees candidates and parties from excessive dependence upon a few. By giving to the participants a mixture of information, education, entertainment, participation and fellowship it can be and commonly is an excellent and ethical way of raising money. It would be a tragedy if people out of false prejudice were to cause party managers and candidates to discard this useful method. But while the device of dinners has helped, at the same time the costs of campaigning, notably television, and all the other necessary publicity devices, have increased even more rapidly so that the relative problem has been intensified rather than diminished.

Mr. Chairman, unfortunately, I have to catch a 12 o'clock plane for New York. I would like to be permitted to file the remainder of my statement (see p. 385) and say this: I can think of nothing more necessary than such legislation. I know that there are various proposals. On the whole, I favor the financing of these campaigns directly from the public treasury, or the maximum portion of them. I regard such legislation as preferable to tax credits or making such donations deductible since as Senator Long has well said, these methods provide more incentive for those in the higher income brackets to make contributions than for taxpayers of more modest means. That is certainly true of the tax deductions. I also do not want to see the income tax system further eroded.

So I suggest that the Long and Metcalf bills overcome certain crucial weaknesses. They involve the participation of the individual voter in the financing process and they make funds available during a campaign and not merely afterward.

But, in my judgment, the system should also be applied to senatorial and congressional candidates as well as to those for the Presidency. These are the candidates who need money the most and whose needs pose some of the most troublesome questions.

Senator GORE. You are getting mighty close to endorsement of my bill, Senator.

Mr. DOUGLAS. Fine. It would not be the first time that we had been together nor will it be the last.

Let me say that I think I am aware of the fact that the dominant parties in one-party States and their incumbent Senators and Congressmen will not like to have this system finance their opponents. These minorities are at present almost hopelessly handicapped financially as well as in other aspects and the dominant parties would like to keep them so. But this is not good for the country. Every State should have a vigorous opposition party so that issues could be threshed out and parties and candidates kept on their toes. Providing grants for the candidates for the Senate and House would help to build up a two-party system.

On the question of third or minority parties, I am a general believer in the two-party system in giving greater national unity and reducing the danger of undue divisions in the public mind. Although I was once a supporter of proportional representation in a period when all parties and virtually all persons accepted the fundamental principles of political democracy, I am not now, because this would give to the enemies of democracy, which now exist on both left and right, the chance to get into the legislative chambers and use the instruments of democracy to tear down the system of democracy. I do not believe this is an incumbent duty of our democratic system to commit suicide. But, at times, two parties become musclebound, perhaps corrupt, not in touch with the issues. Here a third party can act as a galvanizing force. I would not want to close the door on third parties and would suggest that parties that polled x percent of the vote, say from 5 to 10 percent in the previous election, should have the same right for its candidates to be aided as those of the major parties.

Then I go on into the question of whether primaries should be financed or only general elections. In one-party States the primaries are more important than the general election. This is also sometimes true in two-party States so far as the Presidency is concerned. But, on the other hand, it would be a mistake to finance a multitude of candidates, most of whom would have no chance. There is no perfect solution. We have to choose the best solution available. Then the question comes, What should happen to private contributions?

In my earlier proposal I was much too restrictive in forbidding private contributions. I would permit them as supplementary to public financing but place limits on the amounts any one person could contribute and require the publicity of all contributions to all committees or organizations. I would set the maximum for any one Federal office at $500 and provide that these must be cleared through authorized sources, each of which should file a full statement of receipts, including dinners.

I do not pretend that the above suggestions are perfect, or that any one of the bills before you is ideal, but I do believe that they are decided improvements. It is important that something be done and

this year is a good one in which to do it. I wish to thank all the Senators for their honest efforts to improve the present situation.

The CHAIRMAN. Senator Douglas, I want to thank you very much for what I think is the finest statement we have had on this subject during the entire hearing. I think it is the finest statement that we have had during the research we have made on this subject.

Mr. DOUGLAS. I hope none of you will experience this, but this is one of the releasing factors of political defeat.

The CHAIRMAN. Senator, I know you have a plane you must catch. I have told our staff to cooperate in urging that the airline hold the plane for you so you can make it.

Senator Williams wishes to express his gratitude.

Senator WILLIAMS. Senator, I will not delay the time. I want to thank you for coming before our committee. I am always glad to welcome you back. While there may be a slight disagreement as to the method of financing these campaigns, I want to say there is no disagreement between us as to the need of legislation in this field. I think that the time is long overdue and your statement will certainly be a great contribution to the committee as we approach this problem. I join with the other colleagues in thanking you for coming here.

Mr. DOUGLAS. Thank you very much.

The CHAIRMAN. Again we want to thank Senator Douglas for coming here today. We are extremely pleased that he did come and testify before us.

(The balance of Mr. Douglas' statement follows:)

When I was Chairman of the first Senatorial Committee on Ethics in 1950–51, I came to the conclusion that the most effective way to cope with these problems was for the government to do as Theodore Roosevelt urged long ago, namely, finance the major share of campaign costs. Since them our former collegeagues, Richard and Maurine Neuberger, have not only advocated this, but introduced bills to effect it. The Commonwealth of Puerto Rico has adopted such a system which seems to have worked well.

I am more convinced than ever that this is basically the best policy and that is why I welcomed the main thrust of the bill earlier introduced by Senator Long and heartily approve the bills now sponsored by a number of Senators including Senator Long and Senator Metcalf. I am of course also a supporter of the Administration's bill, and I believe that from these and other measures, such as that recently introduced by Senator Gore, a splendid act can be prepared.

I can think of nothing more necessary than such legislation, and while any measure will inevitably have some weaknesses and faults, the preponderance of benefit is on the side of each and all of these bills. I regard such legislation as preferable to tax credits or making such donations deductible since as Senator Long has well said, these methods "provide more of an incentive for those in the higher income brackets to make contributions than for taxpayers of more modest means." I also do not want to see the income tax system further eroded.

As I have said, I believe that from the composite of these bills and other suggestions, a very excellent final measure can be prepared without excessive difficulty. I would like to mention some of these desirable features:

1. The Long and Metcalf bills overcome certain crucial weaknesses in previous proposals for government financing, namely, (1) they involve the participation of the individual voter in the financing process, and (2) they make funds available during a campaign and not merely afterward.

As I look back upon my earlier proposals for outright government financing of election costs, they were subject to the just criticism that they did not involve the individual voters. The government was to pay out the money at the rate of 10 cents a registered voter to candidates on the ballot for President, Senator or Congressman. Individual contributions of money were barred, but those of time and effort were permitted. Along with many good results, they would, however,

have greatly weakened the sense of participation in political matters which should be encouraged and not weakened.

Secondly, money is needed during the campaign period and not afterward. Both of these important purposes will be served by giving certificates or scrip to voters by one means or another which they can endorse personally in favor of a Presidential candidate. In this way the individual voter can take part in the financing. Moreover, the voter should be permitted to transfer the voucher to a committee which can be authorized to act. I think he should be permitted to turn the certificate over not only to an authorized party or personal committee, but also to other bodies such as the Americans for Constitutional Act, the John Birch Society, or Americans for Democratic Action, the National Association of Manufacturers and the political arm of the AFL-CIO, etc. The interest of these groups will therefore also be enlisted, and they can help in the collection of funds for candidates. As the Comptroller General (or his agents) receives these certificates, he will make payments to those groups turning them in for redemption. The candidates and parties will therefore receive funds when they are needed and not be compelled to borrow on the expectation of being reimbursed.

Due to the great increase in campaign costs since 1951, I believe my earlier ceiling of 10 cents per registered voter is now altogether too low. I agree that a contribution of $1 for the Presidency would be reasonable.

2. In my judgment, this system should also be applied to Senatorial and Congressional candidates as well as to those for the Presidency. As a matter of fact, these are the candidates who need money the most and whose need poses some of the most troublesome problems.

I believe, therefore, that they should be included. If a certificate of $1 be granted for the Presidency, then I suggest that an equal sum be granted for combined contributions to the appropriate Senatorial and Congressional candidates. This could either be in the form of a single $1 certificate which could then be given by the voter to a candidate for one or the other of these offices or two 50 cent certificates be issued, one for the Senate and the other for Congress. On the whole, I would prefer this latter alternative, since the former would tend to produce friction between the candidates of the same party.

I am aware that the dominant parties in one party states and their incumbent Senators and Congressman will not like to have this system finance their opponents. These minorities are at present almost hopelessly handicapped financially as well as in other respects and the dominant parties would naturally like to keep them so. But this is not good for the country. Every state should have a vigorous opposition party so that issues can be threshed out and parties and candidates kept on their toes. Providing grants for the candidates for the Senate and House would help to build up such a two party system. I ask that members of the House and Senate with supposedly sure seats join in making public financing possible for the national Congress as well as fr the Persidency.

3. What should we do about third or minority parties?

I am a believer in the general superiority of the two party system in giving greater national unity and reducing the danger of undue divisions in the public mind. Although I was once a supporter of proportional representation in a period when all parties and virtually all persons accepted the fundamental principles of political democracy, I am not now, because this would give to the enemies of democracy, which now exist on both left and right, the chance to get into the legislative chambers and use the instruments of democracy to tear down the system of democracy. I do not believe this is an incumbent duty of our democratic system to commit suicide.

However, it must be admitted that at times both our parties have become more or less muscle-bound. Possible examples are the period from 1888 to 1896, and again in 1904 and possibly 1924. Here a third party can act as a galvanizing force and permit needed issues and personalities to come to the fore. I therefore would not want to close the door on third parties and would suggest that a party which had polled x percent of the vote, say from 5 to 7 to 10 percent in the previous election, should have the same right for its candidates to be aided as those of the major parties. It would not be too difficult for a party which really represented a substantial part of the public to obtain 5, 7, or 10 percent of the vote without public financing. Or if we wanted to be less restrictive, we could provide that any national candidate actually on the ballot in a given state could receive the appropriate scrip.

4. Should primaries be financed or only general elections?

In one-party states the primaries are more important than the general election. This is also sometimes true in two-party states so far as the Presidency is concerned. But on the other hand, it would be a mistake to finance a multitude of candidates, most of whom would have no chance.

One compromise would be to permit the voter *after* a primary had occurred to endorse his scrip to any candidate who had received over x percent (10 percent?) of the total primary vote. In this way, the voter could choose as between primary and election contests and be faithful to favorites who had been beaten in the primaries. This is of course not a perfect solution and incumbents will still be fearful of raising up opponents within their parties, but I submit that it would be an appreciable improvement.

5. What should happen to private contributions?

In my earlier proposal I was much too restrictive in forbidding private contributions. I would permit them as supplementary to public financing but place limits on the amounts any one person could contribute and require the publicity of all contributions to all committees or organizations. I would set the maximum for any one federal office at $500 and provide that these must clear through authorized sources, each of which should file a full statement of receipts, including dinners.

I do not pretend that the above suggestions are perfect, or that any one of the bills before you is ideal, but I do believe that they are decided improvements. It is important that something be done and this year is a good one in which to do it. I wish to thank all the Senators for their honest efforts to improve the present situation.

The CHAIRMAN. The next witness is the Honorable Joseph D. Tydings, the distinguished U.S. Senator from Maryland. Senator Tydings was the author of an important amendment to provide public financing of presidential elections on a trial basis in 1968, to reduce the amounts of Government money available in that election, and to require that the money be used for political purposes of getting the messages to the people. He was successful in amending the bill before the Senate and some of his thoughts are incorporated in the bill which is presently before us. We have listened to the Senator's ideas and we have been aided and guided by them.

Senator Tydings is particularly knowledgeable on the subject of political campaigns, because of his position as vice chairman of the senatorial campaign committee.

May I say to you, Senator, I do not particularly envy you that responsibility. Having served on that committee with Senator Anderson on prior occasions, I did find it an interesting experience, though not an enviable one.

Senator WILLIAMS. Senator, I am going to have to leave and I apologize for leaving just before you start making your statement. But I will say that I appreciate your being here, and I certainly will read it.

Again, I apologize about having to leave at this moment.

STATEMENT OF HON. JOSEPH D. TYDINGS, A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator TYDINGS. Could I say one thing, before you leave, Senator Williams? During the debate on this issue before the Senate, I frequently had the feeling that there was not all that much difference between the suggestions of Senator Williams and Senator Long.

Senator Williams has long been a leader of election reform in the Senate. I think Senator Long did a great public service by getting this whole concept of public financing before the Congress. I think it would be a great tragedy if the momentum for election reform were lost now. I hope that this Finance Committee will come up with some type of program for election reform and the encouragement of public participation in elections. I think it would be a great tragedy, a great opportunity lost, if you did not.

I believe the positions of Senator Williams and Senator Long are really not that far apart. I appreciate that you say you will read my statement. As you will see, I disagree with some of the points of the President and others, but I have some solutions which I think might be worth your consideration.

Senator WILLIAMS. I appreciate that and if it were not for urgency of it, I would not leave. But I will say I agree with you that the enactment of legislation is far more important than views of my own or those of the Senator from Louisiana. We have talked this over and I think he feels as I do, that the main objective here and the most important thing is that we do get some constructive improvement in the existing situation.

I agree with you, I do not think that there is any difference in the objective we are trying to achieve as between any of the Members who have been making this proposal, including the Senator from Louisiana. I am confident that we will be able to get together and work something out.

I certainly will promise you that we must make the best effort as far as I am concerned. I will certainly read your statement with interest.

I do apologize, because something beyond my control says I have to leave.

The CHAIRMAN. Senator, just a moment. We may be able to resolve that problem. Our chief of staff, Mr. Vail, has a message for us.

Mr. VAIL. The entire message is that the Senate is having a live quorum at the moment. Immediately after the live quorum, they are going to vote on an amendment by Senator Kennedy of Massachusetts to the redistricting bill. The majority leader has sent a message that he would like you, Senator Tydings, to be there to read the amendment, regardless of whether or not you are now testifying.

The CHAIRMAN. Since we have to be back this afternoon anyway—Senator, could you come back at 2 o'clock?

Senator TYDINGS. Yes; I can be back.

The CHAIRMAN. Perhaps Senator Williams can be here and we can accommodate the Senator a little bit better.

Senator TYDINGS. I will be back, Senator.

The CHAIRMAN. We shall recess until 2 o'clock.

(Whereupon, at 11:30 a.m., the committee recessed, until 2 p.m., of the same day.)

AFTERNOON SESSION

Senator ANDERSON (presiding). Our next witness is Fred M. Vinson, Jr., Assistant Attorney General, Justice Department.
Do you have a statement, Mr. Vinson?

STATEMENT OF FRED M. VINSON, JR., ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF JUSTICE

Mr. VINSON. Yes, I have a statement, Mr. Chairman. I believe it was delivered to the committee, and I thought perhaps that could be put in the record of the hearing and I could summarize the statement, or if the committee would prefer, I could read it.

Senator ANDERSON. You go right ahead.

Mr. VINSON. Thank you, Mr. Chairman.

It is a pleasure to appear before you today to discuss the present and proposed legislation governing election campaigns. The administration's support of S. 1883 was expressed here last week by Under Secretary of the Treasury Barr. I am happy to add the support of the Department of Justice.

I understand that during his testimony the Under Secretary deferred to the Department of Justice on several legal questions. I am prepared to discuss these with the committee.

Chairman Long, in his letter of invitation to the Department, advised me that you would like a brief description of the present election statutes. Furthermore, to remedy present deficiencies, described by President Johnson in his message to Congress this spring as "more loophole than law," the President has recommended to the Congress the Election Reform Act of 1967, which proposes sweeping and needed reforms. I shall also outline this proposal for you briefly.

The present body of election law was originally enacted as the Federal Corrupt Practices Act, 42 years ago, and the Hatch Act, 27 years ago.

The Federal Corrupt Practices Act—title 2, United States Code, sections 241 through 256—is primarily concerned with the disclosure of receipts and expenditures in campaigns for Federal office. It requires that "political committees", which accept contributions and make expenditures for the purpose of influencing the election of candidates for the Senate and the House of Representatives or presidential or vice-presidential electors, shall maintain certain records and shall file certain reports with the Clerk of the House. In addition, the act requires candidates for the House to file with the Clerk of the House reports on contributions received by the candidate or by any person for him with his knowledge and consent and expenditures made by the candidate or by any person for him with his knowledge and consent. The act also imposes limitations on the amounts candidates for the Congress may expend in their campaigns.

From this brief summary, it would appear that the existing Federal Corrupt Practices Act adequately insures public disclosure of receipts and payments in campaigns for Federal office. The plain fact, however, is that this law is so studded with exceptions and so limited in its practical application as to render it virtually useless.

In the first place, that act does not cover primaries. Also uncovered by existing law are conventions and presidential preference primaries.

Secondly, present law defines a "political committee" as one operating in two or more States or a subsidiary of a national committee. All State committees, all local committees, and committees in the District of Columbia supporting Federal candidates remain outside the ambit of the act—these committees file no report whatever.

The loopholes in the Federal Corrupt Practices Act with regard to disclosure are matched by the loopholes in the criminal law concerning Federal elections. Title 18, United States Code, section 608 prohibits anyone from making a contribution of over $5,000 "in any calendar year, or in connection with any campaign for nomination or election, to or on behalf of any candidate for an elective Federal office. * * *" But the section does not apply to contributions to a committee operating within one State, or to a committee operating in the District of Columbia. Thus, there is no limitation on the amount of money a single individual can contribute to a State or local committee supporting a candidate for Federal office. Nor does this law prohibit a person from making a $5,000 contribution to each of several multistate committees supporting the same candidate.

Further illustrative is the fact that section 609 clearly states that "no political committee shall receive contributions aggregating more than $3 million or make expenditures aggregating more than $3 million during any calendar year." But "political committee" is given the old Federal Corrupt Practices Act definition so State and local committees are not covered. Further, even committees operating in two or more States are not really affected since the statute does not limit the number of such committees. The result is what President Johnson has described as "the endless proliferation of committees."

To meet these deficiencies in existing law, President Johnson forwarded for congressional consideration the Election Reform Act of 1967. This act has been introduced in the Senate by Senator Cannon, Chairman of the Subcommittee on Privileges and Elections, and is now designated S. 1880.

Title I of the proposed legislation contains a series of amendments to the election provisions in title 18 of the United States Code. It broadly expands the definition of "political committee" to include any committee which supports a candidate for Federal office and which accepts contributions or makes expenditures in excess of $1,000 during a calendar year. It eliminates the meaningless ceilings on individual contributions under existing 18 U.S.C. 608. Instead, it susbstitutes a realistic $5,000 limitation on the total amount that a contributor can give to any single candidate, committee, or committees substantially supporting the same candidate. It repeals 18 U.S.C. 609, which contains the existing artificial $3 million limitations on contributions received and expenditures made by political committees.

Title II is the heart of the act. Its primary rationale is that of full public disclosure in the financing of campaigns for Federal office. It requires each candidate for Federal office, and each political committee which supports a candidate for Federal office and which accepts contributions or makes expenditures exceeding $1,000 during a calendar year, to file a detailed report of its receipts and expenditures. Persons other than candidates or political committees who accept contributions or make expenditures exceeding $100 during a calendar year are also

required to file such reports. In addition, complete financial statements are required from committees and organizations which have participated in financing nominating conventions for present and vice president.

In the act, the administration of the statute is entrusted to the Secretary of the Senate and the Clerk of the House of Representatives.

In summary, it is the purpose of the Election Reform Act of 1967 to meet many of the problems created by obsolete election laws in an era of modern and high-cost political campaigns. The goal of the act is threefold: First, by the requirement of full disclosure, to make the American voter the arbiter of what is proper and reasonable in the area of campaign financing. Second, by the same reporting requirement, to make available for the first time a significant reservoir of information on the actual costs of political campaigns. In this matter we can lay the groundwork for further reform in our political process. Third, it has for its goal making the criminal sanctions in our present laws effective.

Here I would note that Senator Williams has introduced S. 1882 and Senator Gore has introduced S. 1827 which would also amend the Federal Corrupt Practices Act and title 18 to meet many of the deficiencies in our existing election laws.

In the area of the financing of presidential election campaigns, the Department of Justice supports S. 1883. This bill, which has been introduced by Senator Long, incorporates the major recommendations made by President Johnson in his message to Congress for strengthening the Presidential Election Campaign Fund Act of 1966.

One of the issues that has been discussed in testimony before this committee is the constitutionality of the treatment of minor parties under the provisions of S. 1883. It is clear that the position of minor parties is substantially improved in S. 1883 as compared to their position under the original Presidential Election Campaign Fund Act. First, the qualifying level has been reduced from 5 million votes—slightly more than 7 percent of the total votes cast in the 1964 election—to 5 percent of the total vote. Second, once a minor party obtains the qualifying vote level, it is entitled to reimbursement based on its entire vote total, not merely the votes in excess of the qualifying level. Third, a minor party under the present proposal is entitled to reimbursement for its expenses in the current election, rather than being required to wait 4 years until the next election.

It is our view that the provisions of this bill dealing with minor parties represent a valid exercise by Congress of its constitutional power to legislate in the area of Federal elections, and it is also our view that the provisions of the bill are not in violation of either the due process quarantees of the fifth amendment or the free speech guarantees of the first amendment. It seems clear that Congress is entitled to establish a qualifying percentage for minor parties at a level high enough to prevent the encouragement of parties which are created solely to obtain the Federal subsidy and which do not seriously offer a presidential candidate. It cannot be deemed arbitrary for Congress to require a minor party to prove itself in an election as a genuine political force before qualifying it for Federal funds. We believe that the choice of the 5-percent qualifying percentage in S. 1883 would be a reasonable resolution by Congress of the complex considerations involved in the treatment of minor parties.

Finally, it should be noted that obstacles in the path of a minor party are not unknown in our political life. The Supreme Court has upheld an Illinois statute requiring that a petition to form a new political party and nominate candidates be signed by 25,000 qualified voters—*MacDougall* v. *Green*, 335 U.S. 281. State laws frequently require strenuous efforts by minor party candidates even to qualify for listing on the ballot. We have conducted a review of pertinent State laws, which revealed that almost two-thirds of the States imposed special restrictions on parties which fail to receive 5 percent or more of the total vote.

Several other important issues and proposals for the financing of election campaigns are now before this committee and have been discussed in prior testimony. As the President has emphasized, the need to provide some means of public support for congressional and other campaigns is no less acute in these campaigns than at the presidential level. The President has recommended that Congress undertake a review of the various alternatives that have been offered in this area. Because the issues surrounding these alternatives have been extensively considered in the hearings already held before this committee, I believe that my appearance here may best be served by submitting to questions at this time.

Senator ANDERSON. Thank you very much, Mr. Vinson.

Senator Williams?

Senator WILLIAMS. Mr. Attorney General, I notice that in your statement you are endorsing S. 1883, and you refer to that as incorporating a major part of the President's recommendation in this connection.

Did I understand you correctly?

Mr. VINSON. That is correct, sir. Those recommendations are contained in the President's message delivered to Congress on May 25.

Senator WILLIAMS. S. 1883, as I understand it, embraces only that part which would finance campaigns, but does not include the broad revisions of the Corrupt Practices Act recommended in the rest of his message. Does that mean that the administration considers the revisions of the Corrupt Practices Act as a minor part of the President's program?

Mr. VINSON. No, indeed. The proposed disclosure revision, which is contained in S. 1880, the Election Reform Act of 1967, has been introduced in the Senate, and we wholeheartedly support it.

Senator WILLIAMS. I thought you supported it, but I did not to let the inference go into the record that you were putting emphasis on S. 1883, which would embrace the money part only, because that portion of the President's recommendation which involves the revision of the Corrupt Practices Act is covered in S. 1880.

Would you not say that is equally important, if not more important, as the provisions which raise the money?

Mr. VINSON. I would say not only equally important, but I would say that they go hand in glove.

Senator WILLIAMS. I just raised the question because I was pretty sure that is what you intended, that you put equal emphasis on the whole package. I noticed the President's message seemed to place emphasis upon reform as well as upon the other parts.

Mr. VINSON. Unquestionably.

Senator WILLIAMS. Would it be your opinion that if the Congress is going to act in this field, then it should be a one-package job and that the reform of the Corrupt Practices Act requiring full disclosure and its extension to primaries should and almost must be a part of any legislative proposal that is going through the Congress?

Mr. VINSON. I think it would be highly desirable for both to go through Congress. I think perhaps we could turn it around. I think the Election Reform Act is highly desirable no matter what the Congress does with regard to campaign financing.

Senator WILLIAMS. That is the point that I am making. Without underestimating the importance of the financing arrangements, which I think are important, the revision of the Corrupt Practices Act, the long overdue revision of that act, should be of top priority in my opinion. It is generally recognized by the administration and by anyone else who is knowledgeable in the field that it is shot through with loopholes under the existing situation.

Mr. VINSON. Yes; and my reluctance to state that it is a package deal really relates to my lack of knowledge about parliamentary matters in the Senate.

Senator WILLIAMS. I shall not press you on that point.

Mr. VINSON. There is some relationship between the two bills, however. If S. 1883 were to pass without any action on S. 1880, it would still be necessary to make one significant revision in the Federal Corrupt Practices Act. The $3 million ceiling would have to be removed in 18 U.S.C. 609.

Senator WILLIAMS. And if it did not, it would practically nullify the act itself that you would be passing, because the act itself would provide more than the $3 million which would be existing under the Corrupt Practices Act. So it is almost mandatory that we move into that field if we are going to do anything, is it not?

Mr. VINSON. To me, yes.

As I say, I do not understand the parliamentary nuances.

Senator WILLIAMS. Under the revision, if we were to enact S. 1883 as it was introduced and not take any further action, it would be in direct contradiction of the present law itself, would it not?

Mr. VINSON. With the $3 million limitation; yes, sir.

Senator WILLIAMS. So we would, in effect, be providing about $7 million for each of the parties, and it would be a criminal charge if they spent over $3 million, which would be absurd in itself, would it not?

Mr. VINSON. That is correct, Senator.

Senator WILLIAMS. So it is almost obligatory that we do include as part of any bill which we report in this area a revision of the Corrupt Practices Act. And once moving into that area, we might just as well move over and get full disclosure and extend it to primaries.

Do you not think that extending the Corrupt Practices Act to primaries is of equal importance?

Mr. VINSON. Definitely, and our legislative proposal would include primaries.

Senator WILLIAMS. Now, the question was raised when the Under Secretary of the Treasury was before us that under the administration's proposal, the committees could use up to 140 percent as related to population in the respective States. Now if, after the money has been spent, the Comptroller General found, a party spent more than

its allotment under the bill in a given State, the committees would be required to pay back to the Treasury Department that amount which had been spent is excess of the formula provided by this bill, would they not?

Mr. VINSON. That is correct.

Senator WILLIAMS. And the Comptroller General could levy a 50-percent penalty if he felt it was in order. Is that correct?

Mr. VINSON. That is correct, willful neglect, yes.

Senator WILLIAMS. Now, proceeding on the premise that they had spent a half million dollars more than they had a right to spend under the formula of S. 1883, the Comptroller General levies a penalty of $250,000. That is $750,000 that they would have to pay back to the Federal Treasury.

Now, under S. 1883, both national committees would be barred, as I understand it, from accepting any contributions whatsoever from the general public to use to defray the cost of television and these items provided in this bill. Would they not?

Mr. VINSON. That is correct.

Senator WILLIAMS. So where would they get the money to pay the penalties? They would be violating the criminal statute if they solicit any contributions, and at the same time, here, they owe this money back to the Treasury. The money has been spent, and we will assume for the sake of argument that they have spent all their entire allotment on television, and so forth, and had nothing in the fund.

Mr. VINSON. Well, of course, the half million dollars and the $250,000 penalty, assuming a penalty to be levied, would fall into different categories. I would hazard the opinion that public contributions could be used to pay the $250,000.

Senator WILLIAMS. Public contributions could be solicited to pay the fines?

Mr. VINSON. Because that is not a qualified expense.

Senator WILLIAMS. All right, how about the half million dollars?

Mr. VINSON. The half million dollars could be viewed in two ways. It could be viewed, I think it should be viewed, as a qualified expense.

Senator WILLIAMS. Yes, it is an expense. But for the sake of argument, we are assuming that this $½ million was spent in television, in excess of the amount provided in the formula of S. 883.

Mr. VINSON. In excess of the 140 percent?

Senator WILLIAMS. In excess of the 140 percent.

So they owe a half-million-dollar refund.

Now, the question I am asking you is where do they get the money to put back into the Federal Treasury? Does Congress appropriate that half million dollars?

Mr. VINSON. I think it would be self-defeating to allow that to be repaid with public contributions. I think it would depend upon when it was caught. I understand there was some discussion when the Comptroller General was here the other day with respect to——

Senator WILLIAMS. Assume for the moment that it is caught at the most embarrassing moment.

Mr. VINSON. After the campaign is over and after the money has all been spent?

Senator WILLIAMS. Well, the money has all been spent and obligated. We could put it either before or after. Of course, it may be

more embarrassing if it is caught before the campaign is over, before the vote is taken, but what I was thinking of was financial embarrassment.

Mr. VINSON. If it were caught before the money is spent——

Senator WILLIAMS. No. We will have to proceed on the premise that the money has been spent, because prior to that, it could be taken out of their allotment. I understand that.

Mr. VINSON. Yes; because if all the money has not been disbursed from the fund, it could be docked.

Senator WILLIAMS. We have assumed the money has all been spent, or at least the television time has all been used; therefore, the money is all obligated.

Maybe they have not paid their bills, but it is all obligated and spent, and there is zero in the fund.

Mr. VINSON. Then I think at the next available time, the party which spent your hypothetical 250 percent in that State would be docked at that time.

Senator WILLIAMS. That is the $500,000 or the $250,000, or both?

Mr. VINSON. The $500,000.

Senator WILLIAMS. The $500,000?

Mr. VINSON. Well, perhaps the $250,000, too, if it has not already been paid in in contributions.

Senator WILLIAMS. To carry this hypothetical situation a little further—we have to deal with these situations. They may develop. It has been estimated that, if this bill passes, the allowance for each party may be around $7.5 million, is that correct? Roughly?

Mr. VINSON. Now, there was some testimony here last week, I believe, to the effect that about $8 million was spent. But I think everybody agreed that was a pretty rough estimate.

Senator WILLIAMS. Well, for the sake of an argument, we will use that $8 million figure that was allotted to each party. Suppose this particular party, in its anxiety to win—we all love to win—had gone out and spent $13 million, $5 million of which is in excess of the allotment.

Now, there are no criminal penalties under this bill, is that correct, for such an expenditure?

Mr. VINSON. Well, there are criminal penalties under the bill for false statements, and so forth.

Senator WILLIAMS. But we will assume for the moment that there are no false statements. They have merely spent $13 million, this particular party, for billboards and television, and so forth. But the bulk of this overexpending is in the television area. They have just saturated the country with them and they admit it; no question about that. So they merely file the proper reports, and as I understand it, there would be no criminal penalties, but there would be the civil penalty of 50 percent.

Now, they would be assessed $7.5 million—$5 million to refund and $2.5 million for penalties.

Now, does that mean——

Mr. VINSON. $250,000.

Senator WILLIAMS. No, we are moving over now. They have spent $5 million more, instead of $500,000.

Senator ANDERSON. You are very liberal.

Senator WILLIAMS. This is public money, so we are always very liberal with public money.

They have spent $5 million more, and we are all agreed that this is $5 million. They have $7.5 million owing back to the Treasury, including the $5 million refund and the $2.5 million penalties.

Does that mean that that particular political party would approach the 1972 election with all of its allotment having been used in the 1968 election and they would be practically bankrupt, out of the picture entirely, with no way of getting back in under the proposed law as it is presently written?

Mr. VINSON. I think you could posit that hypothetical. I think what they would do would be fire their chairman and their treasurer and all their bookkeepers.

Senator WILLIAMS. But the President would still be there, and there would be nothing under this bill that would criticize it. They could change chairmen, I understand that. But there would not be anything they could do to criticize it.

Mr. VINSON. I do not think it would be fair to say the bill does not criticize it.

Senator WILLIAMS. They could not do anything to the treasurer except fire him, could they?

Mr. VINSON. That is correct.

Senator WILLIAMS. There are no penalties, civil or criminal, for mismanagement if they have spent this money in excess; is that correct?

Mr. VINSON. That is correct, except to recoup.

Senator WILLIAMS. But it would be possible for the next candidate in the year 1968 campaign to spend the entire allotment for 1968 and 1972 under this bill, and there would be no penalties whatsoever for so doing except he would have bankrupted his party for 1972; is that correct?

Mr. VINSON. Which would, I think, make it an incredible hypothetical, Senator.

Senator WILLIAMS. Well, it is the incredible things that happen in elections. It could happen. Is there anything in this bill that could stop it from happening, either all of it or in part?

Mr. VINSON. No, to the extent of the half-million-dollar part of the hypothetical, there is not.

Senator WILLIAMS. Now, suppose, and we are dealing in hypothetical cases, that Congress repeals this act in 1970. What would happen with the penalties and everything else?

Mr. VINSON. Well, I suppose the fund would be in the same position as any creditor.

Senator WILLIAMS. Do you think that that particular point needs any further study or suggestions or corrections, assuming that this was going to be passed? Or do you think that that is what both the Comptroller General and Under Secretary Barr referred to as an obvious loophole in the law and one that needs study? Now, what is your opinion? Do you think it should be given study, or are you satisfied with that situation as it could develop?

Mr. VINSON. Well, I do not think—I cannot conceive of a major party candidate and a major party chairman or treasurer being so irresponsible as to place his party in that sort of a bind. I can conceive of people drawing the line pretty close and maybe running into 142 or

145 percent. But I think to bankrupt a party is something that no responsible party would let happen to it.

Senator WILLIAMS. I cannot conceive it. It is hard to conceive. But nevertheless, apparently those who drafted the bill did conceive of it, because they did put the 140-percent ceiling in it, and they did put the provision for a 50-percent penalty on, so they must have conceived a situation where somebody would violate it. If you cannot conceive of such a situation, why was the penalty put in there in the first place? It was because somebody did conceive that it could happen; is that not true?

Mr. VINSON. No, they conceived—the basic reason for that provision arose out of the fact that some people were afraid that disproportionate amounts of the fund would be put into use in a few closely contested or heavily-populated areas—disproportionate to population. It appeared that it would be very inflexible to tie it directly to per capita headcounts in the States, and 40 percent was added to the 100 percent to give a limited amount of flexibility.

Senator WILLIAMS. The limited amount of flexibility. Then they conceived the situation where somebody, overzealous to support his candidate, would exceed 140 percent on, in the language of the bill, "a willful basis, deliberately to saturate that State." So they put the condition in for penalties, did they not?

Mr. VINSON. That is correct.

Senator WILLIAMS. And it was done because they conceived a situation where somebody would do it willfully. So, we have already decided that it can happen, human nature being what it is. That is the reason I raised the point.

Now, another question has been suggested. This is supposed to be on the premise that it would pay 100 percent of the cost of the television and billboards, and so forth. That is correct; is it not?

Mr. VINSON. All those enumerated qualified expenses.

Senator WILLIAMS. In asking these questions, I want to emphasize that I think something needs to be done in this area. Nevertheless, if there are loopholes in something we are proposing to do, I think we had better find them out. If we can answer them now, fine. If we cannot, let us find them and get an answer.

Mr. VINSON. That is the purpose of these hearings.

Senator WILLIAMS. That is the reason I am asking the questions.

Is there anything in this bill which would stop either political party, after it gets this $7 or $8 million for these particular payments, from arranging to have somebody else on the outside as an independent committee, which was disassociated with the national committee, raising $15 or $20 million for the same category?

I will phrase that a little differently. I used the phrase "arrange to have." I understand that under the bill if they had anything to do with setting that committee up, it would be prohibited. But we will assume that it has nothing to do with this committee, that the friends of Joe Doakes formed an independent committee and raised $20 million for the same thing provided for under this financing. Is there anything in this bill that would stop them from doing that?

Mr. VINSON. Well, you are getting into a first amendment area here, as I am sure you know.

Senator WILLIAMS. I appreciate that.

Mr. VINSON. Certainly the candidate could not appear on the television show. Certainly the candidate and his organization could have no control over it. Certainly, as you pointed out, they could have nothing to do with organizing it. I think perhaps it would be more meaningful to talk in terms of gradations of such relationships as you suggest.

First you have the candidate of the national committee. You obviously have a string on that situation. You have the Federal power, you have the congressional power to legislate.

The next area, a most closely related situation, would be several people getting together and soliciting money from others unconnected with the candidate, without his urging, without his assistance, soliciting funds from others that they will devote to various campaign expenditures on his behalf and without his assistance or without his cooperation. That is a difficult constitutional question.

Then you move on to the most difficult constitutional question. That would be the one man spending his own money without going out and soliciting other funds, spending his own money for these purposes.

I think that legislation in the first situation would be obviously constitutional. In the second situation I outlined, it would be questionable whether you could constitutionally legislate against that activity. In the third situation, I think that legislation would be clearly unconstitutional.

But I think, again, that we must be realistic. I cannot conceive of a volunteer group in a State raising substantial sums of money for the qualified expenses—for television, for instance—without any participation by the candidate, without a candidate appearing. And certainly, I think under the law, the candidate has control over whether he appears or not. He could not do that.

Senator WILLIAMS. He could have control over whether he appeared, but it is a matter of record——

Mr. VINSON. He could not furnish materials, he could not furnish movies or tapes.

Senator WILLIAMS. No, that is true. But anybody can get the material from the Republican or Democratic Committee by getting on their mailing list with just a few dollars' contribution. So, they get the material of the party.

I just do not see how you can control this. We had the Friends of Eisenhower Committees all over the country; we had Friends of L. B. J. all over the country. I would say that either of them could very properly and correctly state that they had nothing to do with the organization, that they were organized by independent committees. Perhaps they had knowledge of it, but perhaps the man could not stop it if he wanted to.

I just make these points that the mere providing of money itself does not mean that this is putting a limitation over the amount of money that will be spent in the categories represented here.

Mr. VINSON. I think it would. I think the practical effect of it would be to inhibit such activities in the area of these qualified expenses. It would certainly lessen the pressures to collect large sums of money for use in these areas.

Senator WILLIAMS. Now, is there anything under this bill which would limit or handicap the continuation of the President's Club, as it is now operating, or the $100 or $1,000 or $500 dinners as they are

presently supported by both parties? Is there anything under this bill that would prohibit or even restrict those at all, except with respect to television?

Mr. VINSON. No, there is not, except that the funds of these organizations could not be used for these qualified expenses.

Senator WILLIAMS. That is true.

Mr. VINSON. One other point I should make with regard to your independent group raising money. Under the election format which we propose, that independent group, even if only organized in one State, would be required to make full, complete disclosure of receipts and expenditures. And that individual person who is spending his own money on behalf of the candidate of his choice, if he expended more than $100, would likewise be required to make full disclosure.

Senator WILLIAMS. You anticipated the next thing I was leading up to. That is that S. 1883, as it is before us, if you enacted that alone without those revisions to the Corrupt Practices Act which were recommended by the President and are part of another bill, there would be nothing under this bill that would require any disclosure or by which we would have any more knowledge than we do now. So, I was leading up to the point that if we do not combine these bills and make them a one-package deal, we will have done nothing, because all these loopholes we are referring to would not only be there, but they would not have to be reported. Is that not the fact?

Mr. VINSON. Senator, I would sincerely hope both bills pass Congress.

Senator WILLIAMS. I know you are endorsing both bills, but I happen to be one—perhaps I am wrong on it—who feels that if Congress ever enacts a bill providing a method making it easier to finance these campaigns and we do not encompass as part of that bill these revisions for the Corrput Practices Act and the Hatch Act, we will never get them done. It has been a long time since we had the last revision, and I think it is about time that we did it again.

So, I think they have to be a part of it, because the bills and provisions here that are going to make it easier to finance campaigns are going to be much more popular—we are all human—and much more acceptable, perhaps, than the revisions of the Corrupt Practices Act, particularly when you go to primaries.

So, I think we have to have it a one-package, one-shot job. That is the reason I was leading up to that point. Without this being a one-package bill, you would not have this information as to what these committees would be doing that would be necessary, even to enforce the law as it may be intended under S. 1883. Is that not correct? You need that information.

Mr. VINSON. Well, it is certainly true that under the present Corrupt Practices Act, one-State committees are not required to file anywhere in the Federal system.

Senator WILLIAMS. I notice that in one of these bills, a bill that is before the Rules Committee, the one that revised the Corrupt Practices Act, there is a recommendation that would prohibit corporations operating with defense contracts, from contributing to State committees, I understand.

Mr. VINSON. That is correct.

Senator WILLIAMS. They are already prohibited from contributing under the existing law to Federal elections; is that correct?

Mr. VINSON. Under section 610, they are forbidden to contribute at the Federal level. We propose an amendment to section 611 of title 18 which would place corporations on the same parity with individuals, partnerships, and associations with respect to being precluded from making contributions at the State political level.

Senator WILLIAMS. Does that place all corporations in the precluded category; or does it just place the corporations which have Defense contracts and do business with the Federal Government?

Mr. VINSON. Just corporations that do business with the Government.

Senator WILLIAMS. Under the present law, all corporations are prohibited from contributing to national elections; is that correct?

Mr. VINSON. That is true.

Senator WILLIAMS. While you are extending the Corrupt Practices Act to prohibit corporations doing business with Defense contracts in the Government from contributing to State elections, why not go the full way and prohibit all corporations, period?

Mr. VINSON. Well, I question whether the Federal Government has that power. You need some peg to hang such a proposition on. Section 610, for instance, precludes national banks and corporations chartered by the Congress from making any political contributions, because you have Federal jurisdiction. Section 610 prohibits corporations from making contributions to Federal elections because you have Federal power and congressional power to legislate in this area.

Section 611 is an attempt to take advantage of the power which would accrue from the fact that the corporation is a Government contractor.

Senator WILLIAMS. Do I understand you to say that the Federal Government has no constitutional authority to prevent a corporation from contributing to a Republican or Democratic State committee of the various States?

Mr. VINSON. Generally, yes. I doubt very seriously that the Federal Government has the power to prohibit a corporation organized under the laws of a State from contributing to a State campaign or a local campaign.

Senator WILLIAMS. That was not my question. My question was to a Republican or Democratic National Committee, which contributes to all candidates, both State and Federal candidates, as well. I am speaking about the Republican and Democratic State committee of any State in the Union. Can corporations, under existing law, contribute to those committees when you are financing the elections during a presidential election or even an off year election, the Congressman?

Mr. VINSON. I would have a serious question about a corporation contributing to such a State committee if the State committee furnished substantial support to Federal campaigns.

Senator WILLIAMS. Well, as to that, I think that both corporations, and I know that I as a Member of this Congress, voting on it, would like to know what your opinion is, rather than just a question. I raised this question the other day, I was told that it should be directed to you, so I want to direct it to you as a straight question.

Under existing law—forget this bill for a moment. Under existing law, are corporations permitted to contribute to the Republican or Democratic State committee of Delaware, California, Illinois, or

New York, or any other State when we know—and we do know—that those State committees do support the election of the Senators and the Congressmen who will be running in any election that is held in that State? I am not speaking of a State now where they are holding an off year election. I do not mean an off year, an off-date election similar to what Maine used to do. But we are assuming that State office elections are held on the day that they are electing a Member of Congress or a Member of the Senate, and the State committees do support those candidates.

Can corporations, under existing laws, contribute to those committees?

Mr. VINSON. I would say if a State committee were shown to furnish, to be furnishing significant support, direct support, to one who is running for Federal office, the corporation could well have violated Federal Law. Of course, we are not talking in terms of State law, and in some cases State law prohibits corporations from doing so.

Senator WILLIAMS. I am talking about Federal Law.

Mr. VINSON. But suppose the corporation could give, under the laws of State x, and there was a State committee to which it wished to give $5,000 and it gave it, but earmarked it for the use of a gubernatorial candidate, the mayoralty race, what have you. That could create serious problems for prosecution.

Senator WILLIAMS. Well, we are dealing in hypothetical cases, both of us, so we will continue. Suppose this contribution is not earmarked but just made straight payable to the Democratic orthe Republican State committee of State X and it is given by a corporation. That corporation is doing business with the State we will say, for example, in the highway department, which is financed by both Federal and State money. This corporation is doing business with them in that area. It contributes to the State committee check—not earmarked, just a straight contribution. Is it permissible under the existing law?

Mr. VINSON. Are you assuming that this State committee furnishes financial support to a Federal campaign?

Senator WILLIAMS. Do you know of any State committee in the United States that does not furnish financial support to the candidate that are running for the Congress and for the Senate? I have never heard of any. Do you know of any?

Mr. VINSON. I do not know, Senator.

Senator WILLIAMS. So, we will pass that assumption. That is not even an assumption.

Mr. VINSON. In your hypothetical thought——

Senator WILLIAMS. All right, we will assume that, because we know that is true. That is beyond an assumption. Underwriting part of the cost of the campaign, corporation X sends $5,000 to a State committee under existing law. In that State committee, they have a Member running for the Congress and for the Senate—maybe several Congressmen. That State committee is supporting those national officers. Does the corporation have a right to make that contribution under existing law? That is my question.

Mr. VINSON. Under those assumptions, I would think not, Senator.

Senator WILLIAMS. So would I, and I referred to your Department a situation such as that and I was told that if I could prove they had used a substantial part of the money to elect this national officer, it

would be a violation of the law. But the way it was phrased to me was that if I, as a citizen, could prove it.

Now, who does the proving of this? Do I? Or does the Department of Justice examine this?

You have quite a staff of attorneys in your office, do you not?

Mr. VINSON. You are referring to the exchange of correspondence I believe you had with the Department in 1961?

Senator WILLIAMS. That is correct, in which the corporation involved filed an affidavit that it had been solicited for, I think it was a $5,000 contribution, to the State committee. In return, it was promised a contract on a road which was being financed with Federal and State funds.

The check was accepted, it was deposited, a photostatic copy of the check was made available to you, and a financial statement was made available to you. I was advised that it was only a violation of a law if I or someone else could prove that a substantial amount of that money had been used to further the candidacy of the Federal officers that were running.

My question is, if that is a violation of the law, do I, as a citizen have to prove that violation, or do you as a representative in the Department of Justice have a responsibility, and do you take some of these actions?

Mr. VINSON. Well, I think certainly the question answers itself, Senator. I think the Department of Justice has a responsibility. In this particular case, you were advised—as I recall it—that it was a question of evidence whether funds were used for Federal campaign purposes. I am further advised that the FBI did, in fact, investigate that matter.

Senator ANDERSON. What did they find out?

Senator WILLIAMS. They found out it had been used for support of a Federal campaign.

Mr. VINSON. They determined there was no prosecutable violation.

Senator WILLIAMS. Would you supply the committee a copy of the FBI report on that? I was advised that they found out entirely different.

I happen to know for a fact that the money was used, no question about it, to finance the campaign of the Federal officers. That is a matter of record and the attorney general of our State furnished you considerable documentation to that effect. It was even admitted by the party officials.

I wish you would make that available, because the reason I am making that point is this: If that ruling was correct, then this is a wide-open loophole in the existing law. It is one that we should face now, because based on that ruling, any corporation in America can contribute all it wants to any State committee, and apparently, there is nothing you can do about it unless Joe Doakes, who is a private citizen, would prosecute him on his own and furnish all the evidence. I just wondered.

Mr. VINSON. Senator, that is not our position. We have a very competent investigating staff.

Senator WILLIAMS. Perhaps I am being rough on you. You were not the one who wrote the letter. I mean Justice as a whole. Will you bring up the Department files and what you determined on that?

Mr. VINSON. I will certainly review the file and get back to you, Senator.

Senator WILLIAMS. Get back to me what? The report or the files?

Mr. VINSON. I will get back in touch with you about it and we can work that out at a later time, Senator.

Senator WILLIAMS. I think I would like to have this cleared up. This is a loophole in the law. If any company that is doing business with the Federal Government—that highway department, which is financed sometimes 90 percent with Federal money—if any State committee in the United States can solicit those who are bidding on those contracts and tell them that "with your contributions, you are more apt to get the contract"—in this case, they did get the contract; if that is possible in existing law, something ought to be done about changing the law.

Mr. VINSON. Senator, I think I gave to you as my judgment the fact that a corporation making such a contribution to a State committee, where the State committee furnishes financial support to a Federal candidate, would violate the law.

Senator ANDERSON. What was that last?

Mr. VINSON. That such a situation would constitute a violation of the law.

Senator ANDERSON. It has been ruled hundreds of times and proven against it.

Senator WILLIAMS. It certainly has, and I put in the record the other day my correspondence with the Department and their reply thereto, and it certainly put the burden of proof upon me to do something about it.

Mr. VINSON. I am sure that was not the intent of the letter, because in point of fact, the FBI was asked to investigate the matter.

Senator WILLIAMS. Well, I do not question for a moment that you have been told that, and I have, too. That is the reason I was asking this question. I realize that the FBI reports are not made public. But in an executive session, so we can determine for ourselves to what extent this is a loophole, because we are dealing in this field, the committee should be able to examine that file.

Mr. VINSON. Let me check the file, Senator, and see what is in it. I will certainly be back in touch with you.

Senator WILLIAMS. If the corporation is a creature of the law only, and we levy taxes on this corporation, do you not think that we can restrict the manner in which they can contribute to State committees in any circumstances, even to committees which are supporting State candidates, as to allowing it as a tax deduction?

Mr. VINSON. I would think—well, of course, you cleared up one glaring ambiguity in that area, the matter of tax deductions for advertising last year. But I had understood the direction in which you are going to be a Federal law which would preclude a corporation organized under the laws of some State from making political contributions to a gubernatorial race or to a State house of delegates race. I doubt seriously that Congress would have that power.

Senator WILLIAMS. If they were completely separate—I am not going to debate this point. But I wish you would bring those records down, because I have been very much concerned for some time. It has always been my understanding that it was a violation of the Federal law for a corporation to make political contributions to State committees. I am not speaking of State committees as just a——

Mr. VINSON. Which furnishes financial assistance to Federal candidates?

Senator WILLIAMS. Yes. I am speaking of the Republican State or Democratic State Committee of Delaware, Illinois—any State—and official State committee.

Section 610 is called to my attention. The act reads that—

It is unlawful for any national bank, any corporation whatsoever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential or Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for.

Is that not all-inclusive?

Mr. VINSON. No, sir; 610 is very heavy going. The language is very heavy.

Senator WILLIAMS. Let us get some of that heavy stuff out of it.

Mr. VINSON. It says it is unlawful for any national bank or any corporation organized by Congress to make a contribution in connection with any election.

Senator WILLIAMS. That is correct. Now, go down to the end of it.

Mr. VINSON. It says or for any corporation whatever to make a contribution in connection with a Federal campaign.

Senator WILLIAMS. That is correct. That is the point I am getting at, or for any corporation whatever. That is not organized in the Congress; that is organized in the States.

Mr. VINSON. That is correct.

Senator WILLIAMS (reading):

Or for any corporation whatever or any labor organization to make a contribution or expenditure in connection with any election at which Presidential or Vice Presidential electors or a Senator or Representatives in, or delegates or Resident Commissioner to, Congress are to be voted for.

Now, if the X Corporation makes a contribution to a State committee in which a Senator or Congressman is on the ballot and that State committee is financing those campaigns to a certain extent, which they do, what language would you suggest to perfect this, or is it not correct that that is now a violation of the law?

Mr. VINSON. Well, as I said before, if that State committee is furnishing financial support to a Federal candidate, in my judgment it would be covered under the present law.

Senator WILLIAMS. We are in complete agreement now. You may not agree on my conclusions, but, perhaps, instead of revision of these laws, what we need is enforcement of the laws when these violations are called to your attention. They are not pigeonholed, as it were, in that particular instance.

Mr. VINSON. Senator, you did not call this violation to my attention.

Senator WILLIAMS. Not to your attention, and I want the record to show that I am not speaking of you personally. I am speaking of the Department of Justice. And it was with all the evidence to support the payment and everything; in fact, the case was presented almost complete. All it needed was just a little bit of energy on the part of somebody to enforce the law.

Mr. VINSON. I think it is fair to say that you raised a situation in your letter which was answered, and the Department of Justice did not rely upon yourself or any citizen to investigate but did, in fact, itself investigate the matter. I will be interested to see——

Senator WILLIAMS. At any rate, our correspondence is in the record. The only thing deleted from the correspondence that was put in the record the other day is the names of the individuals. But even that was made available to you—to the Department; I will not say you. It was made available to the Department, including the names, the affidavits, along with statements of our State attorney general. The whole case was submitted. We can draw our own conclusions.

Now, under the law—well, first, we will take the present law. To what extent are unions prohibited from making contributions under the existing law?

Mr. VINSON. Under the same law you and I just both read from, section 610, the same provision applies with respect to unions.

Senator WILLIAMS. And you think that the existing law is adequate to take care of them as well as it does the corporations if the law is enforced?

Mr. VINSON. Yes, sir.

Senator WILLIAMS. Now, what is the maximum contribution under existing law that any individual can make to a political party or to a political committee?

Mr. VINSON. Well, that was referred to in my statement. From a reading of the law, an unsophisticated reading of the law, you would think the limitation is $5,000. In fact, with the loopholes in the law, there is no effective limit.

Senator WILLIAMS. Well, that is correct. That is due to the fact that you can make a whole series of $5,000 contributions to different committees.

Mr. VINSON. Proliferation of committees, plus the fact that "political committee" is defined in the present act as a multistate committee, and a wealthy man can give as many contributions as he wants to a proliferation of committees organized within one's State.

Senator WILLIAMS. What John Doe can give to one specific committee is supposed to be limited to $5,000, is it not?

Mr. VINSON. That is correct.

Senator WILLIAMS. There was a situation here, and I corresponded with the Department on this one, too, where an individual contributed $25,000. You ruled that it would be permissible and was not a violation, because a man said it represented a whole series of small contributions that he had collected. He did not furnish any breakdown, but he just put in the $25,000. that was acceptable.

Now, is that an acceptable way of giving? If I want to give $25,000 to X committee, can I give that without furnishing a breakdown of the various individuals who comprised and made up that $25,000, or can I just say it is from a multitude of people, it would be too voluminous for me to break down, but it is not all my money?

Mr. VINSON. We have had several of these cases within the last few years. I think I know the one you are talking about.

I think I can best illustrate by saying if you wish to form a committee within the State of Delaware, friends of Senator Anderson, and you collected substantial sums of money from various people, I do not think you would be inhibited from later turning over that amount. You are a one-State committee, so to speak. I do not think you would be inhibited from turning over that amount to the campaign committee for a candidate.

Senator WILLIAMS. Suppose I did not have that when it was checked with the committee in the State. All I had to show was that this $25,000 went over to Friends of Joe Doakes, who is running for President. The $25,000 appears on his record in my name, and the only thing in the way of a breakdown I can give you is my word that it represents a lot of money picked up from a lot of people on the street; it is not all mine. Would I have to furnish a breakdown of where I got that money in order for that to be accepted, or is my word that this $25,000 is not my money sufficient—a lot of people contributed $5, $10, $100; I just got it together; it comes out to $25,000 even. I have no committee. I am turning it over to the national committee. I turn over to the committee in my name, $25,000 even. Is my word that I have done all this good enough, or do I have to have a breakdown to show?

Mr. VINSON. Under existing law, I do not think it is required. You are a one-State committee.

Senator WILLIAMS. No; I have not formed a committee.

Mr. VINSON. Well, you are, for practical purposes.

Senator WILLIAMS. Then, for practical purposes, you would assume that I had formed a committee and I would not, is that correct? Am I to understand that I, as an individual, under existing law can give $25,000 to Friends of Nixon or Friends of L. B. J. give $25,000, five times in excess of the amount in the Corrupt Practices Act, and that I can be excused on the basis of my word, my word only, that this does not represent $25,000 from me? I have collected this from a lot of different people that like him as well as I did; this totals $25,000, and I will give you my word that there is not over $5,000 of it that comes from any one man, but I do not have a breakdown. But here is the money. Would that be permissible under existing law?

Mr. VINSON. I think I can best answer that by saying that ordinarily, we would want some demonstration of where that money came from. However, if it were your word, it would be my judgment that your word would stand up in a court of law.

Senator WILLIAMS. I just said in my word. We will use the word of John Smith, of Joe Doakes back in the States, any man walking in off the streets.

Mr. VINSON. No; I think that, as a practice, we would want some demonstration that the——

Senator WILLIAMS. Is it not a fact, because I have called some of these to your attention, as you know, that some of these contributions have been accepted—$15,000, $20,000, $25,000—from one man; that is all there is, there has been no breakdown furnished?

Now, I am asking, if that is possible under existing law, does this bill do anything to correct it or is that a loophole, or is that lack of enforcement? Because it has been done.

Mr. VINSON. I think it is neither, Senator, neither a loophole nor lack of enforcement. I only recall two instances, actually, that you called to our attention.

Senator WILLIAMS. I think I called them to your attention.

Mr. VINSON. I think one of them, we satisfied ourselves fully that the $5,000 limitation was not involved.

The other involved a volunteer fund of sorts that we have maintained a continuing interest in.

Senator WILLIAMS. That is correct. And in both instances, the only report that I got was that you had satisfied yourself, but you never did

satisfy me that you had any breakdown whatsoever. I was told that you did not have any breakdown to identify the various Joe Doakes that allegedly made it up. You only took the man's word.

In one of the instances, one of the individuals had a very poor record to be a man whose word I would accept.

Mr. VINSON. That is my recollection. The gentleman you are talking about is a gentleman in whom we have maintained a continuing interest for matters other than election laws.

Senator WILLIAMS. The point we are making here, if we are going to have a law, if there are loopholes in the law, I want to find them and correct them. If they are not loopholes in the law but lack of enforcement, we want to find it out and maybe we can correct that.

But, there is supposedly a $5,000 limitation in the Corrupt Practices Act as to what any individual can make in the way of a contribution to one committee. Now, we both are in complete agreement that there is a loophole in the law in that that same individual can make a multitude of $5,000 contributions to 25 committees, and really, legally, under existing law, contribute $125,000.

Now, we recognize that as a loophole, both of us. And both the administration bill and the bill that I introduced would plug that loophole.

Now, the bill that I introduced and the administration bill, neither one deals with this other point that I am making. Do I understand that this $5,000 is applicable with criminal penalties for anybody to contribute over $5,000, unless they are gentlemen whose word you and I would accept, and they could put $25,000 or $50,000 in, and if we think they are gentlemen——

Mr. VINSON. No; I would not set myself up as one——

Senator WILLIAMS. As the judge of a man. That is the point.

Mr. VINSON (continuing). As one who could judge any man. I think everybody should be made to demonstrate that there are multiple sources of this money. That is what we have done. The other case was a case that—I think you know what I am talking about.

Senator WILLIAMS. I know what you are talking about.

Mr. VINSON. There were definitely multiple donors, but it was the sort of situation that we continually keep an eye on.

Senator WILLIAMS. And it raised grave questions in both your mind—I am sure of that—and in my mind as to not only the legality, but the propriety and the motive behind this particular gift. Is that not correct?

Mr. VINSON. Unquestionably.

Senator WILLIAMS. Unquestioned. And that has been 4 years. What have you done, except the continuing interest which you have had and which I have had, and all I can get from you is that you are interested? That is the reason I want to know is there a law that takes care of that? Because that case—and I speak to you——

Mr. VINSON. I think there may be another law that takes care of that situation, Senator.

Senator WILLIAMS. When I am speaking to you, I want to make clear that my criticism is not directed to you, Mr. Vinson. I have great respect for you. You were not even in the Department when this happened. So, I am speaking of the Department as it was.

But these cases happened, and I have discussed them with you. Would you examine these cases, reexamine them, and see if the existing law is adequate to take care of those cases? If so, give me a

report as to what you are doing on it. If not, tell me what is being done to correct it.

Mr. VINSON. I believe those laws are adequate.

Senator WILLIAMS. I believe it is, too. I think all we need is a little more enthusiasm in the Department to handle these cases, and if one or two had been, I think we would have gone forward with them. I have great respect for you to see if these things will be handled. I think you will.

Mr. VINSON. Senator, I think they were handled.

Senator WILLIAMS. They were handled?

Mr. VINSON. Yes, sir; and they were fully investigated.

Senator WILLIAMS. But there was nothing done about them as far as prosecution.

Mr. VINSON. That is correct, sir, because we found no violation.

Senator WILLIAMS. I think we have discovered perpetual motion. I see no reason to delay this. We are right back where we were before. We are told the existing law takes care of it. Yet we both admit that the $5,000 limitation was violated, there was no breakdown furnished to the Department, nor was there any breakdown available in one instance where the man contributed this $25,000; no breakdown whatever available, neither to the Department of Jusice nor to anyone else. For all practical purposes, it came out of his own pocket. There is a serious question, both as to the character, the motive, and the circumstances under which that was given. Yet we are told that the Department is satisfied.

I shall not pursue it further. I will say this: I remain considerably disturbed.

I have no further questions.

Senator GORE (presiding). General, to what extent does the Department of Justice think we can constitutionally limit and regulate the amount of political contribution? I notice you say that you think the limitation of $5,000 in the bill the President recommends does not violate constitutional provisions.

Could we make it $4,000?

Mr. VINSON. Yes; I think that would be within constitutional bounds, Senator.

Senator GORE. What about $1,000?

Mr. VINSON. Probably.

Now, we are talking about regulating the major amount of contributions by an individual to a candidate or a committee on his behalf.

Senator GORE. Could we not, with equal justice, limit the overall monetary contribution of a citizen within a given time—within, say, a campaign year?

Mr. VINSON. I have some question about that. Are you restricting that to Federal campaigns?

Senator GORE. Federal.

Mr. VINSON. That in calendar year 1967, no individual could give more than x dollars to any and all Federal camapigns?

Senator GORE. Yes.

Mr. VINSON. I think it presents a more difficult question. Assuming a man has a right to give to a congressional candidate, assuming a man has a right to give to a senatorial candidate, assuming he has a right to give to a presidential candidate. I think you are compounding the problem, in other words.

Senator GORE. Well, insofar as principle is concerned, I see no particular compounding. The vote is regularly exercised in Congress as a legislative right. It has such a legislative right to enact laws in this field bringing about regulation or limitation.

I suppose, of course, the rule of reasonableness must apply and this could be a matter of interpretation. What right would a citizen in New York have to make a monetary contribution to the election of a Congressman in Tennessee?

What right under the Constitution does a citizen of New York have to intervene in an election that is peculiar or the prerogatives of the people of Tennessee?

Mr. VINSON. Well, the Senator from Tennessee would be voting on matters of national import. Matters of national import can be of importance to citizens everywhere.

Senator GORE. Well, given that, the selection of that representative from Tennessee, however, is peculiarly the province of that Tennessee constituency.

Mr. VINSON. That is correct.

Senator GORE. There is nothing in the Constitution of which I am aware that gives to the people of New York any role, any part, any prerogative, any right to influence or to usurp the will of the people of Tennessee to elect representatives of their own choosing. Do you know of any?

Mr. VINSON. No; I certainly do not.

I hope you did not interpret my statement to the effect that I am of the opinion that such a prohibition would be unconstitutional. I have not really focused on that. I think there are some problems with it, however. I think if the man in New York has certain views which are shared by the Senator from Tennessee, he has a right to have those views articulated.

Senator GORE. Well, articulated is one thing. Interference with the exercise of a right which is peculiar to the people of Tennessee is another.

Mr. VINSON. But is it interference with the right of the people from Tennessee to enable that Senator from Tennessee to go before the people of Tennessee to make his views known to the people of Tennessee?

I have a little trouble with the word "interference."

Senator GORE. Well, you know, money in a political campaign is no longer in large degree primarily to assist the candidate himself in going before the people of a constituency. It is now imagemaking. It is now propaganda. It is now selling of a name, of a slogan, of a pitch. So there is a serious question that freedom of speech is involved at all.

For instance, take a TV skit that shows the candidate saying nothing, speaking upon no issue, baiting the hook for his son in a canoe in a very pleasant pastoral scene. Bingo, he is off. But it costs thousands of dollars to place this little TV skit on. Yet the public relations people advise that this is far more effective than having the candidate himself speak upon the subject of reciprocal trade.

Mr. VINSON. I have heard that view expressed. I would hope it is not true, but it may be.

Senator GORE. Well, the reason I cite this, I see no freedom of speech, no right of expression involved in a TV skit that is merely imagemaking. Do you?

Mr. VINSON. Yes; I think people have a right to create an image.

Senator GORE. Well, it is not a question of whether they have a right to create an image. What I am attempting to draw you out upon here is whether there is a right for a financial interest far removed from a constituency to spend vast sums of money to create an image which may be contrary to the real image of the candidate in order to bring about the election of a candidate not of the choice of the people who are entitled to select one of their own choosing, but someone who is amenable to their own interests. So there are vast questions involved here.

Mr. VINSON. You have conflicting philosophical questions, really. One, the man in New York, if he thinks this Senator from Tennessee is a very fine Senator, an asset to the country, should have a right to support him. On the other hand, you have the viewpoint you expressed. It is a matter that I have never really thought about very deeply.

Senator GORE. On the other hand, some individuals who have not been pleased with my vote or position in a tax matter may not think that the present senior Senator from Tennessee is a fine public servant. It might be very much in their interest to be rid of him on the Senate Finance Committee.

What right does this interest have to usurp the will of the people of Tennessee to elect or reelect someone of their choosing without undue influence from without? As a legal proposition, in the Constitution?

Mr. VINSON. Phrased that way, it is a very unattractive proposition.

Senator GORE. Oh, yes.

Mr. VINSON. Turning the coin over, however, you have the right of a person to take the other side of an issue.

Senator GORE. The administration bill which you endorse calls for the reporting of contributions and expenditures to be done, as it is under the present law, to be reported to the Secretary of the Senate and the Clerk of the House. These officials are entrusted with the administration of the act. Now, would it not be better to vest the responsibility, this responsibility, in a body more insulated against political pressure than the Secretary of the Senate and the Clerk of the House?

For instance, the Comptroller General, it would seem to me who has a 15-year term, I believe it is, would appear to me to have greater latitude in impartiality than the Clerk of the body of the House and the Senate, who can be dismissed upon a rollcall.

Had you thought of that?

Mr. VINSON. Yes, sir.

I think there is one necessity present no matter who is entrusted with this duty. I think the operation should be well staffed, and it will be necessary to collate the various reports. I think it is entirely up to the Congress and to the Comptroller General as to where that duty resides.

I have not had the opportunity to read the Comptroller General's testimony. I understand he was here last week. Was he asked for his opinion?

Senator GORE. I do not believe so. He may have been.

Your testimony has been very interesting and very helpful.

Mr. VINSON. Thank you, Senator.

Senator GORE. Thank you very much.

As our next witness, the committee is honored to have before it one of the ablest young men in the Senate, who has made a great contribution in many respects and is now about to make his greatest.

STATEMENT OF HON. JOSEPH D. TYDINGS, A U.S. SENATOR FROM THE STATE OF MARYLAND—Resumed

Senator TYDINGS. Thank you very much, Senator Gore.

I come here to support the principle of public financing for election campaigns and reform of the laws governing campaign expenses and contributions.

I support the President's proposals, embodied in the Election Reform Act of 1967, for reforming the Federal laws governing contributions to and expenses in campaigns for Federal office.

The ceilings on campaign expenses, enacted decades ago, are inadequate to the campaign costs of the jet-and-TV age. The costs of campaigning for the Presidency and Congress are many times what the law allows.

The loopholes in the existing laws supposedly governing contributions to political campaigns are notorious.

These unrealistic horse-and-buggy age attempts to regulate campaign finances should be repealed and replaced with effective laws governing campaign contributions and expenses and their reporting. The present laws should also be extended to cover primary campaigns and nominating conventions, as well as general elections.

If as much energy could be devoted to revising the laws as has been spent on finding technically legal ways to circumvent them, we surely would not need to be concerned with further reform, at least in that area.

The high cost of campaigning has outstripped both our regulatory laws and the financial means of most candidates for office. The cost of running for Federal office or Governor of a State may be more than 100 times the salary paid during the term of office. The cost of seeking many local offices, such as mayor or city councilman of a large city, is far beyond the means of most people.

By way of illustration, when I ran for the house of delegates in my home county of Harford County in 1954, I recall my total campaign expenses, which included mailing a post card to every voter in my county, amounted to a little less than $400. In the last general election the young man who led the ticket, as I did, reported that he spent some $3,500. That is in a period of a little more than a decade.

The economic barrier to elective——

Senator GORE. I would like to ask you a question there.

You cite——

Senator TYDINGS. I am just citing what has happened, the changes in campaign expenses in 10 years.

Senator GORE. The amount of expenditures for——

Senator TYDINGS. Running for the house of delegates in Maryland.

Senator GORE. A local office.

Senator TYDINGS. Right.

Senator GORE. Yet in the first page of your statement, you seem to hold that there should be no limits on the amount of expenditures. Do I gather that correctly, or do you think there should be some reasonable limits?

Senator TYDINGS. My feeling is that the limits in the law today are unreasonable and impossible.

Senator GORE. I agree with that.

Senator TYDINGS. Insofar as your proposals are concerned, I am fearful that they would be nonenforceable, and would have the same effect as the campaign expenditure ceilings that you have today.

Quite frankly, I am leery of ceilings. I would much rather have complete disclosure and see this committee require that the loopholes—the dinner loopholes and things like that—be reported so that the electorate knows where the money is coming from.

I do not think arbitrary ceilings work. If I could be sure they work, I would not object to them. But they do not work, judging from the farce they are today.

Take a recent election in the State of Kentucky—the governorship of Kentucky 2 years ago—when one candidate for Governor in a hotly fought primary reported between a quarter of a million and a half million dollars, and the winner reported $25,000. The law says you cannot spend more than $25,000. Well, that is a farce. And I am concerned with that problem.

Why not let me finish my statement, Senator, and then you and I can engage in a little colloquy.

Senator GORE. All right.

Senator TYDINGS. This economic barrier to elective public service forces many good men and women to remain on the political sidelines while the well-to-do and the powerseekers, to whom cost is no object, contest for office. A man should not have to mortgage his home and spend his savings to seek public office in a democracy.

We are all agreed on that principle.

Nor should our national political parties have to go hat in hand to special interests and wealthy families to finance our national presidential campaigns. The cost to our two major parties for campaigning for the Presidency has doubled in the last decade and now amounts to well over $20 million each election.

This crushing and increasing cost of coast-to-coast campaigning and national television broadcasting compels the major parties to rely on a relatively few "big-money" sources foı a substantial part of critically needed campaign funds. Even with this reliance on major contributors, our national political parties, with few exceptions, are chronically in debt. This is not a healthy or tolerable condition for party politics in a democracy.

Of course, the costs of campaigning can to some extent be controlled. Suggestions have been made that TV time should be made available, at least in national campaigns, at reduced cost or no cost at all. Others suggest modifying the equal time doctrine to exclude fringe parties, to increase the attractiveness to staiton management of contributing TV time. Still others suggest shortening the length of campaigns.

Whatever the merit of these suggestions, massive campaign costs will remain. So will the fact that the overwhelming majority of Americans do not presently contribute to defray the costs of political campaigning at either the Federal, State, or local level. And all attempts so far to encourage widespread giving have failed.

I think the testimony that 1 percent of the population contributes 99 percent of the campaign funds in this country is appalling but true.

I believe there is a direct correlation between the small number of citizens who contribute to political campaigns and the scandalously low level of voter participation in many National and State elections. Too many people simply do not feel a sufficient interest in government to take more than an occasional interest in the way their communities, their State, and their Nation are run. Substantial numbers of voters do not even bother to go to the polls in national elections.

Acting on the momentum generated by the current interest in doing something about campaign financing, I believe Congress should enact legislation which will increase citizen participation in campaign financing, voting, and—perhaps most important of all—office seeking at every level of government.

Such a program should not be timid, narrow, or stingy. Campaign financing legislation which applies only to the presidential election, or only to Federal elections, will fall far short of our national needs.

If there were ever a time when we needed to encourage better candidates and more participation in State and local government, it is today. So any kind of Federal campaign financing should cover State and local elections as well as presidential and congressional elections.

Presidential election expenses represent only a small fraction of the cost of seeking public office in the United States. The $20 million estimated to have been spent on the 1964 presidential campaign represented only 10 percent of the $200 million spent on behalf of all candidates for public office in the United States that year.

Public service in the United States will not be well served by freeing the President from the demands of special interest but leaving the other elected public officials—Federal, State, and local—dependent on similar financial sources.

I personnaly do not support the direct appropriation approach. Adequate alternatives are available to the direct appropriation approach. Parties should derive their financing because they have the support of the people, not because they have support of the government. In our free party system, policital parties have grown and prospered according to the amount of public support they could command for their candidates and programs, not according to the amount they can cajole from the Congress.

The proposals I recommend today are to provide public support for political campaigning from the grassroots up are not new, but they are far more consistent with our party processes than is appropriated public subsidy.

Senator GORE. Could I ask a question there?

Senator TYDINGS. Yes.

Senator GORE. The fact that funds were appropriated for the conduct of the campaign, for the expenses of the campaigns for President, would not mean that the Government is supporting either candidate or both candidates. I do not think, it would necessarily follow that the Government is supporting a candidate. It merely is providing the expenses for the conduct of the campaign, the same as the government, at one level or another, provides the expenses of the conduct of the election and pays election officials for their services.

Senator TYDINGS. Senator, if you follow that approach, you are going to lose the entire benefit of the encouragement of public participation in the election process. I know from my own personal

experience, and I am sure you do, that if someone donates $5 to the Gore for Senate Campaign Committee, they become a devoted proponent, a worker involved in the elective process in the State of Tennessee, at least insofar as electing Senator Gore to the Senate. I also support the Metcalf proposal for presidential campaigns in which taxpayers send in a dollar voucher. I think every person who marks such a voucher, whether it be to the third party, the fourth party, or one of the two major parties—if they go to the trouble of writing a name and sending their dollar voucher back—they are not only sending that dollar voucher back, they are becoming involved. If they send that dollar voucher back, they are going to take the trouble to vote, to begin with. They are going to take the trouble to tell their families what they did. They will probably tell their relatives, their Aunt May, their Uncle Henry and everybody else, what they did. They may not, but they probably will, and they will probably get involved.

To lose this opportunity to encourage citizen participation in the elective processes, I think, would be a mistake; No. 1.

No. 2, the weakness in the direct appropriation system, as I see it, is that unless you had some formula where the appropriation was automatic and not dependent on the vicissitudes of the seniority system, the personalities involved in the committee and the subcommittee of the Appropriations Committee, the politics of which party is in the majority and which is in the minority, and which is likely to succeed in an election—all these would make direct appropriation extremely risky proposal. That is one of the principal reasons why I am against this appropriation system.

Senator GORE. I recognize there is a great deal of merit in encouraging participation by the encouragement of small campaign contributions. Indeed, the principal purpose of encouraging small contributions is to obtain participation. As a matter of fact, most professional fundraisers will tell you that it costs more to raise funds in small amounts per donor than you ultimately receive. So it is a political tactic to solicit small contributions. And I recognize it has merit.

Senator TYDINGS. Particularly in a democracy.

Senator GORE. It is helpful to the candidate and to our election process.

But let me submit for your consideration that in my view, the greatest possible encouragement to participation in an election, the greatest possible incentive to a large voter turnout, would be to rid our elections of their dependence upon private campaign funds, in which, inherent in such a system, is a degree of tolerated corruption. Many people have a cynical attitude—in fact, I would say a very large percentage of our people have a cynical attitude toward American politicians. They believe—indeed, they know that perhaps 1 percent of the people finance American politics. In fact, much less than 1 percent finance an overwhelming proportion of American politics.

So we really have a government of the few, a political system of the few. And this cynical attitude discourages people by the millions from going out and voting or taking part.

Senator TYDINGS. I think we agree on the problem, and we agree on the objective. Let me say, Senator, that if we could set up a system where the appropriations would not be subject to the whim of the Appropriations Committee, if there were some way that you could

freeze it so that you would know the money was there and you would not have to go before the Appropriations Committee, and they would not be able to say, "Well, now, things are not quite so good this year; we are going to cut down" and this, that, and the other thing; if there were some way we could get away from that, I think your proposal would have a great deal more merit.

That is why I do not support that aspect of the President's program, quite frankly. Suppose each of the major parties were authorized to receive $15 million. Suppose it comes around June or July or August, and one committee chairman says, "Well, we agree on $14 million," and the other says $15 million, and they will not agree on which room to meet in and one member says, "No, we are going to toe the line," or cut the line, and at the 12th hour the parties do not have any money.

There are so many problems in the direct appropriations approach that I am very leery of it. Besides, it does not have the added possibility of encouraging citizen participation. And I think that is so important.

Senator GORE. It is true that the democratic process is subject to certain vagaries and uncertainties.

Senator TYDINGS. Particularly when you get into the appropriations system of the U.S. Congress.

Senator GORE. But the whole Government must depend upon the Congress. This is one of the facts of government in the United States and one of the uncertainties.

Now, the House of Representatives yesterday indulged itself in a political exercise, refusing to raise the debt limit. Well, I am sure that a number of my former colleagues and newer Members of the House enjoyed that exercise. But every person knows that the limit must be raised and there is no question but that it will be raised. It must be raised or else the Government goes into default.

Senator TYDINGS. The reason I support the Metcalf proposal is because the Metcalf proposal takes campaign financing out of the possible vicissitude that you will not have any public contribution. It takes it out of the Appropriations Committee's power and out of the power of their subcommittees, and gives it to the people.

At the same time, you encourage the people to get involved.

Why not let me go ahead and finish, and we will come back.

Senator GORE. Off the record.

(Discussion off the record.)

Senator METCALF (presiding). Senator Tydings, I am delighted to have that statement. I hope you will proceed and develop all these arguments for my proposal.

Senator TYDINGS. Senator Metcalf, I think that your proposal should be an integral part of any public financing program. One, it takes the financing out of the tortuous channels of congressional appropriations. It gives control of contributions to the people and encourages the people to become involved.

Second, it takes care of the problem of the third and fourth parties.

I think the Finance Committee ought to have some bottom limit below which you would not pay out and some top limit above which you would not pay out, no matter how many vouchers went in. But that is the basic, I think, to any presidential campaign financing package.

Why do I not, if I might, just submit for the record the rest of this statement?

Senator METCALF. Without objection, the entire statement will be put in the record, and you may proceed in your own way (see p. 420).

Senator TYDINGS. Because I think the presidential election is just one part of this system, I think you need an addition to the Metcalf voucher system. With the $1 system as the basis for presidential campaigns, I think you have to have an incentive to involve more people in State and local elections. I think the county commissioner race in Baltimore County or Harford County, or Tulsa or any other county, is important. I propose we follow an idea out of the Heard report which President Kennedy had prepared back in the early part of his term.

The Heard report suggested a $10 credit for up to 50 percent of the amount of the contribution, or a $1,000 deduction. I do not quite go that far. I think you should have a complete 100-percent credit up to $10. If it were a husband and wife, they would get the $20 credit for any bona fide campaign, State, local, or Federal, per year.

Senator METCALF. Would you mind my interrupting you?

Senator TYDINGS. Not at all.

Senator METCALF. What if an 18-year-old boy goes out and works during the summer and earns, say, $1,500, and has to file an income tax return? Would he get that tax credit, too?

Senator TYDINGS. There you have the same problem we had with the Prouty amendment or the Ribicoff amendment on the floor, and you get into the basic finance problem. I do not want to get into that. I think the minimum taxable mean flow is a problem the Finance Committee has to consider in many areas.

My thought on this $10 deduction is that the average wage earner or housewife could use it, for instance, in your senatorial campaign, say, in the State of Montana; if you had this $10 tax credit, $20 per family, you would raise, I would think, a great part of the money you needed to run in the State of Montana by having a dinner in each county in Montana and charging for the dinner $15 a plate, or maybe $12.50 a plate. That would be $2.50 to cover the cost of the dinner and $10 to go into your campaign

You could actually finance your campaign from the grassroots, rather than, as all of us have to do, raise the money from the wealthy area and go with that money out into the grassroots. That would be the reverse process. That is the best process, going out and letting each county support its own campaign effort.

I would give a person an alternative. He could take either the full $10 tax credit or a $100 deduction per taxpayer. One or the other. It depends on whichever the taxpayer would choose. This, in a sense, would put the campaign fund raising almost on the same basis, as I think it should be on as charitable fund raising. I think that is the way it ought to be. It is not charity, but it requires broad citizen participation.

It think if you have these three parts, with the limitations on the Metcalf voucher system that I suggested on the floor of the Senate; namely, that the funds could only be used for campaign media and literature and actual travel expenses.

Here let me throw in an afterthought which is not in my statement, but it has occurred to me, and about which I have talked with some

of the distinguished members of your committee. It might be wise if you utilize the voucher system to have the allowable campaign expenses paid by check out of the offices of the Comptroller General. In other words, go right, in a sense, from the voucher of the citizen to the Treasury, over to the General Accounting Office or whichever agency Congress chooses, so the bill is submitted there and you have it a part of the public record, and so that the money never even would go into the national committees of the parties involved, but just be used for the purposes specified.

Your committee has to do a lot of studying and analyzing. I think anything you come up with—and I hope you can come up with a plan—should probably utilize parts of statements or proposals made by a number of members of your committee, as well as by men like Paul Douglas, and part of it the President's proposal.

I think you have a great opportunity here, and I think it would be a shame not to take advantage of the interest and the momentum created by the 6-week debate we had on the floor of the Senate. You should come out with a complete package for campaign reform and some sort of public financing.

I think it is important to have a package. I think it should be together. I do not think you should separate it. I think it is important that you have incentives and encouragement for local and State elections, as well as Federal elections.

Senator METCALF. I know that we are all grateful for your contribution. I agree with you that this is the most propitious time since I have been in the Congress for Federal assistance in election campaigns as a result of this long-drawn-out debate and discussion, and a thorough airing of all the problems. Certainly I am not wedded to any one proposal, and I want to say that my suggestion was drafted rather hurriedly, because I knew that it was going to be part of an amendment rather than consideration as a bill.

I appreciate all the suggestions for the addition of putting it onto some other thing.

Senator TYDINGS. In the voucher system, if you should adopt it, I think you have to have time limits within which the vouchers are mailed out and returned. You have to include certain protections to see that it cannot be sold, to see that it cannot be tampered with. There ought to be criminal penalties for anyone to attempt to purchase a campagin voucher or such things as that.

I think you need a ceiling and a floor, as I indicated.

For instance, there should at least be so many vouchers in before any money is distributed, and there should be no money distributed over a certain amount.

Senator METCALF. I think you have made an outstanding contribution.

Senator Williams?

Senator WILLIAMS. I, too, want to express the appreciation of the committee for the contribution you have made, both here today and in previous discussion of this matter. I think your suggestions certainly merit consideration.

Now, as I understand it, you were recommending or discussing a moment ago the possibility of a $10 voucher.

Senator TYDINGS. Yes.

Senator WILLIAMS. How would they be distributed, and how would that work?

Senator TYDINGS. The $10 credit would be utilized in the same manner in which a taxpayer would utilize any credit. At the end of the year, if you had contributed $10 to the county commissioner race, the mayoralty race, the Senate race, or even the presidential race—and this $10 would be in addition to the $1 voucher—then, on your income tax return you would have a right to subtract the $10 credit from your total tax bill.

Senator WILLIAMS. That would be a 100-percent credit?

Senator TYDINGS. Yes. Up to $10 and up to $20 for husband and wife.

Senator WILLIAMS. He would have to list the name of the candidate and the political party with which he is affiliated?

Senator TYDINGS. That is right, and if he were to be audited, you would have to show a receipt or a check, just like any other item you would have to show.

Senator WILLIAMS. Do you think a $10 credit, or even if you have 100 percent, because in reality, it would cost you nothing to give $10—do you think it would help to make him give some of that out of his own pocket? I think President Kennedy recommended 70 percent. If he gave $10, he would get a $7 credit. There would be no magic in the number. But each time he makes a contribution, have him make some sacrifice himself.

Senator TYDINGS. That was the position taken by the Heard Commission report. I think there is merit to it. I would not want to argue against it.

I think perhaps as another safeguard, you might want to limit this whole system to one election and then study the results of it. But I believe that a 100-percent credit would be such a good way to really bring people out into participation, my suggestion would be 100 percent. But I would not have any irreversible feelings about 100 percent.

Senator WILLIAMS. Well, we are moving into an area and trying to find something that will work.

Senator TYDINGS. I could accept the 50-percent credit.

Senator WILLIAMS. I was interested in your suggestion that perhaps the candidate or the political party, in an effort to get these $10 vouchers or these $10 contributions from the individuals, would put on a $12.50 dinner that the man would be paying $2.50 out of his pocket, and the other $10 he would pay he would get back in a tax return. I could come up and say I will give him a steak dinner rather than another kind of dinner and I will let him have the dinner for $11. Or maybe we will just have a $10 dinner and take the $10 contribution and I will give you a free dinner in return.

Just where do you stop saying I am buying that certificate? That is the reason—I am raising this only because——

Senator TYDINGS. I will bet there is not a Republican in the State of Delaware who would go to a dinner just because they were going to get a little better food if it were for a Democratic candidate.

Senator WILLIAMS. You do not understand our appetites.

Senator TYDINGS. I have great confidence in their good sense and judgment.

I do not have any irreversible feeling about it. It might be better to have it a 70-percent credit or a 50-percent credit.

Senator WILLIAMS. Seriously speaking, I am not discounting your suggestion. I think it merits consideration. But I am being practical. And it would work, I have no doubt, in the language of the moment, and let us say it is done legitimately, a $12.50 dinner, and give them a dinner that costs around that. It was all done on that basis and everybody could see it. But would it not be better to do it on a percentage basis and just say the $12.50 limit instead of $10 and you could get an 80-percent credit, or if you give $5 you can get $4 credit? But make it on a percentage basis, so that in every case, when a man says, "I want to give something to my political party or my favorite candidate," he is sacrificing something directly out of his pocket and he knows it?

Senator TYDINGS. I would certainly support such a proposal if it came out of the Finance Committee, Senator.

Senator WILLIAMS. I think it may work better, and may even achieve the same objective as the Senator from Montana's proposal. I think his suggestion certainly merits consideration, but I am just speaking of avoiding this possibility that in the future it may be abused, and it could be abused. I think we both recognize that. It would not be abused in Delaware or Maryland, though; in Montana and Oklahoma.

Senator METCALF. Would the Senator from Delaware yield for a moment?

Senator WILLIAMS. Sure.

Senator METCALF. We had a sheriff in Montana once who passed out half pints of whiskey with a vote for so and so for sheriff. The State took a dim view of that and said it was a violation of the State Corrupt Practices Act. I probably think if you cannot give him a drink, you could not buy him a dinner.

Senator WILLIAMS. I just wondered if we put it on a percentage basis, whether we would have eliminated many of these questions and have the same answer.

Senator TYDINGS. I think that is a perfectly plausible approach, Senator Williams. I do feel personally that you need the dollar approach as well as the $10 approach, sir, so to speak. I think you need the dollar approach because the presidential election is something in and of itself.

Senator Gore, as you know, advocates a complete appropriating of funds for all Federal elections and presidential elections. I think that is impracticable. I do not think it would work with the Appropriations Committees and I do not think it leads to public participation. But, if ever such an approach, and I think it is unrealistic, were achieved, I think it would have to be started on the basis of experience, worked out after some sort of proposal like that I have proposed.

I think you need both, the $10 credit or $100 deduction, whichever the taxpayer chooses, as well as the $1 voucher system, to bring people into the presidential election.

Senator WILLIAMS. I think you have made an excellent statement here, and I think it merits consideration, and will get it. And as has been pointed out by the other members, this is the opportunity for us to go out and do something. If we do not do it this year, I shudder to think when we will get started on it again. So, I am hoping that out of all of these suggestions, we can come up with a workable proposal.

I want to join the committee in thanking you for your contribution.

Senator METCALF. Senator Harris?

Senator HARRIS. I join with the other members of the committee in agreeing with you that we ought not to lose the momentum we have. We ought to get some laws passed. I want to compliment you on—I almost want to say your contribution. Maybe I ought to say the effort towards solution you have made in this field.

Senator TYDINGS. Thank you very much, gentlemen.

Senator METCALF. Thank you very much for your participation.

(Senator Tydings' prepared statement follows:)

PREPARED STATEMENT OF SENATOR JOSEPH D. TYDINGS

I come here this morning to support the principle of public financing for election campaigns and reform of the laws governing campaign expenses and contributions.

ELECTION CONTRIBUTION AND EXPENSE REFORM

I support the President's proposals, embodied in the Election Reform Act of 1967, for reforming the federal laws governing contributions to and expenses in campaigns for federal office.

The ceilings on campaign expenses, enacted decades ago, are inadequate to the campaign costs of the jet-and-TV age. The costs of campaigning for the Presidency and Congress are many times what the law allows.

The loopholes in the existing laws supposedly governing contributions to political campaigns are notorious.

These unrealistic horse-and-buggy age attempts to regulate campaign finances should be repealed and replaced with effective laws governing campaign contributions and expenses and their reporting. The present laws should also be extended to cover primary campaigns and nominating conventions, as well as general elections. If as much energy could be devoted to revising the laws as has been spent on finding technically legal ways to circumvent them, we surely would not need to be concerned with further reform, at least in that area.

The high cost of campaigning has outstripped both our regulatory laws, and the financial means of most candidates for office. The cost of running for federal office or Governor of a state may be more than 100 times the salary paid during the term of office. The cost of seeking many local offices, such as mayor or city councilman of a large city, is far beyond the means of most people.

This economic barrier to elective public service forces many good men and women to remain on the political sidelines while the well-to-do and the power-seekers, to whom cost is no object, contest for office. And I contend the advantage is with the well-to-do. A man should not have to mortgage his home and spend his savings to seek public office in a democracy.

Nor should our national political parties have to go hat-in-hand to special interests and wealthy families to finance our national presidential campaigns. The cost to our two major parties for campaigning for the Presidency has doubled in the last decade and now amounts to well over twenty million dollars each election.

This crushing and increasing cost of coast-to-coast campaigning and national television broadcasting compels the major parties to rely on a relatively few "big-money" sources for a substantial part of critically needed campaign funds. Even with this reliance on major contributors, our national political parties with few exceptions are chronically in debt. This is not a healthy or tolerable condition for party politics in a democracy.

MEETING CAMPAIGN COSTS

Of course, the costs of campaigning can to some extent be controlled. Suggestions have been made that TV time should be made available, at least in national campaigns, at reduced cost or no cost. Others suggest modifying the equal time doctrine to exclude fringe parties, to increase the attractiveness to station management of contributing TV time. Still others suggest shortening the length of campaigns.

Whatever the merit of these suggestions, massive campaign costs will remain. So will the fact that the overwhelming majority of Americans do not presently contribute to defray the costs of political campaigning at either the federal, state, or local level. And all attempts so far to encourage widespread giving have failed.

I believe there is a direct correlation between the small number of citizens who contribute to political campaigns and the scandalously low level of voter participation in many national and state elections. Too many people simply do not feel a sufficient interest in government to take more than an occasional interest in the way their communities, their state, and their nation are run. Substantial numbers of voters do not even bother to to to the polls in national elections.

Acting on the momentum generated by the current interest in doing something about campaign financing, I believe Congress should enact legislation which will increase citizen participation in campaign financing, voting, and—perhaps most important of all—office seeking at every level of government.

Such a program should not be timid, narrow, or stingy. Campaign financing legislation which applies only to the presidential election, or only to federal elections, will fall far short for our national needs.

Presidential election expenses represent only a small fraction of the cost of seeking public office in the United States. The 20 million dollars estimated to have been spent on the 1964 presidential campaign represented only 10 percent of the 200 million dollars spent on behalf of all candidates for public office in the United States that year.

Public service in the United States will not be well served by freeing the President from the demands of special interest but leaving the other elected public officials dependent on similar financial sources.

I am opposed to proposals, including those by the President, for the direct appropriation of presidential or other campaign funds. Direct appropriation of campaign expenses endangers the healthy operation of the proven, traditional party system of American politics.

The appropriation of campaign funds by the Congress will put the parties at the mercy of appropriations committees of the two houses for their finances. Considerations of partisan politics, the Congressional Seniority System, the national budget, and even hostility among committee members to the basic concept of the program could produce appropriations inadequate for the campaign of one or both parties. Although a party would not have to accept such funds, if one chose not to, it would have to depend on the very sources the public subsidy is meant to neutralize. The bill would then be a failure.

More basically, such proposals would endow all major national parties with equal financial support, regardless of the feelings of the electorate. This would tend to undermine the basis of our party system, since a part could formulate whatever program it wished to publicize with the money the government gave it, rather than formulating a program which would command public financial support, as well as electoral support.

Adequate alternatives are available to the direct appropriation approach to campaign financing. Parties should derive their financing because they have the support of the people, not because they have the support of the government. In our free party system, political parties have grown and prospered according to the amount of public support they could command for their candidates and programs, not according to the amount they can cajole from the Congress.

The proposals I recommend today to provide public support for political campaigning from the grass roots up are not new, but they are far more consistent with our party processes than is appropriated public subsidy.

TAX RELIEF FOR CONTRIBUTIONS TO ALL ELECTION CAMPAIGNS

I recommend enactment of tax credits and deductions for contributions by any private taxpayer to any local, state, or federal election campaign, primary or general. To encourage moderate-size contributors, I suggest a $100 deduction per taxpayer per year for campaign contributions. Joint taxpayers could take a double deduction, for a total of $200 per year.

To encourage a broad-based support of elections by all citizens, I recommend an alternative full tax credit of ten dollars per year for single taxpayers and $20 for taxpayers filing a joint return. Thus a contribution of $10 per year, or $20 for a married couple, would be fully subtractable from one's income tax bill annually.

SPECIAL VOUCHER SYSTEM FOR PRESIDENTIAL YEARS

Although presidential candidates should be eligible to receive deductible and creditable contributions for both primary and general election expenses, I believe a supplementary system of indirect subsidy should be available to the candidates for president selected by political parties.

I recommend a voucher system of presidential election campaign subsidies, like that Senator Metcalf has proposed. Under such a plan, in a presidential election year, every taxpayer would receive a voucher from the Treasury worth one dollar. If the taxpayer endorses the voucher in favor of a candidate for President and returns it to the Treasury, the dollar would then be made available, under safeguards like those provided in my amendments and others the Senate adopted for the Presidential Election Campaign Fund Act, for specified categories of campaign expense, namely: travel; radio, television and motion picture production and time expenses, and expenses for the preparation, printing and distribution of campaign literature, including posters and billboards.

This program of additional public support for presidential campaigns should also provide that a certain minimum number of vouchers should be received for each party before any such funds are disbursed. Maximum amounts, regardless of the number of vouchers received, should also be provided. Provision of these "floors" and "ceilings" will insure that adequate funds are available for all parties before any disbursement is made, and that the amounts disbursed do not exceed the reasonable needs of the parties.

I further recommend a provision that, if a party accepts this latter form of public subsidy, it should not be able to collect or spend other contributions for the same categories of expense.

This plan of supplementary support for presidential campaigns, together with reasonable tax credits and deductions for campaign contributions, will provide a balanced program of public support for presdiential campaigns. While providing ample funds for major parties, it will avoid the problems of discrimination against minor parties other plans create.

These proposals are not new, but their enactment is long overdue. The fact is, however, that Congress has so far failed to face squarely the growing problem of general campaign financing and do something about it. The momentum toward election financing reform this Committee and its Chairman have generated should not be squandered. The time to act is now.

Senator METCALF. Our next witness is our very good friend, Strom Thurmond, the U.S. Senator from South Carolina.

Senator Thurmond, of course, was formerly a presidential candidate on a third party movement.

I am going to ask you a couple of questions on that later on, Senator. You are a distinguished Member of our body. We welcome your presentation and we welcome your appearance here today to contribute to the thinking and work of this committee.

Senator Thurmond, you go right ahead in your own way and give us the benefit of your experience.

STATEMENT OF HON. STROM S. THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

Senator THURMOND. Thank you very much, Mr. Chairman, for those fine words.

Mr. Chairman and gentlemen of the committee, I appreciate the opportunity to appear before you, and express my views on the issue of financing political campaigns. It is unnecessary to dwell at any length on the obvious fact that the cost of participating as a candidate in any election has increased to such an extent in recent years that some response on the part of the Government is warranted. I believe that we all share that common view. There are significant differences of opinion, however on the best approach to take. I hope that my own view and the observations that I make here today will contribute to the formulation of some plan which will be acceptable and useful in future years.

Certainly none of us wants to price out of the political marketplace those candidates who do not have sufficient personal wealth to finance

their own campaigns. This would be a tragedy. On the other hand, we must avoid making capable public servants or potential public servants wholly dependent for their financial support upon the vested interests that are more interested in their own welfare than in the welfare of the Nation.

My own view of the matter is that Congress should enact some proposal to encourage contributions from as broad a spectrum of the citizens of this country as is possible, on a purely voluntary basis. Further, I do not believe that the money should be contributed to any central fund that would be under the control of the Government to be distributed to the candidates by a mathematical formula. In my view, it would be the better part of wisdom to encourage contributions by individuals directly to the candidates of their choice either to the candidates themselves or to some committee authorized by the candidate to collect and disburse funds on his behalf.

There are two cardinal principles which I feel must be kept in mind: (1) The Government should restrict itself to offering inventives to encourage individuals to contribute. (2) Each individual should have the opportunity to support financially the candidate of his choice, regardless of the office the candidates may be seeking. The contributions should be made available at all levels of political activity.

To enlarge upon these thoughts, the proper incentive mentioned would be a deduction from taxable income for a limited contribution to the campaign of a bona fide candidate for a political office. This is not an outright tax credit but a deduction, calculated in the same manner as other deductions. You will note that I said that the tax credit should be offered for a limited contribution. Any number of limitations could be set ranging from $10 per taxpayer per candidate up to as high as perhaps $500 per taxpayer per candidate. A $100 limitation would appear to me to be reasonable. Perhaps the committee may want to give consideration to the amount to be allowed to local elections and treat them somewhat differently than they do elections for national offices.

I feel this method would be vastly superior to either allowing a credit on the tax due, earmarking any portion of the tax due for payment into a central fund controlled by the Government or direct appropriations into a fund by the Congress. It would still require some personal sacrifice on the part of the taxpayer, and it would allow him to support the candidates and the basic philosophies of his own choosing.

I feel the latter point—allowing the contributor to choose his candidate on any basis he sees fit—is extremely important. Individual voters should identify with particular candidates so that they give willingly and unstintingly of their resources, both financial and otherwise, on his behalf. This also means that any procedure adopted should not be limited to any particular level of political activity. The tax incentive should be granted for contributions to candidates for State and local office, as well as to candidates for office in the House of Representatives, the U.S. Senate, and the Presidency.

I feel strongly that the procedure adopted should not be limited solely to the Presidency, for a number of reasons. First, it may be easier in the long run to attract adequate financing for a Presidential race than for a seat in the House of Representatives or even a U.S. Senate seat. Modern presidential campaigning is a glamour operation,

abounding with high-pressure advertising, television and radio spots, and many well-known personalities. In some cases the same is true, although certainly to a lesser extent, in races for a U.S. Senate seat or even a seat in the House of Representatives. But all in all, I think that it is easier to attract financing for the top job in the Nation than it is for any of the lesser jobs. Second, a contribution of $1,000 or more has a much greater weigh in terms of the influence it may buy if it is contributed in a congressional race than it would be in a presidential race. I am not insinuating that all contributions of $1,000 or more are calculated to buy influence. I am just saying that the possibility is greater. For this reason, I think that it is perhaps more important to extend the tax incentives to campaigns for all offices and not just for the office of President.

One question which may occur is in attempting to decide how to determine whether a contribution to a particular candidate qualifies for the edduction. In many cases there are numerous candidates for the same office either in the general election or, more likely, in a primary.

This plan could be limited to duly qualified candidates in a general election if in the collective judgment of the committee this would be a preferable starting point. If it was decided, however, that the funds are needed as badly in primaries and party conventions as they are in general elections, then it could certainly be extended to those who are duly qualified candidates in the primary or convention conducted by any recognized political party in the State. Also, write-in candidates should be entitled to receive contributions which qualify for the deduction on the same basis as all other candidates.

The peculiar genius of the American political system has been that it does not suppress new ideas or new approaches to either old or new problems. The plans that have been discussed so far in the Senate and the one recommended by the President would, I fear, go a long way toward doing just that. I do not think that it is wise to discourage, through virtual economic coercion, the growth of diverse political opinions, even though they may be expressed through third party movements. The American people have consistently supported a two-party system. It would be a misreading of history, however, to dismiss out of hand the influence of third-party efforts. They have had an influence, and they can and most probably will have profound influence upon the course of events in the future. Contributions to duly qualified candidates on third-party tickets should, therefore, be treated on the same basis as contributions to the candidate of either of the two major parties.

Thank you, Mr. Chairman, and gentlemen of the committee, for allowing me to appear and testify on this important question. I shall be pleased to answer any questions that I can if you care to propound any.

Senator METCALF. I thank our distinguished colleague for his presentation. I have some questions, but first I will call on Senator Williams.

Senator WILLIAMS. Senator Thurmond, I have no questions except this point: First, I appreciate your coming before the committee and giving us the benefit of your opinion. And as I understand it, the basic point you are making in your statement is that the contributions must be voluntary contributions by the individual to the party or the candidate of his own choice?

Senator THURMOND. That is correct.

Senator WILLIAMS. And that is a basic American right, to contribute to or withhold his contribution from the political party as he may see fit.

Senator THURMOND. That is right.

Senator WILLIAMS. I think that is very important in that phase.

I will say I am in complete agreement with the principles as you have advanced them, whether that be in the form of a tax deduction, as has been proposed, both in your statement and the bill that I introduced, and as was proposed by President Johnson, or whether it be in the form of a combination of a percentage of a tax credit for the first $10 or $15 or $20 and a $75 deduction. I am not personally concerned as to which form that takes or which method, provided that in no circumstances is it a 100-percent tax credit. I think it is important that as this citizen decides to contribute to the political party or candidate of his choice, he should in every instance be making some contribution out of his own pocket, and it must cost him something.

Now, what that percentage is, I have no magic figure. I do think that the two points that we must preserve in this legislation are the right of the individual to select the party or the candidate, whether it be a major party or a third party, his choice, and second, when he designates that individual to get that contribution, he will be making some contribution, some sacrifice on his own part. On that basis, we are in complete agreement.

Now, one further question: Do you not agree that of equal importance is the necessity of revising our Corrupt Practices Act to plug what has been recognized as some of these obvious loopholes which—wherein it would require more complete reporting of our contributions and all expenditures?

Senator THURMOND. I think that should be done.

Senator WILLIAMS. Would you not agree that the Corrupt Practices Act and the Hatch Act, wherever it is necessary, should be amended in that direction to achieve that objective?

Senator THURMOND. I certainly do.

Senator WILLIAMS. Thank you.

Senator THURMOND. In the matter of contributing to a party, the parties in recent years have had candidates of such varied and diverse philosophies but if a man is allowed to contribute only to a party, then he may be contributing to the election of people whose philosophies he is not in accord with.

Senator WILLIAMS. That is right.

Senator THURMOND. For instance, if I were making a contribution to a party today, there are people in the Republican Party whose philosophy is entirely different from that of the distinguished Senator from Delaware. I may wish to help the Senator from Delaware, but would not wish to help some other candidate whose philosophy is entirely different and who I think ought to be in a different party. The same thing may apply, for instance, in the Democratic Party. That is the reason I think this should be a matter of contributing to an individual candidate, because you are contributing there to what that candidate stands for. He believes in what you stand for. That is the reason why, for many years, I have advocated a realinement of parties.

I think the parties ought to have platforms that mean something. They ought to set out in a platform what the parties stand for. Then, when a man runs on that label, people know that he believes in the platform of that party. In my judgment, it would be a mistake to allow them to receive a credit only if they contribute to a party, rather than to a candidate.

Senator WILLIAMS. Yes; that is the basic point, that you can contribute to the national committees, to the State committees, or you can contribute to just an individual candidate to further his own candidacy if he is the only candidate on either of the tickets you want to help. That is your choice as a contributor, and you have the complete option. That option to select the party or candidate of your choice was an important part of both President Kennedy's proposal and President Johnson's proposal last year.

Of course, the one before us now embraces not contributions but direct appropriations. But on the contributing part, I think that it is important that we preserve the right of the American citizen to support or not to support any political party or any candidate of his choice as he may see fit. I think that is part of our democracy. I think as we enact any legislation, it should be done with the thought not only of protecting those rights, but to encourage a broad participation on the part of the masses of the American people in selecting their candidates and their election.

Senator THURMOND. I think the statement the distinguished Senator just made is very important. If we can get the citizens of this country interested enough in a candidate and what he stands for to contribute a dollar or more to that candidate, he becomes a stockholder, so to speak, in that election. He is very interested. He will take a more active interest. If we can just demonstrate that kind of interest in public affairs throughout this Nation, then I think we have no fears.

Today, so many people are apathetic, they are indifferent. They do not take part in public affairs. They just leave it to a few people or, in some cases, to some leaders they may follow.

Of course, television and radio have changed a lot of this where they can see and hear the candidates, and this has improved the situation. But we need further participation. And I think to allow a credit here for a contribution to a candidate or party, as the case may be, who or which stands for what a voter believes in, will be a strong incentive to increased interest in public affairs.

Now, if you noticed, in the latter part of my statement, I stated I thought credits should be allowed to third-party candidates. Some people may say, "Well, you are encouraging third parties and that is not best for the country." Well, who knows that it is not best? It may or may not be best. We have had Presidents elected by the House of Representatives. Thomas Jefferson was elected by one vote in the House of Representatives. He beat Aaron Burr by one vote. It may be well that it went to the House. We got the best man, as history tells us, looking back.

The two-party system is preferable and should be retained, in my judgment, so long as parties stand for something. If they begin to stand for the same things and practically merge in their philosophies, then the people would have no choice, and a third party might have to arise, which third party might then become a dominant second party, because the first two parties perhaps will merge.

I ran for President back in 1948, as you know, because I felt there was no choice between Truman and Dewey, except that Mr. Dewey said, "I will do it more efficiently." As to the traditional differences in what they stood for, there was no difference. Of course, we got started so late we could not get on the ballot except in a few States, but we carried 39 electoral votes, and a change of 22,000 votes in a few States would have thrown that election into the House of Representatives.

Senator WILLIAMS. Of course, all of these proposals before the committee to allow either a tax credit on a percentage basis or a deduction, all embrace the principle that if a man wishes to contribute to a third party, he would get the same credit as he would if he contributed to the two major parties. That is a principle that must be preserved. I believe in the two-party system, but if there is a citizen who believes in that third-party candidate, he has a right to contribute to that third-party candidate and to help see if he can be elected. That should be preserved, and would be under all the proposals before the committees which recommend that we have a tax credit for a percentage of the first—Senator Kennedy recommended the first $20, or a percentage of it. I have a proposal here for a $100 deduction and a combination tax credit. But in all of those proposals, the right of the third party would be maintained. We are told it would have to be if we are going to enact that kind of legislation.

Senator THURMOND. I would hope that no plan would be adopted whereby the funds contributed would be prorated to the parties on the basis of previous registrants in the party, on the basis of previous votes of the party, because a third-party situation might have to arise or might arise during an election year. That is a time the contributor may want to give to that party where ordinarily, he would not. He would go along normally with the candidate of the two-party structure.

So that is another objection to just contributing to the party. If they can contribute to the candidate, then that alleviates the difficulty involved here.

Senator WILLIAMS. Under all these proposals for the deductions, the money would not come into the Federal Treasury, and there would be no allocation as far as the Federal Government is concerned. The allocation, whatever it may be, would be an allocation solely affected by the American people as they made their contribution, but not at all affected by any Federal action. I think that is important, too.

Senator METCALF. However, I think perhaps a weakness of the Presidential proposal as introduced by Senator Long, and some of the other proposals, is that a third-party contribution is only ascertained after an election. So that the third party must campaign on the basis of trying to get their money back after their votes are ascertained. A proposal such as I have would allow a third party to get the money in during the course of the campaign, which seems to me to be very important to permit this voluntary contribution, to help the third party during the essential part of the campaign, rather than after the votes are in.

Senator THURMOND. I thoroughly agree with the statement of the distinguished Senator from Montana. After I ran, after the vote in 1948—the time was so late; we were pinched, pinched, pinched, to have enough funds to go on the radio—there was no television then—and we could not get our message over. There was no way to reach the

people, because the papers simply did not give the publicity to a third-party candidate that they could have.

After the elections were over, some funds came in from some dinners, came in late, and we had some funds left over. I remember we gave it later on to some historical society in our State, the South Carolina Society.

Senator METCALF. It did you very little good then.

Senator THURMOND. It did very little good then. So I commend the Senator from Montana on the wise statement he made.

Senator WILLIAMS. If the Senator will yield, one further handicap under the administration's proposal of direct appropriations and the manner in which they took care of the third party. The third party would get its money after the election if they get 5 percent of the vote. But if they get 4.9 percent, all they get is bills.

Senator THURMOND. Well, they would not need the money after the election is over.

Senator WILLIAMS. But there would be no payment after the election, even, if they get 4.99 percent of the vote. They have to get 5 percent of the vote.

But I will be frank with you, I do not know how we will devise a better system. If it were just any amount of money, then you would have every Tom, Dick and Harry running for election to see how many dollars he would get. If he gets one-half million votes as a protest vote, then he gets half a million dollars.

Senator THURMOND. There would have to be some plan devised where this money would have to be used for the campaign, and it reverts to the Federal Treasury if not used, or some plan, so it would not go into a man's pocket.

Senator METCALF. I am sure the American people are not going to be fooled into contributing to the campaign of a Lar Daley in a red, white, and blue uniform parading up and down the streets.

Senator WILLIAMS. I am speaking of direct appropriations under a formula where he would get the money. That is the weakness of a direct appropriation, if they use the matching formula.

You know, the point I made——

Senator THURMOND. That is another weakness, as the Senator has pointed out.

Senator WILLIAMS. It is not a weakness in the proposal you have made or the proposal of the Senator from Montana, because it would be voluntarily done by individuals.

Senator METCALF. I thank the Senator from Delaware.

I certainly appreciate the statement that the Senator from South Carolina has made, not only because of his experience as a third-party candidate, but perhaps you remember that the party that you have adopted and the party to which the Senator from Delaware belongs was a third party at one time, to replace a major political party in our two-party system. And from time to time, other third parties arise who either make a contribution to or maybe replace one of our major parties.

A great Senator from Montana once ran for Vice President with Senator La Follette of a third party, and I think he and Senator La Follette made a great contribution to the history of the country, even if they were not successful, as you did in your campaign, Senator Thurmond.

So I have tried to work out a system that will raise money for that third party in the year in which it comes about. These third-party outbursts come about because of dissatisfaction as a result of the two-party system. At the same time, we do not want to proliferate these third parties. We do not want to continue them after the contribution they have made is over.

It would seem to me that this voluntary business of just contributing in that year and not allowing, if you get 5 million votes, say you can get some more money from the Federal Government 4 years hence.

Senator THURMOND. I thoroughly agree with you.

Senator METCALF. It is the kind of thing we should try to do.

Secondly, of course, I thoroughly agree with you that even though we need a great deal of money in presidential campaigns, in many presidential campaigns, and in many senatorial campaigns, the opportunities for control of the vote of that candidate lessens as the number of major contributors increases. I think you have made a significant contribution. I congratulate you on your statement.

Senator THURMOND. Thank you very much, Senator.

Senator METCALF. Thank you very much, Senator, for your contribution. It has been of very vital interest.

Senator THURMOND. Thank you, Mr. Chairman. I wish to thank the committee for your courtesy.

Senator METCALF. Our next witness is Mr. DuVall, of the U.S. Chamber of Commerce, our last witness today.

We are delighted to have you, Mr. DuVall. Although we have run real late and we have had a long day, we welcome your testimony and your participation. Will you please proceed in your own way.

I see you have a prepared statement. Go right ahead.

STATEMENT OF WILLIAM M. DuVALL, CHAMBER OF COMMERCE OF THE UNITED STATES, ACCOMPANIED BY WALKER WINTER, VICE PRESIDENT, AND MILTON A. SMITH, GENERAL COUNSEL

Mr. DUVALL. Mr. Chairman, my name is William M. DuVall. I am director of civic affairs for Borg-Warner Corp. I am a member of the national chamber's public affairs committee. I reside in Lake Forest, Ill. I am a graduate of Coe College, Cedar Rapids, Iowa, and did graduate work at the State University of Iowa.

With me today are Mr. Walker Winter and Mr. Milton A. Smith. Mr. Winter is a partner in Ross, Hardies, O'Keefe, Babcock, McDugald, and Parsons of Chicago, a vice president of the national chamber, and chairman of the chamber's taxation committee. Mr. Smith is general counsel for the national chamber.

At the outset, I want to outline the national chamber's viewpoint on the role of citizens in public affairs because it bears directly on the comments I shall make on campaign financing proposals pending before this committee—

> Maintenance of individual freedom and our political institutions necessitates broad-scale participation by citizens, including business and professional people, in the selection, nomination, and election of public officeholders. The values of our free society and of American citizenship can best be preserved through effective functioning of a multiparty system in which all parties are free from domination of any vested interest, through voluntary action on the part of individual citizens in supporting the party of their choice with both time and money through continued reliance on the Federal-state concept of governmental organization.

I should like to emphasize the use of the words "broadscale", "individual", and "voluntary". These words are the key to our political system—a system based on broad-scale individual participation on a voluntary basis. These words, too, are the key to the position of the national chamber on the problem of campaign financing now before this committee.

First, we should like to make it clear that the national chamber recognizes the seriousness of the problem. Campaign costs are soaring. It is becoming increasingly difficult to raise needed moneys to finance political campaigns. And there are certain abuses in the system. Some of the abuses can be related to the need for increased money in running political campaigns. Ways must be found to alleviate the situation.

Given the problem, what is the solution? Is it—as has been suggested by some—to provide a direct Federal payment for political parties and candidates? We think not. Indeed, we strongly believe that this would be a wrong and dangerous approach to the problem. Wrong, because it is not compatible with our system and dangerous because direct Federal payments applied first to presidential campaigns and later to congressional, and still later to State and local campaigns—would substantively change the extent of personal participation in politics, and thus, perhaps, significantly alter our political system. The remedy of direct Federal payments might well kill the patient it was intended to help.

Our political system is predicated on the proposition that our people are free to group together to pursue legitimate political objectives through a voluntary contribution of time, effort and personal resources. To do anything to diminish that proposition would imply that we have lost faith in the American way.

Many of the abuses that exist can be remedied by appropriate legislation compatible with our system. Some of them probably will never be eliminated because of inherent human weaknesses that would manifest themselves under any system that could be devised.

We speak of a shortage of campaign money. But campaigns, despite the difficulty of raising money, invariably have been paid for. The real shortage is in personal participation. Too few of our citizens vote; too few work in political campaigns; and too few support financially the party or candidate of their choice. The great need is to develop a sense of obligation and responsibility on the part of more Americans to participate more fully in the political process—in short, to broaden the base of political activity and political giving.

The solution to the problem, we suggest, is not in direct Federal payments, but in a threefold effort to—

1. Broaden the base for political giving;
2. Tighten the loopholes in existing laws to reduce possible abuses and undue influence by any vested interest; and
3. Reduce campaign spending requirements.

What specific steps do we suggest? To broaden the base, we would suggest a tax deduction within a reasonable amount for political contributions—by individuals. To tighten the loopholes, we suggest the present laws be amended to provide for full disclosure and to provide effective ceilings on the size of political contributions. To reduce campaign spending requirements, presidential campaigns should be shortened.

These proposals are not new. We are gratified that they are again receiving close scrutiny by the members of this committee.

Tax deductions for political contributions by individuals would probably encourage more people to make financial contributions to the candidates and party of their choice—injecting more money in the political process as well as broadening individual participation in political activity. It would certainly enhance the acceptability and respectability of political giving.

Shortening political campaigns would have at least two beneficial effects. First, it would throttle back on the ever increasing need for more money. After all, there is an optimum amount of money that can be spent effectively in a campaign in a given number of weeks. Secondly, it would relieve the American people and the candidates of the exhausting presidential campaigns that now run for several months.

These are concrete steps that can be taken to help solve the problem without disturbing the fabric of our political system.

In summary, the national chamber strongly opposes direct Federal payments to political parties and candidates; the national chamber supports:

(a) Tax deductions for political contributions by individuals;
(b) Full disclosure of campaign giving;
(c) Effective ceilings on the size of political contributions.

In addition, the chamber supports repeal of artificial limits on campaign expenses and modification or residency requirements in presidential elections—as recommended by the President and by some members of this committee.

We urge enactment of these proposals in this session of Congress.

Thank you, Mr. Chairman.

Senator METCALF. Senator Williams?

Senator WILLIAMS. Mr. DuVall, I want to thank you for the statement. I am in complete agreement with your proposals that we provide some encouragement to the individual citizen to make a contribution to the party of his choice. I am also glad to see you endorse the proposal for shortening the campaigns. I agree we are no longer in the horse and buggy days. Yet we are still operating today under a system of long campaigns such as were in existence before we had television and radio. I think that the steps you have outlined are most constructive, and I certainly think and hope that the committee can enact some piece of legislation in this direction.

I do have just one question I wanted to ask, but first, I think I am correct in more or less welcoming you back home, Mr. Winter. Were you not a member of the joint committee staff under Mr. Stam?

Mr. WINTER. I was, sir; and it is a privilege to be back.

Senator Williams. I shall be careful what questions I ask you about taxation.

The one question that I asked, and you heard the colloquy, perhaps, that I had with the Assistant Attorney General, is it you understanding that under existing law, corporations as corporations are presently barred from making contributions, either to the National or State political parties?

Mr. DUVALL. I certainly would bow to the Attorney General in his knowledge of the field, but it is my understanding that the corporations are presently barred; yes, sir.

Senator WILLIAMS. That is my understanding.

Mr. Winter, would you care to comment?

Mr. WINTER. From the language that was read during the colloquy, that would be my understanding, too. But I should add that my examination of the problems we are considering here today has largely been limited to tax considerations.

Senator WILLIAMS. I want to be sure it is in the record, because at least from my discussions with corporations and with associations and in the Congress, they have always been acting under the premise that contributions as such by corporations, of any nature—whether they were supporting the election of a local or national officer—would be out of line. I wanted to establish the record as to your understanding on this point.

I have no further questions, Mr. Chairman.

Senator METCALF. I thank the Senator from Delaware.

Of course, we have not entered the realm of State politics in our regulation, and a corporation could contribute to a gubernatorial committee, at least in my State. I think under the general regulations, it could contribute to a local committee.

Let me say I do not think it could contribute to the Delaware central committee if there were a senatorial or congressional candidate. But you could contribute to a campaign for a secretary of state or a State treasurer, or something of that sort, could you not?

Mr. DUVALL. Senator, I have not conducted any exhaustive research on this, but I have the general impression that somewhere in the neighborhood of 35 States presently limit——

Senator METCALF. Depends on State law?

Mr. DUVALL. It depends on State law, but somewhere in the neighborhood of 35 States presently limit corporate interest in this area.

Interestingly enough, again without precise knowledge, only in the neighborhood of five States make any reference or limit to union contributions in this same area.

Senator METCALF. I think that the same is true as far as your Federal regulation is concerned, that a union, out of its regular funds, out of its union dues funds, can contribute to—in my State, both can happen. They can contribute to a gubernatorial or secretary of state or attorney general election, so long as it could not be channeled over into a national election campaign.

Mr. DUVALL. That is true for unions in approximately 45 of the 50 States.

Senator WILLIAMS. The law reads that it is unlawful for any national bank, et cetera, to make contributions, and then it goes down, or for any corporation whatever or any labor organization to make a contribution or expenditure in connection with any election at which presidential or vice-presidential electors or a Senator or a Representative in or a Delegate or Resident Commissioner to Congress are to be voted for.

So my question to the Attorney General as my question here was as to contributions to the State committees at a time when they have these Federal officers running. The Attorney General pointed out, and I think correctly so, that if he wanted to contribute to the sheriff of some county or some Governor of a State—I do not think that is embraced in the Corrupt Practices Act, and I do not know whether we could act on that.

Senator METCALF. I doubt if we could.

Senator WILLIAMS. But where a Federal officer, a Federal candidate, is involved, the Federal Corrupt Practices Act does cover it.

Senator METCALF. I think it is an important point. The point that the Senator from Delaware is making, that in these collective groups, such as a corporation or a labor union, we feel there should be a personal, voluntary contribution rather than a contribution from even a majority that forces some minority to contribute to a political candidate or a political party—that is not a good choice. That is what we are trying to work out at this time, to provide for something where we can have, at the same time, some Federal assistance in this intolerable burden of campaigning and, at the same time, make it so that a person can make a voluntary contribution.

Mr. DUVALL. Senator, I would ask permission to provide for the record, perhaps, this booklet from the chamber of commerce which is a digest of corporate activities in the area of encouraging individual political contributions on the part of all employees. I think there might be some interest in the experience which is summarized in this by Herbert Alexander.

At the Aerojet General Co., which has been one of the pioneers in these programs—and I think we should point out that these programs provide for individual voluntary contributions in a manner in which no supervisor or fellow employee knows who has given or knows how much as been given or to what party or candidate—but Aerojet General made an attempt to ask the parties to cooperate and report back to them on the money that was given.

One very significant thing is that they have been able, with their program, to get political contributions from approximately 72 percent of all the employees of that corporation, which would indicate to me, at least, that this potential here really has not been tapped to the extent that it could be.

Those contributions in 1966 broke down—at Hughes Aircraft, incidentally, 64 percent of the people who contributed made a political contribution for the first time in their lives in this program. You might just be interested that in the 1964 election, the Aerojet General receipts which were reported back to the company by the parties—of the money collected, $66,000 was contributed to Democratic Party candidates and $63,800 went to Republican Party candidates. This is from 72.5 percent of the employees of that corporation.

The chamber has been encouraging this type of activity in an effort to spread the base and get more people involved. With your permission, we would like to offer this for the committee's attention.

Senator METCALF. We will be delighted to have it for the file of the committee. The staff will examine it to see whether it should be included in the printed record or not.

(The document referred to was made a part of the official files.)

Senator WILLIAMS. And if I may comment, the importance of that project goes far beyond the amount of money raised.

Mr. DUVALL. Yes, sir.

Senator WILLIAMS. It is the fact that you are encouraging bona fide participation on the part of the individuals in their Government, in the selection of their Government. I think that to the extent that we have any type of program such as this, or any encouragement that we can give to that type of program through the tax law, it

benefits us not altogether from the amount of money involved so much as it does to get a broader base and participation on the part of the American people and their Government.

I think to the extent they contribute, $5 or whatever it is, to their Government, they will be a little more cautious about their candidates, and they will watch us a little more carefully after we are elected.

To the extent that we get a greater emphasis to the American people that this is their Government, I think it is helpful. I commend those corporations and many other corporations who are striving and promoting projects in this direction. This is not to promote a political party of the choice of the management; that should not be done. But just to promote the participation of the employees in their Government, that I think is good.

That is what we are trying to achieve in the legislative proposals before us here today, as well as plugging some of the loopholes I think we all recognize as existing in the law.

Mr. WINTER. Senator, you mentioned the tax laws. If I could, I would like to amplify just a little bit on our position in this regard.

As Mr. DuVall says, our position is that we are in favor of a tax deduction. We were pleased to see your bill which would permit a tax deduction. Our policy, which was established about a month ago, provides that the chamber supports an amendment of the tax laws to provide a deduction in a reasonable amount for political contributions by individuals. As the discussion has gone today, I gather there is more and more support growing for the tax credit in lieu of the deduction. I would like to explain why we do think the tax deduction is advisable.

First of all, the tax deduction falls within the framework of the present form 1040. We have a schedule there for the listing of contributions. If you go the tax credit route, an additional line has to be put on the form to indicate what the political contribution is, and the amount of credit allowed for that contribution. We have been very apprehensive in our taxation committee with an extension of the use of tax credits. There is, of course, the investment tax credit, which we support. We did not initially, but we now do, and consider it vital.

If the tax credit concept is extended, where do you stop? You could get into the area of having a tax credit for your contributions to your church, to educational insitutions, and so forth.

With respect to the tax deduction, obviously, it must be recognized that not everybody will get a tax benefit. The person who does not have any taxable income is not going to get any benefit from a tax deduction. Nothing but a negative income tax or something along that line will give a benefit to him.

The person using the standard deduction is obviously not going to get any benefit. But that is the nature of the standard deduction, and it is easier, administratively, to permit the standard deduction than to require itemization.

We say a reasonable deduction. Senator Long this morning, in his example, said that somebody in the 70-percent bracket will get a better benefit from a deduction—70 cents on the dollar. I think that is correct. But if a reasonable limit is set, say at $100, and that individual, in the 70-percent bracket is inclined to contribute $1,000 then the effective tax benefit rate is 7 percent, certainly not 70 percent.

The example that occurred to me is this: what is the posture if the tax credit approach is adopted such as has been proposed these last few days? Someone gives $20 to the party of his choice or the candidate of his choice. Let us assume he gets a $10 tax credit. That man says, now, what if I give $20 to my church? He is in the 14-percent tax bracket. Well, on $20, he gets a $2.80 reduction in tax liability. So there is a substantially more liberal provision for a contribution to a political organization than for a contribution to a man's church. I think that might present some problems.

The principal problem I see is that if we drop the deduction concept, and, through the years, as we go along, substitute the tax-credit concept, then we introduce a complexity that I think would be very unfortunate.

Senator WILLIAMS. I understand the form in which it was recommended. Of course, the proposal that I introduced and the one that was recommended by President Johnson last year was that the $100 deduction would be an extra deduction beyond the regular deduction which those who use the standard form would then get some credit for. It would offset that feature, and those who do not use the standard form, it would be the same, only itemized.

I agree with you, and I introduced the deduction and was inclined to go along with that, although, as you say, there are arguments being made, and I think rather convincing arguments, for some form of a tax credit on a percentage basis.

I would not go for that 100 percent under any circumstances. But I can see the benefits, even though I recognize the danger.

I think the principle we are trying to get here is so important that I am not at all sure that we do not need a combination of the two.

Mr. WINTER. I would agree that certainly in lieu of appropriations from the Treasury, a combination of the two, or the tax credit alone, would be preferable.

Senator WILLIAMS. I think the proposal President Kennedy made was a combination—a tax credit on the first $25 and the other $75 would be a regular deduction. But whatever came out of it, I think the major point I want to keep before us is that it is a voluntary contribution by the individual citizen to the party or candidate of his choice and that it is not subject to Government supervision as to whom I contribute or whom I withhold my support from.

I thank you for your contribution.

Senator METCALF. I was going to inquire about the tax credit which was omitted from your statement, but the colloquy that you have had with the Senator from Delaware, I think, has taken care of that inquiry. So I have no questions, and I thank you for your participation and your contribution to this discussion. You have made a major contribution, and we appreciate your appearance, gentlemen.

The committee will be in recess until 10 o'clock tomorrow.

(Whereupon, at 5 p.m., the hearing was adjourned, to reconvene tomorrow, Friday, June 9, 1967, at 10 a.m.)

POLITICAL CAMPAIGN FINANCING PROPOSALS

FRIDAY, JUNE 9, 1967

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice at 10:05 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Talmadge, Williams, and Bennett.

The CHAIRMAN. The hearing will come to order.

Today we conclude our hearings, with regard to public witnesses at least, on the political campaign financing. We have received statements from many diverse interests.

Support has been expressed for the concept of public financing of political campaigns. Tax deductions and tax credits also have been strongly endorsed before the committee.

Today our testimony will be directed primarily at the role played by radio and television in the election process and at the cost impact of air time on the budgets of the political committees.

Our first witness this morning is the Honorable Robert D. Greenburg, Assistant General Counsel of the Federal Communications Commission. Mr. Greenburg, you and your colleagues may take the stand and proceed.

Mr. Greenburg, you and your colleagues are certainly welcome here. We appreciate that you responded to our invitation and we hope you will give us some information we need to legislate responsibly.

STATEMENT OF ROBERT D. GREENBURG, ASSISTANT GENERAL COUNSEL, FEDERAL COMMUNICATIONS COMMISSION, ACCOMPANIED BY ROBERT RAWSON, CHIEF, RENEWAL AND TRANSFER DIVISION; ARTHUR SCHATZOW, CHIEF, RESEARCH AND EDUCATION DIVISION; AND JOHN HARDY, GENERAL COUNSEL'S OFFICE

Mr. GREENBURG. Thank you, Mr. Chairman. We appreciate the opportunity of coming before you and we hope we can provide the information which you need.

The CHAIRMAN. Do you have a prepared statement, sir?

Mr. GREENBURG. I do not have a prepared statement, Mr. Chairman. I am prepared, if you wish, to give a very short summary of what section 315 of the Communications Act requires with respect to political broadcasts and what the Commission does with respect to that.

The CHAIRMAN. Suppose you do that, and without objection we will print section 315 of the Federal Communications Act at this point.

(Section 315 referred to, follows:)

§ 315. Candidates for public office; facilities; rules.

(a) If any licensee shall permit any person who is a legally qualified candidate for any public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting station: *Provided*, That such licensee shall have no power of censorship over the material broadcast under the provisions of this section. No obligation is imposed upon any licensee to allow the use of its station by any such candidate. Appearance by a legally qualified candidate on any—

(1) bona fide newscast,

(2) bona fide news interview,

(3) bona fide news documentary (if the appearance of the candidate is incidental to the presentation of the subject or subjects covered by the news documentary), or

(4) on-the-spot coverage of bona fide news events (including but not limited to political conventions and activities incidental thereto),

shall not be deemed to be use of a broadcasting station within the meaning of this subsection. Nothing in the foregoing sentence shall be construed as relieving broadcasters, in connection with the presentation of newscasts, news interviews, news documentaries, and on-the-spot coverage of news events, from the obligation imposed upon them under this chapter to operate in the public interest and to afford reasonable opportunity for the discussion of conflicting views on issues of public importance.

(b) The charges made for the use of any broadcasting station for any of the purposes set forth in this section shall not exceed the charges made for comparable use of such station for other purposes.

(c) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.

Mr. GREENBURG. Senator, if I may, before I start, I would like to introduce my colleagues who are with me this morning. On my right is Mr. Robert Rawson, who is Chief of the Renewal and Transfer Division of the Commission's Broadcast Bureau.

On my left is Mr. Arthur Schatzow, who is the Chief of the Research and Education Division of the Commission's Broadcast Bureau. And again over on my right is Mr. John Hardy of the Legislation Division of the General Counsel's office.

The CHAIRMAN. Thank you, sir.

Mr. GREENBURG. Mr. Chairman, section 315 of the Communications Act basically provides that when a broadcasting station permits a legally qualified candidate for any public office to use the facilities of the station, the station shall afford equal opportunity to all other legally qualified candidates for the same public office. It is important to stress, I think, at the outset that this is limited, the applicability of the section, to candidates and the use of the facilities by the candidates themselves.

Under the statute, station licensees are expressly forbidden to censor any material broadcast under the provision of section 315. The statute further provides that section 315 does not impose any obligation upon the licensee of any broadcast station to permit the use of its station by any candidate.

The CHAIRMAN. Let me stop you right there, if I might, sir, for just a moment. You recognize that if we wanted to, we could impose a duty in the public interest on these stations to provide some free time in these presidential campaigns, do you not? It is our privilege if we want to do it.

Mr. GREENBURG. Yes, I think it is certainly your privilege.

The CHAIRMAN. If we sought to do that, would you cheerfully accept that and do the best you could to administer it?

Mr. GREENBURG. I think as far as the Commission is concerned, I believe this certainly could be done. Let me say that I am not so sure that some people in the industry may not raise some questions as to the authority of the Congress to impose that obligation.

The CHAIRMAN. Right.

Mr. GREENBURG. But the Commission does not.

The CHAIRMAN. Do you think they can correctly challenge our authority to do that, our power to do that? Or would it be a matter of challenging the propriety of our doing that?

It is one thing for somebody to say it is not fair, not fit, not just, that should not be done. It is another thing to say we do not have the power under the Constitution to do it.

Mr. GREENBURG. Mr. Chairman, I will give you my personal view without having the benefit, possibly, of all the arguments people on the other side might give. There is no constitutional bar to the authority of the Congress.

The CHAIRMAN. Have some contended that freedom of speech applies to the radio and television?

Mr. GREENBURG. The first amendment does apply.

The CHAIRMAN. To the same extent it does to the newspapers? To the extent, for example, that the newspapers can decline to print anything? That is not in the case of a television station, is it? We have the power to make them make time available. In fact, we do. We say if you make time available to one side, you have to make time available to the other. We have no power to make the newspapers do that.

Mr. GREENBURG. I think there are certainly distinctions between radio and television stations and the newspapers, to the extent that radio and television stations are making use of a public resource and are, of course, licensed by the Federal Government.

The CHAIRMAN. Therefore, under that Government license, you have the power to make them do things you cannot do with newspapers, because newspapers are not operating under Government license.

Mr. GREENBURG. I certainly would not want to leave the impression that the power to require them to do things is unlimited, but I certainly think it is greater than it is in the case of newspapers.

The CHAIRMAN. I think you and I understand each other. I believe that between your view and mine, we do not misunderstand at all if we are talking in specific terms. I am a member of the Commerce Committee, as well as being a member here. I am aware of what your problem is. I do not believe we misunderstand each other. It is only when we talk in vague general terms that we might not know what the other fellow is thinking.

Go ahead.

Mr. GREENBURG. Getting back to the statute, there is a further important provision that station licensees are prohibited from charging more for the use of their station facilities for a section 315 political use than they charge for comparable use of those facilities for commercial purposes. This, in effect, means that the candidate can't be charged more than the adviser for comparable use of the station.

As I say, this is specifically written into the statute.

The CHAIRMAN. My impression is that they do it to us anway, though. I suspect that maybe they do it by saying if you can buy time for a season, for example, for a series of broadcasts, you can get a better rate than if you only buy three or four programs.

Is that how they do it? I see one of you nodding.

Mr. GREENBURG. Perhaps Mr. Schatzow might address himself to this.

Mr. SCHATZOW. That is correct, Senator. Basically, the problem is that candidates do not ordinarily buy time in the same way that commercial advertisers do, in the sense that you just indicated, that the ordinary commercial advertiser buys over a longer period of time and thus obtains a more favorable discount.

The CHAIRMAN. It seems to me that we ought to require all stations to make time available for political activities during the conduct of elections and that time should be available on standard rates. They should not be permitted to have a rate schedule which says if you only buy six programs in 1 year, you pay twice the rate that you paid in the event that you are able to buy 52 programs over a period of a year.

Now, if we do not do something of that sort, it seems to me that the stations will have a way to evade and avoid the real intent of that section that said that men seeking public office should be entitled to the same rate as commercial advertisers.

Senator BENNETT. Mr. Chairman, I would think that we could amend the law to say that candidates properly qualified for political office should buy time at the lowest rate, regardless of any other condition. That is a simple solution.

The CHAIRMAN. Here's one of my dear personal friends who frequently makes times available at no cost to me to report to the people on my activities and what I am trying to do as Senator from Louisiana. When I am in his city, he invites me to come down and appear on an interview and they will find time to run it. If he has some program on there for which he is being well paid, he is not going to take that program off the air. He will find some other time later in the evening to put it on. This is perfectly fine with me, except when I am a candidate for office and I think it is vital to get my message to the people. At that point, I want to have a chance to buy some prime time and pay whatever the cost of it might be. But I do not want to be held up for it.

When we do that, I find this problem: This same man would be willing to sell to me that time at less than he charges commercial sponsors. He would be willing to give me a special break, because he is a lifetime friend. But there is a law, part of which you are relating to here, which says if he does that for me, he has to do that for all politicians. While he would like to help his Senator, he does not feel that way about the sheriff, the mayor, or even my opponent, but he is compelled to charge me the same rate that he has to all other politicians. I am seeking office and the law says he has to treat them the same way he treats me, does it not?

Mr. GREENBURG. Well, your opponents for the same office. The statute is really directed toward that.

The CHAIRMAN. How about a rate schedule? If he wants to discriminate in that rate schedule for the Senators race to give me a break, he feels he has to give my opponents a break also. We would not be required to do the same thing for a candidate for Governor on

that same ballot, the candidate for President of the United States, the candidate for Congress, and then the candidates for sheriff and mayor? I am talking about the rate, now.

Mr. GREENBURG. Mr. Chairman, No. 1, I do not think the Commission has ever been squarely faced with that specific problem. Let me say that there may be questions raised if he tried to do that, but under the law, there is nothing that absolutely requires that the rate has to be the same for one political office as for the other political office, especially if there are sound reasons for it.

Now, it might, if it turned out that there were some possibly insidious reasons why the discrimination was being made or what the full circumstances were, I would not be prepared to say it could never be challenged.

The CHAIRMAN. I did not know this until you gave me that answer.

Mr. GREENBURG. For example, if I may point out, even under existing practice, station licensees, I think almost all of them, have what they call local and national rates and they charge commercial advertisers different rates, depending on whether, under their interpretation, they are local or whether they are national advertisers. And there are different rates.

Similarly, where they are charging political candidates at the present time, a particular station may legally charge a Senator a different rate than they may be charging the sheriff.

Now, the way the Commission has——

The CHAIRMAN. Let me just say this also, while you are on that subject. Could it not be also—could a station perhaps justify discrimination on this basis? Let us say there is a race for sheriff. Everybody knows the sheriff is going to be reelected, no doubt about it. For example, in my State, I would say that about nine times out of 10, the incumbent is reelected, so it is just a foregone conclusion that the sheriff will be reelected. Take the assessor. Always reelected. That is one reason the assessments are so low in my State. They are always reelected.

Well, now, in a case like that, might not the stations say, well, I really do not think this sheriff or assessor ought to be on television anyway?

Mr. GREENBURG. The licensee can make the judgment that he will not provide time or even will not sell time for a particular race, even though he will sell it for another. In other words, if he makes a judgment that in your particular community in your State, the race which is of public interest and which is of interest to his audience is the race for Senator and that in the other races there is not really much competition and there is no real issue in the other races——

The CHAIRMAN. No interest and no real issue.

Mr. GREENBURG (continuing). He may decide and properly so, that he will afford time for the candidates in the one campaign and not in the other.

Senator BENNETT. But he cannot choose between two candidates for the same office.

Mr. GREENBURG. No, absolutely not. There he must provide an equal opportunity. They are required to do that.

The CHAIRMAN. As I understand it, the main problem you have under the law right now is that stations could and perhaps should consider making some time available on an equal time basis for the two

major parties, but they cannot do it for the reason that you have these fringe candidates, these way-out candidates who have no chance, all of them put together might not get many votes, but they are entitled to the same amount of time? Is that not the principal problem you have, the No. 1 problem of complexity that you have in your area of political broadcasts?

Mr. GREENBURG. I would say in answer to that, Mr. Chairman, that that is a problem which has been raised. It has not been one specifically that the Commission has raised. This in and of itself has not frequently presented us with a problem as such in administering the law. It certainly has been alleged on many occasions that the requirement that minor party candidates be afforded time is a drawback in providing free time.

I would like to say a couple of things about that: No. 1. You know, in 1959, Congress did amend the Communications Act so that certain appearances on news-type programs by candidates are exempt from the equal time provisions, and Congress specifically set forth the categories. They are the bona fide newscasts. Second, are the bona fide news interviews, such as "Meet the Press," "Face the Nation," or "Issues and Answers." Third, is a bona fide documentary program, where the candidates' appearance is only incidental, really, to the program.

The CHAIRMAN. May I say that my impression of those major interview programs, such as "Meet the Press," "Face the Nation," "Issues and Answers," is that they have used extremely good taste in apportioning their time. If they present someone to speak for one side, they will arrange for someone to have a chance to appear on their program to express the opposite opinion somewhere down the line.

Mr. GREENBURG. I would point out in connection with all these exceptions, and it is relevant, I think, to what you have said, Mr. Chairman, in that although Congress exempts these types of programs from the equal opportunity provision of section 315, it expressly provided that it did not relieve the licensees of the stations from their obligations to provide reasonable opportunities, as distinguished from equal opportunity, for the presentation of conflicting views. This was in effect the statutory affirmation of the Commission's so-called fairness doctrine, so that even with respect to these programs, this does not relieve the licensees of stations of all obligations. But it does remove it from the equal opportunity provisions, so that the licensees may make judgments as to how much of an interest there is in the views of, say, some of the fringe candidates. Maybe they would get very, very much less time on a program or a similar program, because it is recognized that they do not have the appeal or that there is not this much interest by the public in their points of view.

Senator BENNETT. When you say bona fide interview programs, are these defined as programs that have a series rather than a single interview?

Mr. GREENBURG. There are a number of criteria which generally have been used. Let me say first that we have to, in each instance, look at all of the facts with respect to particular programs and the circumstances surrounding them. The Commission has indicated, though, at least some of the criteria that go into determinations here.

One of them is, with respect to a bona fide news interview program, whether it is one of a continuing nature, whether it has been going on with the same type of format.

What, of course, Congress was interested in, and I think the Commission was certainly trying to fulfill, is to be sure that with respect to these exempt programs, they are not tailored to help certain candidates, or that by getting them exempt, somehow, one candidate is being favored over another candidate. And the criteria which we have attempted to apply are designed to make sure that this is a legitimate news presentation, and as you pointed out, one of the important criteria is whether it is a longstanding program.

The CHAIRMAN. It would seem to me that we might do well to legislate in the area of making these stations cooperate with one another and with us better than they do now as a matter of commercial competition, to see that the public is at least exposed or has the opportunity to know both sides of the argument.

For example, it is pretty well agreed now that you hurt yourself politically to just black out a whole area. For example, if I go into Washington, D.C., at 8 o'clock on a Sunday night at the time that "Bonanza" would ordinarily be on—not "Bonanza," what is on at 8 o'clock on Sunday?

Senator BENNETT. "Ed Sullivan." I do not listen to it.

The CHAIRMAN. Let's make it 9 o'clock when "Bonanza" and the "Smothers Brothers" will be on. So let us say at 9 o'clock, Senator Russell B. Long buys up all the channels in Washington, D.C., to make sure that everybody in that area sees Senator Long. They go to look at the "Smothers Brothers" and there they see Senator Long. People tell me nothing can cost you more votes than to take people's favorite program away from them to show them your qualities and conversation. People just get angry and turn the thing off. Children complain. They tell me you can do a lot better if you buy some time, say at 6, some other time at 7, some other time at 8, some other time at 9. Then if somebody wants to hear you, he will have the privilege of tuning you in at a time when you are not on the air in competition with something he wants to hear.

For example, if you have a different station than Ed Sullivan, somebody might tune you in while Ed Sullivan is on.

But in connection with that, it would be well if we could require a station to make the announcement that on a competing channel, President Johnson is, for example, making a speech for those who are interested. It would be fair if it were reciprocal.

In other words, channel 4 might be required to do it for channel 7, and later on, channel 7 would do it for channel 4. It would seem to me that that way, people could really have an opportunity to hear what the candidates are saying, if that is what they want to do.

I see that is giving you some doubts. If you are not prepared to answer it, do not.

Mr. GREENBURG. I do not think I have any particular answer to that. I do not think anybody has put that before us. I certainly have not considered that particular suggestion before.

The CHAIRMAN. Well, for some reason, stations like to pretend that they do not have a competitor. CBS might not admit it, but everybody knows that NBC is on channel 4 in Washington and everybody in the District of Columbia knows that CBS is on channel 9

and both of them know that on channel 7 is ABC. But they like to pretend that they do not have a competitor. It seems to me perhaps we ought to do something to break up that pretense that things are not what they are and require them to cooperate in seeing that the people have information available to them on which to base a proper judgment.

Mr. GREENBURG. I must say that at least in my own personal experience, I think the various stations do a very good job of publicizing their programs through all the different media.

The CHAIRMAN. But you just can't get them to advertise the other fellow's program. That is the point.

Senator BENNETT. Whose does?

The CHAIRMAN. I understand that, but we have the power to make them.

Now, I can buy an ad in the newspaper and make the newspaper—persuade them to advertise in the newspaper that I am going to be on television tonight, and I do it repeatedly. But we are not able to persuade the television stations to advertise that you are on a competing station. It seems to me as though it would be a mutual advantage and disadvantage.

In my hometown, you have channel 2 and channel 9. So one day, channel 9 is required to tell you that there is a political program on channel 2. The following day, channel 2 could be required to say something about channel 9. If we do not put something in the law about that, they are not going to do it.

Senator BENNETT. Mr. Chairman, can't you buy an ad on channel 2 announcing that you are going to speak on channel 9?

The CHAIRMAN. I do not believe you can. I guess I would say that they do not approve of that. They do not advertise competition.

Senator BENNETT. I think it has been done.

The CHAIRMAN. Of course, broadcast stations are not common carriers and they are not required to accept everything that anybody wants to put on.

Senator BENNETT. Neither are newspapers.

Mr. GREENBURG. I think it has been done, though.

Senator BENNETT. Newspapers have refused political ads for one reason or another.

The CHAIRMAN. I notice that Mr. Schatzow seemed to have a thought on the subject.

Would you tell us what thought occurred to you there, Mr. Schatzow?

Mr. GREENBURG. He particularly had some other point when you were inquiring about minority party candidates. He had some information which I believe is relevant.

Mr. SCHATZOW. We had, in the 1964 campaigns, a questionnaire and obtained information from all broadcast licensees. In there, we made an analysis of the sustaining time reported to us by stations. We did an analysis of sustaining time that was given to candidates for the Senate in the general election. We compared the States in which there were minor party candidates for the office of Senate with the States in which there were no minor party candidates. The information we had indicated that about the same percentage of stations in both cases gave sustaining time—that is, free time—for these races and that the average amount of time in both cases was about the same.

Senator BENNETT. How did they handle the minor party candidate?

Mr. SCHATZOW. I think, generally, they gave the same amount of time to the minor party candidate.

Senator BENNETT. As for the major party?

Mr. SCHATZOW. Yes.

(Pursuant to the above discussion, the following was submitted for the record:)

MEMORANDUM SUBMITTED BY THE GENERAL COUNSEL OF THE FEDERAL COMMUNICATIONS COMMISSION

During the course of the testimony of Commission witnesses before your Committee a question arose with respect to the equal opportunity provision of section 315 of the Communications Act and its requirements where candidates of minority parties are concerned.

Under section 315 all legally qualified candidates for a public office stand on the same footing, regardless of whether they are the candidate of a major political party, a minor political party, or represent no political party at all. The only standard a candidate must meet in order to qualify for equal time is that he be legally qualified. Thus, if a broadcast licensee permits the use of his facilities by a legally qualified candidate for a particular public office, all other legally qualified candidates for that office must be afforded an equal opportunity to use the licensee's facilities. However, certain appearances by a candidate over the licensee's facilities do not constitute a use of the facilities by him, and in these cases the equal opportunity provision of section 315 does not apply. The section specifically provides that appearances by a candidate on any (1) bona fide newscast, (2) bona fide news interview, (3) bona fide news documentary, or (4) on-the-spot coverage of bona fide news events—shall not be deemed a use of a broadcasting station within the meaning of section 315.

These exemptions were added to section 315 by a 1959 amendment (73 Stat. 557), which was designed to enable broadcast licensees to carry out their functions of reporting the news concerning political candidates without being bound by the equal opportunity provisions of section 315. In that amendment Congress also added a caveat that these exemptions would not relieve broadcast licensees from the obligation imposed upon them by the statute to operate in the public interest and to afford reasonable opportunity for the discussion of conflicting views on issues of public importance. This, of course, was a statutory recognition of the Commission's "fairness doctrine." Thus, a licensee is bound by the less rigid requirements of fairness in this area, even though a particular appearance does not require the licensee to afford an equal opportunity to the other legally qualified candidates for the office involved.

Through the years it has been contended that the rigid requirements of section 315 have inhibited the coverage of political campaigns, and that free time cannot be made available to the candidates of major parties because under section 315 equal time must be afforded the minority and fringe candidates for the same office. Various approaches to this question have been considered, and in 1960, Congress adopted Senate Resolution 207 (Public Law 86-667), suspending the equal opportunity provision of section 315 for the 1960 campaign with respect to nominees for President and Vice President. The purpose of this suspension was to permit wider and more comprehensive radio and television coverage of the presidential campaign. The Commission found that the 1960 suspension achieved its purpose and that there were no serious administrative problems.

From time to time other legislation has been introduced in this area. For example, S. 3308 in the 84th Congress would have provided:

"that where the licensee of a radio broadcasting station permits any legally qualified candidate for President or Vice President to use his facilities, he need afford equal opportunity to other candidates for such offices only if they are nominees of a party whose candidates for the same office in the preceding presidential election received at least 4% of the total popular votes cast, or if their candidacies are supported by petitions containing signatures equal in number to at least 1% of the total popular votes cast in the preceding presidential election."

(See also, S. 1437, 85th Cong., 2nd Sess.; and S. 1858, 86th Cong., 1st Sess.)

Some proposals would have exempted other political offices, such as United States Senator, member of Congress, and the office of Governor from the equal

opportunity requirement of section 315. (See, e.g., S. 1926, 90th Cong., 1st Sess.) The Commission has not supported removing the requirements of section 315 generally, because of the explicit standards of that section and the administrative problems which would be imposed if those standards were replaced by the flexible standards of the fairness doctrine.

In addition to these approaches to the problem of minority candidates and equal time, Congress might also consider broadening the categories of programs which are exempt from the equal opportunity requirement.

A question also arose at the hearings concerning methods Congress might use to prevent broadcasts on a candidate's behalf by spokesmen who are not authorized by the candidate. If a licensee knowingly permitted his facilities to be used by unauthorized supporters of a candidate whose alleged support was in fact a subterfuge for attacking the candidate and his views, this might well raise a question as to whether the licensee was operating in the public interest. However, any attempt generally to make air time unavailable to those who are not authorized spokesmen for a political candidate would, we believe, raise serious constitutional questions under the First Amendment. Section 326 of the Communications Act specifically prohibits the Commission from exercising the power of censorship over radio communications, and serious questions under this section would be raised by any such Commission-imposed prohibition.

However, other solutions to the problem suggest themselves. For example, Congress could impose a requirement that an appropriate identifying announcement be made when a particular spokesman is not authorized to speak on behalf of the candidate. Another method of partially controlling the practice would also be available if Congress decides to subsidize the campaigns of the candidates for President and Vice President. Congress could provide that reimbursement for political broadcasts may only be obtained for those broadcasts authorized by the candidate. Similarly, if Congress provides that stations or networks give free broadcast time, Congress could specify that such time be provided only to candidates or their authorized spokesmen.

The CHAIRMAN. That could be a bad thing. What I have in mind is that if there is to be given an equal amount of time to a minor, minuscule party, this is just too big a temptation for candidates who are not really serious at all, to blackball their opponents.

As a matter of fact, in the city of New Orleans, there is a television station which, I am sure in complete good faith, volunteered equal time for the candidates for Governor. I think there were about five serious candidates and about four candidates whose total vote was less than 1 percent. Now, those minor candidates—they were not minor party candidates, they were running for the Democratic nomination—had no chance at all. They were just fair game for the serious candidates. But someone would pay one of these fellows to ask some embarrassing, humiliating question, or say something horrible about one of his opponents. So one would provide all the scurrilous information he could find to one of these men who had no chance, and that fellow would go charging in there and say all these horrible things about a serious candidate. The poor fellow would be two-thirds through the program before he could defend himself against the attack that that man who had no chance at all was making on him. It would just knock him completely off balance.

Now, that kind of thing is very unfortunate, but you cannot blame people in public life from running to defend themselves. So it could actually develop that major candidates could pay a character assassin to attack one of his opponents that he would want to attack. So a man enters the primary for that kind of attack.

I would hope that the laws we pass with all good intentions to try to promote good Government do not become subject to that kind of thing. If it happens, I think we ought to try to find ways to clear it up. I am sure you would agree with that.

Mr. GREENBURG. Yes, sir.

The CHAIRMAN. Let me ask you, if Congress should amend section 315 or repeal it or perhaps modify it in this area of equal time, how can we be sure that various viewpoints of various candidates could be put before the public? Say we did amend it so you would not have to provide equal time to minor party candidates? How would you propose to be sure that various viewpoints were heard on the air?

Mr. GREENBURG. Well, you are talking about strictly in the case of minority party candidates?

The CHAIRMAN. Yes.

Mr. GREENBURG. Any candidates who were not entitled because of exemptions to equal opportunity would, and I would suspect that Congress would not change the provision that made the fairness doctrine still applicable to the programs of the candidates who were not entitled to equal time—in other words, just as under the existing law, when I mentioned previously the exemptions for these news-type programs, Congress has specifically said that while the programs are exempt from equal time, the fairness doctrine is still applicable and appropriate amounts of time really must be made available for the conflicting views.

Now, to go on a little bit, there, of course, have been many proposals that have been made over the years and several of them pending, I think, before the present Congress, of possible amendments to section 315, ranging all the way from repeal of the section to all types of modifications. I might say, of course, that one of the means to take care of the minority party problem is the approach of stating that a candidate in order to be eligible for equal time would have to meet some basic criteria which would be set forth in the statute. For example, I know there has been a bill which has been introduced several times which would provide that in order to qualify for equal opportunity, the candidates' party must have received at least 4 percent of the vote in the last previous election for that particular office, or present petitions signed by x number or x percent of legally qualified voters in the particular jurisdiction to qualify for this. If he did not, then he would not be entitled to equal time and merely would come under the fairness doctrine.

As I say, that has been one approach to it. Then those candidates, while not entitled to equal time, would be governed by the fairness doctrine.

The CHAIRMAN. Let me just explore with you something that appears to be important, at least to this Senator. If we are going to put the Government in a position of paying for the radio and television time of these major party candidates, as the administration suggests, the Federal money should be all that is available to them.

There should not be intermingling of public and private funds. We would have a clear delineation between public spending and private spending—that which the public pays and that which the public does not pay. Do you believe we could, or could you show us how you think we could, if we desired, prevent third parties and so-called independent committees from buying and acquiring and using time on television stations to make broadcasts in addition to that for which the Congress paid and authorized?

In other words, suppose we said, all right, we are going to pay for the time for President Johnson to make his pitch in case he runs for

election. We are also going to give an equal amount to the Republican candidate to explain his side. We are going to provide as much time to each side as they think they desire to use—perhaps an hour a week or 2 hours a week for the—perhaps twice a week for the last 2 months or last 6 weeks before the election. We will just work out an advertising budget and make it available to them, showing that this is the time available for both sides to be heard and they will have an equal chance to be heard. What would your thought be and do you think we could prevent someone—let's say the Andrew Mellon family, just to pick a name, or H. L. Hunt or someone, from just going out and buying a big block of radio or television time——

Senator BENNETT. Mr. McCloskey.

The CHAIRMAN (continuing). McCloskey, just to name anybody—to put additional broadcasts on or make additional time available to one side or the other. How do you think we can do anything about that?

Mr. GREENBURG. No. 1, let me say I have not really studied that problem. I would suggest that there may be some distinction there between limiting the amount of time that could be bought or used by candidates as distinguished from cutting off programs which dealt with, for example, the issues that may be involved in the election.

The CHAIRMAN. Would you mind repeating that? I am not sure I got the answer.

Mr. GREENBURG. I am just suggesting a possible distinction between limiting the amount of time and saying that the candidates for President would be limited in their appearances on television to those times which were paid for under the provisions of the statute that Congress would pass, and stating on the other hand, that outside of these particular programs which the candidates themselves would be on, no one else could put anything on radio or television which discussed the campaign or the issues—and consequently might favor, depending on what they said, one side or the other.

The CHAIRMAN. Do you think that that could be done?

Senator BENNETT. No.

Mr. GREENBURG. I have serious doubts about the latter point.

Senator BENNETT. Mr. Chairman, may I comment on this?

As a man who has to be a candidate as you have, the President or the candidate for President is a very important force in an election campaign. It would seem to me that if you are going to attempt to say there are some hours that are going to be available to each of the presidential candidates, I do not see how you could stop me, as a potential candidate for the Senate, from buying time and appearing on it, with a picture of my presidential candidate in the background to tell the people how close I am to the presidential candidate and what a great thing it is going to be if he is elected, because maybe he has a coattail that is big enough to carry me in.

In other words, the ingenuity of man is not going to be confined by that kind of a business.

I would think also that the thing would work the other way around. If the presidential candidate of my party came into my State, I would be very much upset if he did not say something about me or have me on the platform with him.

So you do not have political election broadcasts in a tight compartment. They can cover the range of the whole party. You can get all

kinds of candidates involved in a particular broadcast. So I think you are going to have a terrible time trying to say, you can limit this to presidential campaigns.

Mr. GREENBURG. Senator, in connection with what you say, I would point out that under the present law, Congress has very specifically stated that the licensees, for example, of stations can have no power of censorship over what the candidates are going to say. Now, Congress has put that in the law, but it has been the principle that nobody should have any control over what that candidate can put before the people. You may be aware that the Supreme Court has held that this actually relieves the licensee of the station from responsibility for libel by that candidate, because he has no power of censorship.

So as you say, one candidate under this theory would certainly be able to endorse or speak about another candidate if he chose.

The CHAIRMAN. You are doing a fine job of explaining what the law is and how you administer it. Now, that is not really what I wanted you here for. I wanted to ask you about some things that we might consider doing with regard to the law and see if it is possible to find the best way to do it.

For example, I want to explore with you whether we could find some answers in a nebulous area, where we are somewhat in a fog. The Constitution preserves the right of free speech for the individual, but can we control the medium he might use to exercise that right? Can we control that television station?

Mr. GREENBURG. I think there are certainly some controls. For example, very definitely Congress now controls the stations in the political broadcast area. So I think that the answer must be that there certainly are controls that Congress can have and the question being what the limit is.

The CHAIRMAN. Let me say that one of the finest things that has been done in politics, in my thinking, has been this law to require people who put out a pamphlet to identify themselves on it. If someone puts out a real scurrilous pamphlet he must sign it. Now, I am happy to say that law is more sophisticated than some people realize, because if the man whose name appears there is not really the man who composed that document, just some plant worker that was solicited to put his name on this thing, under Federal law, they can be prosecuted.

Did you know that, Mr. Greenburg?

Mr. GREENBURG. Yes, even in the broadcast field, we have very specific rules. Well, there are statutory provisions and we have very specific rules with respect to the identification of the sponsors of the programs, particularly in the political field. There they are even more stringent than in the commercial field.

The CHAIRMAN. Do you think that we in this Congress have the power to tell a television station that it shall not sell time on behalf of a candidate to an individual who is not authorized by the candidate to speak for him?

To pose an extreme case, let's say here's a disreputable scoundrel who wants to go on the air and speak for me. My reaction would be that that would cost me a thousand votes. That is the most disreputable man in 50 States. I do not want him to make any speech for me. That would kill me.

Now, do we have the power to prevent someone from going on the air and making a speech on my behalf when I do not want him to speak for me?

Mr. GREENBURG. I would qualify my answer by saying I think it might depend on exactly how Congress might decide to do this. For example, I think there have been bills before Congress which would require that all expenditures on behalf of a candidate be channeled through a designated treasurer or someone who would control completely all expenditures on behalf of that candidate. If this were done, it would seem to me personally that Congress would have the authority to do this in its control of the election process and that through that, if you follow that through, it would also mean that this person so designated would be the only one who could contract for radio and television time as well as any other time. I mean you could not buy ads in the newspaper or contract for other political expenditures except through the designated person. Certainly, in those broad terms, it would be my personal opinion that Congress could require such a procedure.

The CHAIRMAN. Well, the thought occurs to me that if we are going to have some requirement that television stations shall provide time for a presidential election, we should have the power to provide that at least the time allotted to the presidential candidate would be time when he would have the chance to get through to the American people. I would hope you would not have to use up good prime time for somebody who is not authorized to speak for the presidential candidate.

Mr. GREENBURG. Of course, even under present law, there would be certainly nothing that requires a station to sell time to someone who wanted to speak in behalf of any candidate. I mean there is certainly nothing that requires a station to sell him any time, let alone prime time, even under existing law.

The CHAIRMAN. Well, I would like you to think about it more and perhaps give us a memorandum about this.

I would just like to know that in the event it should be the judgment of the Congress that we wanted to provide the two major party candidates with ample time to make their case with the American people—whether we pay for it or require the stations to donate the time—what power do we have and how do you think it might be possible for us to prevent that law from being distorted with the kind of things I have mentioned?

Now, it would have more appeal to the Congress to provide the time for both major party candidates and even provide some proper arrangements for a third party candidate if they are serious candidates and have some substantial support. We could well provide the time for them. That we have the power to do. We could pass a law and pay the money or require the stations to do it. I think you will agree we can do that if we want to.

But the problem here is to what extent can we prevent third parties or minor party candidates from going beyond what we do to by a lot of time to propagandize completely contrary to what we in the Congress intended.

I know in the last presidential campaign, for example, I bought time in every city in Louisiana to put on a television program making a speech for President Johnson as a U.S. Senator who was not a candidate himself at the time I did that. I think that is accepted and

creates no problem. But if we decided that we wanted these people to be authorized by that President to speak for him, how could we handle that? It might be that we could just say if the spokesman had not been authorized by the candidate, he would have to state affirmatively that his program was not authorized by, and do not necessarily represent the candidate's views?

Incidentially, while we are at it, I wish you could find some way to make that skull and crossbones that the stations put on about these programs a little less obnoxious. Some of the stations, when a political program comes on, have a great big black screen with white letters on there that say "Paid political program." Then they say the announcement that what you are about to hear is a political program purchased by Senator Russell B. Long, which has been paid for by him to express his own views, which are not necessarily the views of this station, and so forth. By the time you get through with that, it is worse than a skull and crossbones on a bottle of poison. It is like like saying, folks, beware, what you are about to hear is a bunch of political claptrap, probably a bunch of lies and we do not take any responsibility for it.

And then when they get done with the program, they go back on again, "Please understand that what you have heard is a political broadcast, some politician bought some time, what you heard we do not necessarily subscribe to."

Do you think the Commission might find some way to help that problem? Frankly, it just seems to me that it is almost like advertising that the man is a liar before he ever starts talking.

Mr. GREENBURG. Well, certainly, the Commission has not attempted to prescribe the precise way in which something like this is presented.

The CHAIRMAN. I would hope that we could have just a disclaimer—not the skull and crossbones—saying, "Ladies and gentlemen, the following is a paid political broadcast purchased by a speaker to express his political views." Why do you have to say, they are not necessarily those of this station? Everybody knows they are not the views of the station.

Mr. RAWSON. Mr. Chairman, unfortunately, there are a number of licensees that have a mistaken idea that they must have a disclaimer of this kind. There is no requirement that the Commission has that they announce that this is a political broadcast or any other kind of disclaimer. The only requirement is that they properly identify the sponsor of the particular program.

The CHAIRMAN. Is that right?

Mr. RAWSON. But there are many licensees, unfortunately, who feel that they must have some kind of disclaimer if they are to avoid libel and that sort of thing, when we have a clear proscription on the part of the station of censoring any candidates speech and the Supreme Court has ruled that they are exempt from libel by any candidate or speaker.

The CHAIRMAN. As I understand that, is it really necessary that they announce that this is a paid political program?

Mr. RAWSON. No, sir; no requirement at all, simply that they identify the sponsor of the program.

The CHAIRMAN. Well, now, I want to get a nice letter from you to send to these people so that in the future, we can hand this to these

people and say this would be—it is perfectly all right and there is no problem whatever to use this disclaimer. You do not have to put a big signboard up there saying paid political broadcast, all you have to do is just say, ladies and gentlemen, this is a program paid for by Senator Long to express his political views. Is that all right?

Mr. RAWSON. That is all right. That is fine. That is necessary under the statute.

The CHAIRMAN. To identify who pays for it?

Mr. RAWSON. That is correct, paid for by Senator Long.

The CHAIRMAN. You do not even have to say it is a political program?

Mr. RAWSON. No, he does not have to mention that. It is pretty obvious that it is going to be a political broadcast.

The CHAIRMAN. Not necessarily. You cannot tell. I might talk about something else.

Mr. RAWSON. This is all that is necessary.

The CHAIRMAN. Thank you very much. If I can get a letter from you to that effect, I will contact the station and tell them. Meanwhile, I will struggle along with that skull and crossbones.

Mr. RAWSON. I think the State associations are gradually educating the licensees in this regard.

The CHAIRMAN. Thank you so much.

I take it that you will think about it and see if you can give us some further views on what we could, if we wanted to, do about the problem of unauthorized broadcasts in behalf of the candidate.

Mr. GREENBURG. Mr. Chairman, I would certainly say that we will do our best to aid the committee in this respect. I will say that I think that at least part of this is a little bit out of the area of our primary expertise in this respect. But we certainly will provide the committee with whatever assistance we can in this regard.

(The information referred to follows:)

SPONSORSHIP IDENTIFICATION REQUIREMENTS FOR POLITICAL BROADCASTS

The basis for the identification requirements is Section 317 of the Communications Act as implemented by the Commission's Rules. Attached is a copy of the Commission's Public Notice of May 6, 1963, which contains Section 317, the Commission's Rules and several interpretations of that Section.

With respect to your inquiry concerning sponsorship identification of political broadcasts, there is no statutory requirement nor Commission rule which requires a station to broadcast a "disclaimer" or make an announcement that "this is a paid political broadcast." In fact, standing alone, such announcements do not constitute compliance with the statute and the sponsorship identification rules. What is required is that an identification be broadcast which will fully and fairly disclose the identity of the person or persons by whom or in whose behalf payment is made. (See interpretation 33, (p. 455) in the attached Public Notice.) Further, in the case of television the identification may be aural, visual or both. The responsibility for determining whether the identification is aural or visual rests with the licensee. (See interpretation 34 (p. 455) in the Public Notice.)

PUBLIC NOTICE, FEDERAL COMMUNICATIONS COMMISSION, MAY 6, 1963

APPLICABILITY OF SPONSORSHIP IDENTIFICATION RULES

With the development of broadcast service along private commercial lines, meaningful government regulation of the various broadcast media has from an early date embraced the principle that listeners are entitled to know by whom they are being persuaded. Thus, as far back as the Radio Act of 1927 and continuing with section 317 of the Communications Act of 1934 there has been an unvarying requirement that all matter broadcast by any station for a valuable consideration is to be announced as paid for or furnished, and by whom.

On September 13, 1960, a bill (S. 1898) was signed into law amending section 317 of the Act to redefine the situations in which broadcast licensees must make sponsorship identification announcements. In addition, the new law (Public Law [illegible]-752) added a new section 508 to the Act requiring disclosure by persons other than broadcast licensees who provide or receive valuable consideration for the inclusion of any matter in a program intended for broadcast, the persons to whom section 508 relates had previously not been directly subject to any previous provisions of the Act. Subsection (e) of the revised section 317 directs the Commission to prescribe appropriate rules and regulations to implement the Congressional intent expressed in the new wording of section 317. In adopting the new legislation, the Congress also set forth a series of twenty-seven examples to illustrate the intended effect of the proviso clause in amended section 317(a). By Report and Order adopted May 1, 1963, in Docket No. 14094, the Commission promulgated revised sponsorship identification rules so as to implement amended section 317. There follows hereafter the amended section 317, new section 508, the Commission's revised rules and thirty-six illustrative interpretations including the twenty-seven examples mentioned above.

Section 317 reads as follows:

"SEC. 317. (a)(1) All matter broadcast by any radio station for which any money, service or other valuable consideration is directly or indirectly paid, or promised to or charged or accepted by, the station so broadcasting, from any person, shall, at the time the same is so broadcast, be announced as paid for or furnished, as the case may be, by such person: *Provided*, That 'service or other valuable consideration' shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast unless it is so furnished in consideration for an identification in a broadcast of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property on the broadcast.

"(2) Nothing in this section shall preclude the Commission from requiring that an appropriate announcement shall be made at the time of the broadcast in the case of any political program or any program involving the discussion of any controversial issue for which any films, records, transcriptions, talent, scripts, or other material or service of any kind have been furnished, without charge or at a nominal charge, directly or indirectly, as an inducement to the broadcast of such program.

"(b) In any case where a report has been made to a radio station as required by section 508 of this Act, of circumstances which would have required an announcement under this section had the consideration been received by such radio station, an appropriate announcement shall be made by such radio station.

"(c) The licensee of each radio station shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any program or program matter for broadcast, information to enable such licensee to make the announcement required by this section.

"(d) The Commission may waive the requirement of an announcement as provided in this section in any case or class of cases with respect to which it determines that the public interest, convenience or necessity does not require the broadcasting of such announcement.

"(e) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section."

Section 508 reads as follows:

"SEC. 508. (a) Subject to subsection (d), any employee of a radio station who accepts or agrees to accept from any person (other than such station) or any person (other than such station) who pays or agrees to pay such employee, any money, service or other valuable consideration for the broadcast of any matter over such station shall, in advance of such broadcast, disclose the fact of such acceptance or agreement to such station.

"(b) Subject to subsection (d), any person who, in connection with the production or preparation of any program or program matter which is intended for broadcasting over any radio station, accepts or agrees to accept, or pays or agrees to pay, any money, service or other valuable consideration for the inclusion of any matter as a part of such program or program matter, shall, in advance of such broadcast, disclose the fact of such acceptance or payment or agreement to the payee's employer, or to the person for whom such program or program matter is being produced or to the licensee of such station over which such program broadcast.

"(c) Subject to subsection (d), any person who supplies to any other person any program or program matter which is intended for broadcasting over any radio

station shall, in advance of such broadcast, disclose to such other person any information of which he has knowledge, or which has been disclosed to him, as to any money, service or other valuable consideration which any person has paid or accepted, or has agreed to pay or accept, for the inclusion of any matter as a part of such program or program matter.

"(d) The provisions of this section requiring the disclosure of information shall not apply in any case where, because of a waiver made by the Commission under section 317(d), an announcement is not required to be made under section 317.

"(e) The inclusion in the program of the announcement required by section 317 shall constitute the disclosure required by this section.

"(f) The term 'service or other valuable consideration' as used in this section shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast, or for use on a program which is intended for broadcasting over any radio station, unless it is so furnished in consideration for an identification in such broadcast or in such program of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property in such broadcast or such program.

"(g) Any person who violates any provision of this section shall for each such violation, be fined not more than $10,000 or imprisoned not more than one year, or both."

Section 3.119 of the Commission's rules, relating to standard broadcast stations, reads as follows:

"§ 3.119 *Sponsored programs, announcement of.* (a) When a standard broadcast station transmits any matter for which money, services, or other valuable consideration is either directly or indirectly paid or promised to, or charged or received by, such station, the station shall broadcast an announcement that such matter is sponsored, paid for, or furnished, either in whole or in part, and by whom or on whose behalf such consideration was supplied: *Provided, however,* That 'service or other valuable consideration" shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast unless it is so furnished in consideration for an identification in a broadcast of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property on the broadcast.

"(b) The licensee of each standard broadcast station shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any program matter for broadcast, information to enable such licensee to make the announcement required by this section.

"(c) In any case where a report (concerning the providing or accepting of valuable consideration by any person for inclusion of any matter in a program intended for broadcasting) has been made to a standard broadcast station, as required by section 508 of the Communications Act of 1934, as amended, of circumstances which would have required an announcement under this section had the consideration been received by such standard broadcast station, an appropriate announcement shall be made by such station.

"(d) In the case of any political program or any program involving the discussion of public controversial issues for which any records, transcriptions, talent, scripts, or other material or services of any kind are furnished, either directly or indirectly, to a station as an inducement to the broadcasting of such program, an announcement shall be made both at the beginning and conclusion of such program on which such material or services are used that such records, transcriptions, talent, scripts, or other material or services have been furnished to such station in connection with the broadcasting of such program: *Provided, however,* That only one such announcement need be made in the case of any such program of 5 minutes' duration or less, which announcement may be made either at the beginning or conclusion of the program.

"(e) The announcement required by this section shall fully and fairly disclose the true identity of the person or persons by whom or in whose behalf such payment is made or promised, or from whom or in whose behalf such services or other valuable consideration is received, or by whom the material or services referred to in paragraph (d) of this section are furnished. Where an agent or other person contracts or otherwise makes arrangements with a station on behalf of another, and such fact is known to the station, the announcement shall disclose the identity of the person or persons in whose behalf such agent is acting instead of the name of such agent.

"(f) In the case of any program, other than a program advertising commercial products or services, which is sponsored, paid for or furnished, either in whole or in part, or for which material or services referred to in paragraph (d) of this section are furnished, by a corporation, committee, association or other unincorporated group, the announcement required by this section shall disclose the name of such corportion, committee, association or other unincorporated group. In each such case the station shall require that a list of the chief executive officers or members of the executive committee or of the board of directors of the corporation, committee, association or other unincorporated group shall be made available for public inspection at the studios or general offices of one of the standard broadcast stations carrying the program in each community in which the program is broadcast.

"(g) In the case of broadcast matter advertising commercial, products or services, an announcement stating the sponsor's corporate or trade name, or the name of the sponsor's product, when it is clear that the mention of the name of the product constitutes a sponsorship identification, shall be deemed sufficient for the purposes of this section and only one such announcement need be made at any time during the course of the program.

"(h) Commission interpretations in connection with the foregoing rules may be found in the Commission's Public Notice entitled 'Applicability or Sponsorship Identification Rules' and such supplements thereto as are issued from time to time."

Sections 3.289 (FM broadcast stations), 3.654 (television broadcast stations) and 3.789 (international broadcast stations) contain the same provisions as § 3.119, above. Section 3.654 contains the following additional subsection:

"(e) The announcements required by section 317(b) of the Communications Act of 1934, as amended, are waived with respect to feature motion picture films produced initially and primarily for theatre exhibition."

(NOTE: The waiver heretofore granted by the Commission in its Report and Order of November 21, 1960 (FCC 60-1369), continues to apply to programs filmed or recorded on or before June 20, 1963.)

The following are illustrative interpretations of section 317 and the Commission's rules. Interpretations 1 to 27, inclusive are incorporated without change from House Report 1800 (86th Congress, 2d Session):

(Clerk's note: Deleted material was made a part of the official files of the committee.)

* * * * * * *

"F. Nature of the announcement.

* * * * * * *

"33. A station carries an announcement (or program) on behalf of a candidate for public office or on behalf of the proponents or opponents of a bond issue (or any other public controversial issue). At the conclusion thereof, the station broadcasts a 'disclaimer' or states that 'the preceding was a paid political announcement.' Such announcements per se do not demonstrate compliance with the sponsorship identification rules. The rules do not provide that either of the abovementioned types of announcements must be made, but they do provide in such situations that an identification be broadcast which will fully and fairly disclose the true identity of the person or persons by whom or in whose behalf payment was made. If payment is made by an agent, and the station has knowledge thereof, the announcement shall identify the person in whose behalf such agent is acting. If the sponsor is a corporation, committee, association or other group, the required announcement shall contain the name of such group; moreover, the station broadcasting any matter on behalf of such group shall require that a list of the chief officers, members of the executive committee or members of the board of directors of the sponsoring organization be made available upon demand for public inspection at the studios or general offices of one of the stations in each community in which the program is broadcast. In the event of a network originated broadcast, the records required by the Commission's rules shall be made available upon demand for public inspection at the studios or general offices of the originating station.

"34. Must the required sponsorship announcement on television broadcasts be made by visual means in order for it to be an 'appropriate announcement' within the meaning of the Commission's rules?

"Not necessarily. The Commission's rule does not contain any provision stating whether aural or visual or both types of announcements are required. The purpose of the rule is to provide a full and fair disclosure of the facts of sponsorship, and responsibility for determining whether a visual or aural announcement is appropri-

ate lies with the licensee. (See Commission telegram to Mr. Bert Combs, FCC Public Notice of April 9, 1959, Mimeo No. 71945.)

* * * * * * *

The CHAIRMAN. With regard to this matter of whether the station should be required to donate this time or whether the Government ought to pay for it, would you express your view as one involved on the regulatory end of the fairness and appropriateness with which Congress might or might not require that this time be given free?

What are the considerations involved?

Mr. GREENBURG. Well, I think probably there are a number of considerations. Let me say that the Commission certainly has not taken any position on this particular question. I think it is primarily a judgment on the part of the Congress as to what it feels the obligations of radio and television broadcasters are and what the requirements of the public interest are.

The CHAIRMAN. In other words, from your point of view, it is a matter of our judgment as to what we think the public interest requirements and responsibilities of the station are? If we think it is their duty, we ought to make them do it and if we do not think it is their duty, we should not make them do it. Is that about what you are saying?

Mr. GREENBURG. Well, I think it is very largely a policy judgment. On the one hand, of course, these are licensees that are regulated and licensed by the Government. On the other hand, they are, of course, it is fully recognized, and rightly so, that they are commercial enterprises which, at least in their business dealings, are left largely free of Government regulations.

The CHAIRMAN. The stations that have the big listening audiences are making good money, I assume.

They are, are they not?

Mr. GREENBURG. Certainly a lot of stations are.

The CHAIRMAN. Do you control their rates for them or do you just let them use their own discretion?

Mr. GREENBURG. No, we do not control them.

The CHAIRMAN. Do you have the power to regulate their rates?

Mr. GREENBURG. No, we do not; except in the very limited area we were talking about.

The CHAIRMAN. Except in the area of discrimination.

Mr. GREENBURG. That is right.

The CHAIRMAN. So the thought occurs to me, and this is not thinking in terms of a lawyer, but just a practical man trying to be fair about matters, I would have no compunction one way or the other about requiring some big station in Washington, New Orleans, or New York, making a lot of money up there, to donate the time free of charge to put these candidates on the air. I am talking about the President and his opponent. But it does upset me to think of some little station—I have known a lot of them that went broke. It does concern me to think about requiring that some little fellow who is losing money to give away more free time. He probably gives too much free time the way it is now. I wonder if that problem might exist somewhere else in the country? Are there any considerable number of television stations that are not making much money?

What is your guess?

Mr. SCHATZOW. Well, roughly, I think our last figures for 1965 showed approximately 15 percent of the television stations reporting a loss—VHF stations.

The CHAIRMAN. How about the UHF stations?

Mr. SCHATZOW. I think it was much higher, something like 30 percent.

The CHAIRMAN. With regard to these fellows reporting a loss, assuming that we had the money to pay for it, and we could certainly find it if we want to, would it not seem inappropriate and rather unfair that the Congress should require those people to give away free time? They are losing money the way it is now.

I take it from your gesture that you mean, well, perhaps so, but if you want to do it, that is your power. Congress has the power to do that?

Mr. SCHATZOW. Yes.

The CHAIRMAN. This is a statement that appeared in Senator Proxmire's statement in the Congressional Record, May 17:

> Under these circumstances, I would like to ask the Senator from Rhode Island whether under his power it would be a considerable evasion of the law * * * to persuade them not to sell time for political campaigns, but to provide free time to a limited extent, say for two or three weeks before the election.

What is your reaction to that?

Mr. GREENBURG. Senator, first——

The CHAIRMAN. He says that to begin with, the provisions might apply to just general elections where there are two candidates, et cetera, if the stations wanted to do that, provide this in the general election, when you have only the Republican and Democrat running, just two candidates, or maybe a third party—you would not have a proliferation of candidates—would that seem practical to you, or desirable?

Mr. GREENBURG. To provide time in a general election?

The CHAIRMAN. To provide that the stations give some free time in the last 2 or 3 weeks before election.

Mr. GREENBURG. I personally believe that certainly Congress can provide this. I think that there may some serious questions under the present law with respect to the Commission's ability to do this, certainly with respect to specific races. The Commission has said that part of the responsibility of the licensees is to provide time for political broadcasts, speaking generally.

The CHAIRMAN. So if I understand what you are saying, then, you are saying that in this theater of requiring stations to provide free time or provide for their doing something they are not doing now, we have the power to do it, that you take no position on whether we should or should not; if we want to do it, you will administer it, but you take no position on the policy question whether we should or should not?

Mr. GREENBURG. The Commission has certainly taken that position, that it is a legislative determination for Congress to make.

The CHAIRMAN. I quite agree. I think you are right about that.

Senator Bennett?

Senator BENNETT. Mr. Chairman, I appreciate the chance to ask a question or two. This is probably for my own information.

Under what regulations, or what is the general pattern that requires the station to furnish public service time? Is there a proportion of

their total time that they have to devote to public service? That is, unpaid?

Mr. RAWSON. Senator Bennett, there is no fixed figure as far as what they call sustaining versus commercial time. The Commission has ruled that commercial programs can be just as beneficial as sustaining programs. We have definitions of public service programs and we find for the most part most stations are very cooperative in providing public service announcements and public service programing for various organizations within their community and they do a pretty fair job of serving those needs.

Senator BENNETT. But there is no specific allocation of time?

Mr. RAWSON. No, sir.

Senator BENNETT. This is another technical question. I should know the answer. Is there any standard time between programs for announcements, or is each station and network free to devote as much time as it pleases?

Mr. RAWSON. I am not too sure—you mean for commercial time?

Senator BENNETT. Yes; you have a commercial program and it comes to an end. Then you have a whole series of announcements and then the next program starts, let's say a 30-minute program. Is there a standard pattern of the amount of actual time devoted to the program out of the 30 minutes, or is each station free to do as it pleases?

Mr. RAWSON. No, sir; the Commission has no fixed standard time in this respect. Of course, the National Association of Broadcasters has laid down a certain limitation as to the amount of commercial matter which may be contained in programs of a certain length. But the Commission has not fixed any regulation in this respect.

For example, the National Association of Broadcasters has a requirement that all members should not carry more than 10 minutes and 20 seconds of a commercial matter in a 1-hour program in prime time. In nonprime time, the limitation would be 16 minutes and 20 seconds for members of the association.

Senator BENNETT. If you do not want to be bound by that, you just resign; is that it?

Mr. RAWSON. Either that or be kicked out.

Senator WILLIAMS. Is that 16 minutes per hour?

Mr. RAWSON. That is per hour in nonprime: 10 minutes and 20 seconds in prime time.

Senator BENNETT. Off the record.

(Discussion off the record.)

Senator BENNETT. I ask this question because the political application of radio and TV that has been intriguing me is the possibility, Mr. Chairman, for a requirement during a period prior to election that a certain amount of time be set aside out of this commercial time between broadcasts where they bring in all the local advertisers who are different from the person who is sponsoring the broadcast. I happen to believe that it is better political advertising than to preempt a whole 15-minute program. I suppose we could write a law that would require that as a public service during so many of those 1-minute spots or so many minutes between broadcasts during a certain period provided on the equal time basis or the fairness basis. If the committee settles down to consider making some demands on the radio and television interest for the benefit of political candidates, I may try to

recommend that approach to it. I think that would disrupt the industry less, because I think they might shorten up the entertainment part of their program by a minute or two during this period without upsetting everybody too much and without creating the problem the chairman discussed when you preempt these programs and the listeners are upset because this might mean that the boys would not ride quite so far in "Bonanza."

Mr. RAWSON. Of course, in radio today, radio is primarily a medium of spot announcements. You are not faced with that preemption problem in radio. In television, of course, every television is getting more and more to the multiple sponsor rather than the single sponsor. There are times within the "Bonanza" program, even, where you could probably sneak in a 1-minute announcement on behalf of the candidate.

Now, some stations, of course, believe that this is not the proper way to inform the electorate, that 1 minute certainly is not enough to be able to cover the issue, any particular issue in an election. Actually, they have policies against carrying spot announcements of this nature at the present time.

Senator BENNETT. Stations with those policies are not out in my part of the country.

Mr. RAWSON. Those are television stations.

Senator BENNETT. Yes; I am talking about television stations, too. But I am not sure this is not an alternate method of handling this problem. You could not do it to the President of the United States, but to the sheriff the chairman has been talking about, it might be very much smarter to have a 20-second spot or a 40-second spot in between programs than to attempt to buy 15 minutes and talk about his concept of the responsibilities and value of the office of sheriff.

I have no other comments, Mr. Chairman.

Mr. SCHATZOW. If I may say, Senator Bennett, candidates apparently have recognized this, because in 1964, $24.5 million was spent for spot, political spot announcements as compared to almost $6 million for program time.

Senator BENNETT. So it is four times as great. Well, I am glad to be catching up with the procession.

The CHAIRMAN. May I say, however, that while I admit that these spots are enormously effective and candidates are, and I am also, going in more and more for them in political races—a great deal of this spot business really does not inform the public at all. A fellow gets a whole series of spots and he has to be the nice guy, a great fellow, a big grin, a handshake, he is an outdoor type, good to the kids, he comes home at night. By the time you get through with that, that does not present the first reason why you should support the fellow. It seems to me that in the public interest, we ought to find some way to educate the public more on this thing. I agree that on the sheriff, it might be well to say, don't forget your old friend, Brian Cummings, on Tuesday.

But when you are talking about the presidential race, there is something where the public really ought to be exposed to the issues to see what each side proposes to do, how they propose to handle these tremendous questions. I suppose both of them could still use some spots, but we should be educating the public.

Senator BENNETT. I would have to make the point, Mr. Chairman, that your chance to get to the television and turn the spot off is less than if you have a 15-minute program.

Senator WILLIAMS. That gets back to the enthusiastic response that I am getting from all over on my proposal to cut down the length of these campaigns and confine them to just 5 or 6 weeks, not to exceed that. What would be your recommendation in that connection? Or do you care to comment?

Mr. GREENBURG. Well, certainly, I am afraid I have no comment from the standpoint of the Commission. The Commission certainly has not considered or taken any position on that. I do not know that they would even consider it would be appropriate for the Commission to do so, Senator.

Senator WILLIAMS. I understood that one of the gentlemen gave some figures a moment ago as to the amount that was spent in 1964 for spots and for other types of advertising during the 1964 campaign. Do you have available a full amount of advertising, both by the national committees and by other political committees, that was paid out for television and radio during the year 1964? Do you have that? During the campaign year, I mean?

Mr. SCHATZOW. Yes, sir. The figures we have are not figures which reflect the total expenditures on television and radio. The figures we have are the receipts by the television stations and the networks. There is, of course, an additional amount which may have been spent on the production of programs or on the production of spots which we would not have.

Senator WILLIAMS. I was not speaking of that. Do you have a breakdown as to how much was spent by the different parties or the different committees? If you do not have that here today would you furnish that for the record at this point?

Mr. SCHATZOW. All right, we can submit for the record—I have with me a copy of our report on the 1964 election. We do not have it by committees, we have it by parties; that is, the time that was bought on behalf of Republican candidates or supporters and the time that was bought by Democrats.

Senator WILLIAMS. That would be all right. I do not know whether there was some extra time that was bought by an independent committee, some committee operating independently of either of the two parties. Would you have that also? For political purposes, I am speaking of.

Mr. SCHATZOW. We would have it. If it were in support of a Republican candidate, it would be reflected under Republican.

Senator WILLIAMS. Do you have it broken down as to how much was actually purchased and paid for by the national committee or the State committees or by some committee that was operated independent of the Republican Party and its supporters. Do you have a breakdown of that?

Mr. SCHATZOW. No, sir, we do not have any information on the actual source of the funds.

Senator WILLIAMS. Well, could you get that for us?

Mr. SCHATZOW. I do not believe so. The only way we could get it would be by a questionnaire to the individual stations and networks.

Senator WILLIAMS. Well, what I was figuring, you do not get a total unless you have something to add from four or five committees.

If you are going to add them up, and you got the total, there must be some figures around somewhere that show how you arrived at the total. You do not pull it out of the air. You got the total by adding up the subdivisions. I am wondering, are those subtotals available?

Mr. SCHATZOW. The point is, Senator, we get our information from the stations and we did not ask them to break it down in terms of whether they got it from committees or the party, but rather by party in the sense of whether it was paid for, a program, with a Republican candidate appearing or supporter of a Republican candidate.

Senator WILLIAMS. But that would not show how much was spent, you might say, by the national committee in the presidential race or how much of that may be shown by the candidate for the House or the Senate, or the State committee for the Republican or Democratic Party in the State?

Mr. SCHATZOW. We do get separate figures for the money that was spent for the presidential and vice-presidential campaigns. But again, I must say we did not get it in terms of who spent the money actually. But we do have figures for that and of the total amount that was spent on television and radio, in 1964, 37 percent of that total was spent in connection with the presidential and vice-presidential elections.

Senator WILLIAMS. You will give us what breakdown you have?

Mr. SCHATZOW. Yes, sir.

The CHAIRMAN. If I may interrupt, I just want to say that I think that is a good idea and while we are at it, I think you ought to give us such cooperation as you can in helping us determine how much money was spent on radio and television in that 1964 campaign, including the money that was spent by independents such as myself. In my own State, I got carried away by my enthusiasm in the late innings and went out and spent about $10,000 through an advertising firm to buy time and make a statewide broadcast. I urged some of my friends to do likewise. Those kinds of things I would hope all would be shown so we could find what the production cost was so we could see what was actually spent. It seems to me we could get it better through your Commission. I would like to find out what was actually spent for this. Do you think you could find out?

Mr. SCHATZOW. May I submit for the record, Mr. Chairman, our report? I think that has all the information you and Senator Williams want.

(The report referred to "Survey of Political Broadcasting—Primary and General Election Campaigns of 1964", was made a part of the official files of the Committee.)

The CHAIRMAN. We will accept that. If it does not have the information we want, we will ask for it.

You do not have information on production time?

Mr. SCHATZOW. It is included in our figures if this was done by the station or the network. But if it were done by an independent producer—and generally in the case of spot announcements, that is the way it is done—we would not have those production or distribution costs.

The CHAIRMAN. Let me ask you, would your figure reflect that program that I put on in Louisiana, does it reflect the time that was sold on behalf of the Democrats?

Mr. SCHATZOW. It would be included.

The CHAIRMAN. Would that show whether that was approved by the candidate or not, or whether it was Senator Long who bought the time?

Mr. SCHATZOW. No.

The CHAIRMAN. So just finding what was done by third parties and independent committees, those figures might not reflect that?

Mr. SCHATZOW. It would show the money that was spent in behalf of third party candidates. It would not show by whom it was spent.

The CHAIRMAN. I see. You say that in that year, 37.5 percent was spent by persons seeking to influence the outcome of the presidential campaign?

Mr. SCHATZOW. Thirty-seven percent of the total that was spent that year was spent in connection with the presidential and vice presidential campaign.

The CHAIRMAN. That is radio and television?

Mr. SCHATZOW. Yes, sir.

The CHAIRMAN. Does that include advertising in the papers that this program was going to be heard?

Mr. SCHATZOW. No; that would not include that.

The CHAIRMAN. Would that include a television station ad on the debate?

Mr. SCHATZOW. No, sir. The total in the 1964 campaign was $34.6 million. That includes primary and general elections.

The CHAIRMAN. Of that, about $11 million was spent, I take it——

Mr. SCHATZOW. $12.8 million was spent in connection with the presidential and vice-presidential campaign.

The CHAIRMAN. I want to know on this Alexander report, whose best information, it seems to me, came from the Republican Party documentation—these are Republican campaign expenditures made by the committees. It has been referred to so many times; TV and radio time, $4,542,000. TV and radio production, $1,066,484, for a total of about $5,600,000.

Now, that is less than half the amount spent in presidential campaigns. What would your breakdown indicate that the differential between the two parties was on that $12 million?

Mr. SCHATZOW. On the presidential?

The CHAIRMAN. Yes. May I say that I wish the Democratic Committee had reported in the same depth the Republican Party reported on that occasion, because it would have been very helpful.

Senator WILLIAMS. They will be testifying a little later today, and we can ask them just how much was spent and get it in the record. If they are going to ask for direct appropriations, they certainly must know how much they spent. Certainly, there is no need of giving them more than they need. So I would say the two committees should furnish us this information.

The CHAIRMAN. Would you mind telling us what the answer to the question is that I asked now?

Mr. SCHATZOW. I do not have, Senator, the breakdown as far as the money that was spent with the networks. But with respect to what was spent with individual stations, in the total for both the primary and general election, it was $3.8 million for the Republicans, $2.1 million for the Democrats.

The CHAIRMAN. But you do not have the network expenditure?

Mr. SCHATZOW. This is for television.

The CHAIRMAN. Will you yield for a moment?

That gets back to the point. You have $3.8 million spent by the Republicans in one place and $2.1 million for the Democrats in another and you come up with a total of $12.8 million. I want to know where you got it from, because somebody did not reach into the air to get that differential. If they did, I think we would like to know. I think it is well to ask where they got this breakdown. I do not understand where you got $12.8 million if you do not have something to add up to it. Maybe you do, but they did not when I went to school.

Mr. SCHATZOW. This is just for television and just for television stations. The total spent with the networks in the 1964 campaign was $4.2 million.

The CHAIRMAN. That is the total?

Mr. SCHATZOW. The total spent with the networks.

Senator WILLIAMS. 4.2?

Mr. SCHATZOW. That is right, that is radio and television.

The CHAIRMAN. Can you break that down?

Mr. SCHATZOW. I am sorry, we cannot. We can supply that for you.

The CHAIRMAN. If you can get it for us, please do that.

Senator WILLIAMS. Well, the 3.8 includes radio and television; is that correct? And 2.1 is the amount for the Democrats?

Mr. SCHATZOW. No; that is just television stations.

Senator WILLIAMS. The reason I asked that, $4.2 million for the networks, and adding that to the other figures you gave, you come up with $10.1 million. We are still a million seven out of the way.

Mr. SCHATZOW. That is right.

Senator WILLIAMS. Where did that come from?

Mr. SCHATZOW. That would be radio, sir.

Senator WILLIAMS. To save the time of the committee, you are furnishing that report to the committee?

Mr. SCHATZOW. Right.

Senator WILLIAMS. Now, I think you understand the questions we raised here that we would like to have answers for, do you not?

Mr. SCHATZOW. Yes.

Senator WILLIAMS. Would you go through this report and furnish us a simple layman's answer to these questions? Because it has been my experience that I have a little difficulty understanding those voluminous reports. That one may be clear, but would you go through and furnish for the record a simple statement of explanation with the best breakdown that you have for these various expenditures?

Mr. SCHATZOW. Yes, sir, we would be glad to.

The CHAIRMAN. That is fine. If you can break those figures down for us, I think it will be very helpful and enlightening.

(The information referred to follows:)

The Commission directed a questionnaire to radio and television stations and networks requesting information concerning their political broadcast activities during the Primary and General Election campaigns of 1964. The information received was summarized and analyzed in the report, "Survey of Political Broadcasting—Primary and General Election Campaigns of 1964" which has been submitted for the record. Table 1 of that report shows a breakdown of the $34.6 million representing total charges for political broadcasts in 1964. The table shown below provides a similar breakdown of the $12.8 million (out of the total of $34.6 million) which represents the total charges for political broadcasts relating to the Presidential and Vice-Presidential contests. The figures shown in

the table in the report and in the following table represent the amounts received by radio and television networks and stations for political broadcasts and political announcements. They do not include any amounts that may have been spent for the production or distribution of programs or announcements prepared by other than stations or networks. Nor do they include any amounts that may have been spent for newspaper publicity relating to such programs or announcements. The breakdown of charges by party (i.e., Republican, Democratic, and other) represents the amounts paid to networks and stations for time or announcements in behalf of candidates of the party indicated. We do not have any information which would distinguish between the amounts paid by the candidate or his party on the one hand and the amounts paid by any individual, or committee, or group supporting the candidate on the other hand.

Total charges[1] *for political broadcasts relating to candidacy for President and Vice President: 1964*

	Total charges	Television			AM radio		
		Total	3 networks	Stations	Total	4 networks	Stations
Primary and general election, total	$12,829,764	$10,098,184	$4,063,640	$6,034,544	$2,731,580	$121,705	$2,609,875
Republican	7,619,947	6,009,796	2,168,245	3,841,551	1,610,151	91,203	1,518,948
Democratic	5,084,175	4,010,255	1,895,395	2,114,860	1,073,920	30,502	1,043,418
Other	125,642	78,133		78,133	47,509		47,509
Primary, total	1,748,199	1,202,571	256,629	945,942	545,628	2,340	543,288
Republican	1,251,183	893,494	256,629	636,865	357,689	2,340	355,349
Democratic	410,307	244,748		244,748	165,559		165,559
Other	86,700	64,329		64,329	22,380		22,380
General, total	11,081,565	8,895,613	3,807,011	5,088,602	2,185,952	119,365	2,066,587
Republican	6,368,764	5,116,302	1,911,616	3,204,686	1,252,462	88,863	1,163,599
Democratic	4,673,868	3,765,507	1,895,395	870,112	908,361	30,502	877,859
Other	38,933	13,804		13,804	25,129		25,129

[1] Before commissions and after discounts.

Senator WILLIAMS. I understand that you have no authority to fix rates on advertising. Do you fix or control the amount of time that will be allocated for commercials?

Mr. GREENBURG. No, sir, the Commission does not fix the rates.

Senator WILLIAMS. The Commission does not fix any control whatever over the amount of advertising?

Mr. GREENBURG. The Commission does not have any regulation with respect to the amount of time which stations may have, the percentage of time, say, in an hour that they may devote to commercials.

Senator WILLIAMS. You have no such authority to control that time? Or do you just not exercise the authority?

Mr. GREENBURG. I think the Commission does have certain authority in this field. It has not been exercised in a way to prescribe any regulations.

Senator WILLIAMS. Then, you do have the authority, but you have just not exercised it?

Does the Commission obtain any records from these various television and radio stations as to the rates that they are charging for advertising? Do they file with you a report as to their rates or as to their income from advertising sources?

Mr. RAWSON. Senator Williams, the television rate schedules are published by mostly all the television stations as standard rate data.

Also, all the licensees are required to furnish to the Commission their income and expenses, a complete, detailed breakdown of their income and expenses each year. We have that information, yes, sir. But we do not require that they file with us their rates. They are published elsewhere.

Senator WILLIAMS. You do not require them to furnish their rates, but you do require them to file with you their income which would be the total amount collected from this, is that correct?

Mr. RAWSON. Yes, sir.

Senator WILLIAMS. Do you have that information compiled where it could be submitted to this committee—we will say for the past 5 years—so we can see how this has progressed, whether they are moving forward or backward and to what extent these rates may have been increased or decreased over these years?

Mr. SCHATZOW. Yes, Senator. We publish every year a report for radio and one for television which summarizes this information submitted to us. It would not indicate how rates have increased. It would indicate the changes in the overall growth of the industry and the profits of the station.

Senator WILLIAMS. Well, it would reflect the rate increases, or their income as it could be increased by the amount of advertising. It would reflect their income from advertising, would it not?

Mr. SCHATZOW. Yes, sir.

(The information referred to follows:)

In response to the request for information regarding overall advertising income, we are showing below total broadcast revenues and pre-tax profits for radio and television for the years 1961–1965. Similarly, we are showing the figures for the radio and television stations in the five largest markets in the country over the same period of time.

Total revenues and pre-tax profits of broadcasting industry, 1961–65

[In millions of dollars]

Item	1961	1962	1963	1964	1965
Revenues	$1,901.9	$2,113.0	$2,266.9	$2,512.5	$2,741.6
TV	1,318.3	1,486.2	1,597.2	1,793.3	1,964.8
Radio	583.6	626.8	669.7	719.2	776.8
Profits	269.0	358.3	401.3	489.4	529.0
TV	237.0	311.6	343.2	415.6	447.9
Radio	32.0	46.7	58.1	73.8	81.1

Senator WILLIAMS. Without identifying the stations, could you furnish for us a cross section of 20 stations, showing their income from this source over the past 5 years? And also, do you have that broken down by months?

Mr. SCHATZOW. No, these are reports for the calendar year. These published reports would show you such changes as, for example, in a particular market, let's say New York, they could be compared for the 5 years and we could see what the change in the total revenue has been and the change in the profit.

Senator WILLIAMS. Well, would you furnish us—I do not suppose you would want to identify the stations, but would you furnish us this

information by Nos. 1, 2, 3, and give a report on the same station in the various cities for the past 5 years, the income on advertising?

Mr. SCHATZOW. Yes, sir. We can submit again for the record these published reports, if you would like. We can prepare a simple summary statement along the lines that you indicate you would like to have them.

Senator WILLIAMS. That would be fine—and I would appreciate that as you report on station No. 1, that you follow through at this particular point their 5-year record, so that we will have it in a picture.

Mr. SCHATZOW. Yes, we will group stations and then give you the composite picture for them for the 5 years.

Senator WILLIAMS. What I am trying to get, we would like to have these advertising rates before voting on the President's proposal.

Now, could you give us a sample check of the networks—there are not too many of them—as to their rates for political advertising as compared with commercial rates on an annual basis? That is, when we move into the political arena in the months of October, when it is usually a heavy concentration, are they charging more, or are they charging less for political broadcasts than they would for other types of advertising?

In other words, how does the month of October during a political campaign compare with the month of October during the off year elections? Could you get that breakdown for us for some of the stations and the networks?

Mr. SCHATZOW. We do not have that information. I am sure we could get it from the networks. You would be interested in their receipts?

Senator WILLIAMS. In the advertising income for the month of October during the campaign years as compared to their income for the same month during the years in off year elections. I think we would need that information if we are going to intelligently act on the question as to whether or not they could afford to give free time, time at reduced rates, or a combination of both.

Mr. SCHATZOW. Well, we will be glad to.

(The information referred to follows:)

The question was asked whether we could supply information on the advertising receipts of networks which would provide a comparison for the month of October during election years and non-election years. The financial data provided to the Commission by networks and stations is on a calendar year basis and we, therefore, do not have the precise information requested. There are, however, figures published in trade publications which provide reasonable approximations of the networks' advertising income on a monthly basis. The Television Bureau of Advertising releases figures compiled by two organizations, Leading National Advertisers and Broadcast Advertisers' Reports. These figures are based on information obtained from the networks and from leading advertising agencies. According to the January 10, 1966, and January 11, 1965, issues of *Broadcasting Magazine*, network television billings for October 1963, 1964, and 1965 were, respectively, $111.1 million, $120.9 million, and $134.9 million.

Total broadcast revenues and pretax profits of television and radio stations in 5 major markets, 1961–65

[In thousands of dollars]

Market	1961	1962	1963	1964	1965
NEW YORK					
Revenues	109,743.7	118,842.6	131,525.8	142,241.5	152,548.4
TV	76,912.0 (7)	84,406.2 (6)	93,643.7 (6)	105,228.3 (6)	111,126.0 (6)
Radio	32,831.7 (30)	34,436.4 (30)	37,882.1 (32)	37,013.2 (33)	41,422.4 (34)
Profits	37,997.2	43,891.2	46,471.0	50,178.2	51,469.3
TV	32,600.5	37,729.1	38,579.4	43,346.8	43,370.2
Radio	5,396.7	6,162.1	7,891.6	6,831.4	8,099.1
LOS ANGELES					
Revenues	66,378.8	80,099.2	87,080.1	98,774.3	110,722.5
TV	45,232.3 (7)	56,622.8 (8)	61,568.0 (9)	72,458.5 (9)	81,329.1 (9)
Radio	21,146.5 (31)	23,476.4 (31)	25,512.1 (31)	26,315.8 (29)	29,393.4 (29)
Profits	11,385.1	18,248.1	20,076.1	28,125.1	32,635.3
TV	8,050.8	13,938.7	15,245.2	21,848.2	27,003.4
Radio	3,334.3	4,309.4	4,830.9	6,276.9	5,631.9
CHICAGO					
Revenues	66,304.7	72,222.6	77,758.6	87,317.0	93,570.7
TV	43,335.0 (4)	48,713.8 (4)	53,522.3 (4)	61,967.6 (5)	67,041.1 (5)
Radio	22,969.7 (27)	23,508.8 (27)	24,236.3 (29)	25,349.4 (30)	26,529.6 (31)
Profits	22,479.5	25,431.2	26,795.0	29,838.5	31,115.6
TV	15,771.5	19,001.2	21,193.9	24,798.9	25,362.6
Radio	6,708.0	6,430.0	5,601.1	5,039.6	5,753.0
PHILADELPHIA					
Revenues	37,359.6	42,078.4	44,761.1	48,705.8	52,476.1
TV	25,839.2 (4)	30,300.3 (3)	31,670.8 (3)	34,681.3 (3)	37,962.7 (6)
Radio	11,520.4 (21)	11,778.1 (22)	13,090.3 (24)	14,024.5 (24)	14,513.4 (24)
Profits	10,316.9	13,201.4	15,589.5	18,013.2	19,461.9
TV	9,468.4	12,341.4	13,916.6	15,819.8	17,081.0
Radio	848.5	860.0	1,672.9	2,193.4	2,380.9
BOSTON					
Revenues	30,500.4	33,866.6	34,961.0	39,423.6	43,039.7
TV	21,026.6 (3)	24,026.0 (3)	25,011.1 (3)	28,467.8 (4)	31,336.8 (4)
Radio	9,473.8 (17)	9,840.6 (17)	9,949.9 (17)	10,955.8 (18)	11,702.9 (18)
Profits	10,958.2	12,969.3	13,706.5	17,078.5	18,805.5
TV	9,655.3	11,773.8	12,597.4	15,516.1	17,246.5
Radio	1,302.9	1,195.5	1,109.1	1,562.4	1,559.0

NOTE.—Figures in parentheses represent number of stations reporting.

Senator WILLIAMS. There have been some suggestions that political advertising has been at much higher rates than the normal charges. Some have argued that it is cheaper, so I want to find out.

Mr. SCHATZOW. I am not sure this information would answer those questions.

Senator WILLIAMS. I am not sure, either, but I think it would be interesting if I could get it. So if you could help me get it for the months of October for networks, and we will say for a half dozen of the principal stations that would be involved in this, so we can make a comparison, I think it would help.

I think it would help us, and any additional information that you may have as to the amount of their income that would be from that advertising. I think we need this for comparison in order to make our decisions. I appreciate your furnishing all these reports, but I wish you could break them down so we ordinary laymen can understand them without too much complication.

The CHAIRMAN. Thank you very much, Mr. Greenburg. We appreciate you gentlemen appearing and we will be in further touch with you.

Thank you very much.

Mr. GREENBURG. Thank you, sir.

The CHAIRMAN. We are pleased to have with us the distinguished senior Senator from North Carolina, the Honorable Sam Ervin. He has made a great contribution to the Senate.

Senator Ervin, I want to say we are proud to have you here before this committee. I once served with Senator Hoey on this committee and he made a great contribution and we are proud to have North Carolina represented here. We are pleased to know your views on the matter, because if I do say it, up to this point, the record would pretty well indicate that you have voted, you have listened, but you have had little to say.

STATEMENT OF HON. SAM J. ERVIN, JR., A U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator ERVIN. Thank you, Mr. Chairman. I appreciate your most gracious welcome.

The astounding increase in the cost of seeking political office in recent years has focused the Senate's attention on the creative work which must be done in campaign finance reform if our Nation is not to forfeit political power to a few wealthy enough to purchase elective office. The necessity for keeping our expanding electorate responsive and the increasingly high cost of using the communications media for this purpose has made it obvious that a public obligation does exist to assist in financing political campaigns.

However, any proposal to accomplish the ends of campaign finance reform must complement certain basic objectives of our political structure. Mr. Chairman, I believe the following fundamentals should be seriously considered before any legislation is enacted:

(1) All present and future political parties, including third parties, must be allowed to benefit from the financing plan.

(2) All individual candidates, from the courthouse to the White House, must be included in any equitable financing arrangement.

(3) Because of the overwhelming position of our national parties, the party primaries have gained such importance that funds must be available to opposing candidates within a single party.

(4) Control over funds should be diffused as much as possible to avoid concentrating political power in the hands of the few who control the national party committees.

(5) The plan must encourage as many citizens as possible to become involved in the election process.

Mr. Chairman, I believe present proposals for Federal financing of presidential campaigns by direct Treasury appropriation to national committees fall miserably short of these objectives. Not only could this method lead to monolithic party structure with rigid, stifling party discipline, but individual giving would be discouraged by the lack of the donor's control in designating the recipient of his contributions.

There is a real danger that the direct appropriation by a congressional committee, as recommended by the President, could be controlled by the majority party in Congress at that time. I believe this is a possibility we must not allow. Also, even though direct appropriation approach makes a nominal attempt at the third-party problem, they would be discouraged. The after-the-fact reimbursement of third parties provided for in the President's recommendation is like promising a dead man food if he comes to life. There is no denying that third parties have played a useful role in our political history, and I would hate to limit their opportunity to do so again.

I would support, Mr. Chairman, a $50 tax deduction for contributions to any candidate or party of the taxpayer's choice, whatever the office or party might be. This would be the most meaningful step toward the original purpose of campaign fund reform: First, freeing money for poorer candidates, and, second, broadening the base of financial support for political campaigns. Also, unlike the direct appropriation, the tax deduction method would benefit candidates in the primaries and for offices below that of President where contributions are so difficult to raise.

Through the use of a tax deduction, individuals will be encouraged to involve themselves in all aspects of our political life—Federal, State, and local—and the high public interest in securing the election of unobligated candidates will be served. Too many fine candidates, particularly at the State and Federal level, are discouraged from entering elected public service from the sheer weight of financial realities and a method with the proper built-in safeguards must be enacted to further the cause of a more effective democracy.

Mr. Chairman, I feel a tax deduction approach correctly satisfies the need for campaign financial reform, and I hope the committee will move in that direction.

This is very simple, the tax deduction approach is a very simple method. It requires no elaborate Federal machinery for supervision. It leaves the freedom to control election processes to the people rather than putting them in the hands of officeholders, and I think in the interest of preserving the most precious value of our civilization—that is the freedom of individuals—the tax deduction method approach is the only rational way to solve this problem.

I thank the committee.

Senator WILLIAMS. This proposal that you have made would preserve the right of the individual citizen to support the party or the candidate of his choice, while at the same time it would encourage a wider participation on the part of the masses of American people, provide them by this approach a way to take a greater interest in their government. I think it is a constructive suggestion and one which I hope we can follow. I agree with you fully that it would be disastrous for us, by the direct appropriation method, to build in a system here where we could never have anything but these same two political parties. I think the right of the average American citizen to oppose

both of our political parties—which I hope they do not—but to support a third candidate is their American right, and to do it with their finances as well as their vote. This proposal you are making certainly merits consideration because it is in that direction.

The CHAIRMAN. Senator, you understand, do you not, that with regard to third party problems, the bill I introduced—in fact, I have two bills before the committee. I thought I would shoot both to the left and to the right depending on which direction the committee wanted to go. In either event, the bills I introduced, one the administration approach, the other which follows what we like to call the Metcalf voucher plan but limited only to the presidential campaign, would provide for third parties which get as much as 5 percent of the votes.

In the other one, it would make no difference how many votes he got. If you were to support the candidate for the prohibition party, you would get a little voucher that is worth $1 and you would write down there the name of the man you want to vote for and just mail it on in. That is worth a dollar toward his campaign. So if that approach were to be used, you could call it all kinds of things and you would approach it from all different angles. You could call it a tax credit, a tax refund, you could call it appropriations. But whatever it was, it would permit all the third parties to participate.

Senator ERVIN. But they would not know whether it was deductible until they found out, counted up the votes. They would not know whether they had the 5 percent.

The CHAIRMAN. Not the Metcalf one. Now, the administration bill takes the approach, but I was not speaking of that. Of course, I am speaking of both, but the administration bill takes the approach that with regard to a third party, that party can have its choice. It can either rely upon the number of votes it received in the previous election or it can be reimbursed based on the number of votes it received when the election takes place.

For example, you can apply that to Gov. George Wallace if he desires to run. He has no prior experience as candidate for election to President of the United States. He only has experience in primaries. But he could perhaps take a poll that would indicate he is going to get about 13 percent of the vote, which might be about 8 million. He could then derive from that the fact that he was entitled to a certain amount of money, and I would imagine some could be advanced to him by loans from supporters which could be paid back and reimbursed to them when the campaign is over. So the administration bill provides a method by which a third party just starting could nevertheless go and make his case before the people.

Senator ERVIN. The fundamental defect I see in that is that the established parties get theirs when they need it which is before the election, when the campaign is on, and the other people get theirs after the election is over. And as I said, it is like promising food to a dead man provided he is present at the resurrection.

Senator WILLIAMS. And one other point; if the polls he relied on were as misleading and far off base as they were in 1948, he may end up with 4.99 percent of the vote and $8 million debt and nothing to pay for it. Under the President's proposal he would get nothing.

The CHAIRMAN. Those polls were not far off in 1948. They reached the wrong conclusion. But if you look at a poll that says you have 51

percent, the man who took the poll claimed a 10-percent margin for error, or at least 5 percent. So he would claim three points for his allowed error. So say you got 51 or 52 percent. The outcome could be different just by the slippage in his own margin of error.

Senator ERVIN. I say that that illustrates the undesirability of any kind of election reform in the financial field other than a tax deduction to be controlled by the taxpayer, the individual. Because who is going to run the poll? Certainly the Government would not let me run the poll if I were running for President and would not take my figures. You would have to set up some more Government machinery to take the poll. One of the great advantages of the tax deduction approach is that you do away with any necessity for any further Government regulation or any further Government employees except those they already have in the Internal Revenue Service, when the man would submit a receipt.

Furthermore, I think it is wrong to say the only man whose campaign is going to be financed is the President. I think if a man wants to make a campaign contribution to the sheriff's race, that man should be included. The President needs it less than anybody, at least the incumbent President, because the way Congress appropriates hundreds of millions of dollars to be expended at the discretion of the Government, the incumbent candidate already has a lot of money available to him, for all practical purposes.

The CHAIRMAN. If you do not tie it down, though, Senator, you have to be careful that some boys do not get together with another tax avoidance scheme and say, "Now, let us get old Joe Blow to run for constable every 4 years; he does not care about being constable, but that will make it possible for us to get a tax deduction, and we will split the profit with him."

So, the man ran and he did not spend the money, but look at the person in the 50-percent bracket. There would be a $25 gain there, and that would be enough to split the profit, $12.50 apiece between him and the man who contributed the dough.

Senator ERVIN. I would say the answer to that is simple. If the man receives the money for one purpose and uses it for another, he is subject to indictment under existing laws in every State in the Union. I do not think a man wants to give away money merely to get a tax deduction. He gives it away because he is interested in the cause to which he gives it, and also he would be interested in——

The CHAIRMAN. He cannot do it now, but if you pass that law and do not tie it down, you had better be careful.

Senator ERVIN. I would not be in favor of giving a man an unlimited amount.

Senator WILLIAMS. I might respectfully point out that the chairman has just made an excellent statement in favor of your proposal, and he has just shot the Metcalf voucher proposal full of holes, because it is wide open for abuse, as he says. I thank you for your support.

The CHAIRMAN. If you take a look at the bill I introduced, there are all kinds of safeguards in that one. He would go to the penitentiary.

Senator WILLIAMS. The administration itself recognizes that their original proposal is not good.

Senator ERVIN. The only limitation that I would put on the proposal is that the man make a contribution to the party of his choice, or to the candidate of his choice. That is all you need. You already

have the law to control that, and the employees to administer it in the Internal Revenue Service.

Senator WILLIAMS. Also, it is attractive in that the individual making the contribution must dig into his own pocket and make some sacrifice. Otherwise, I do not think we are accomplishing anything.

Senator ERVIN. Instead of taking it out of the Treasury under any appropriation system, you are going to take the taxpayers' money. In many cases, you are going to use it for purposes which the taxpayer abhors.

Senator WILLIAMS. They would be taking the taxpayers' money and using this money to finance the two major political parties when he maybe in strong opposition to those two parties, and he may wish to support the third party, which is his right. Why take his money and make him finance your party and my party, when his party is left out. I do not think that is fair.

Senator ERVIN. The plan I suggest also just takes a simple way. It lets the voter control, rather than the office holder. And you need no new machinery. You need no more employees to supervise things. And it preserves the basic principle of freedom.

Senator WILLIAMS. And if they do not think you and I are worthy of an election, they do not have to finance our campaign. They can get rid of us.

Senator ERVIN. Any other kind of regulation is going to be something that complicates simplicity, when simplicity does not need to be complicated.

I thank the committee.

The CHAIRMAN. Thank you, Senator.

The next witness is Mr. Carlos Moore, who is legislative director of the International Brotherhood of Teamsters.

We are pleased to have you here, Mr. Moore. We will be grateful for your statement.

STATEMENT OF CARLOS MOORE, LEGISLATIVE DIRECTOR, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS OF AMERICA

Mr. MOORE. Thank you, Mr. Chairman.

I would like to introduce two of my colleagues, Mr. Al Edwall on my left, and Mr. Bill Brack on my right.

Mr. Chairman and members of the committee, I appreciate the invitation to appear before you.

I represent the views of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

We are in agreement with the distinguished chairman of this committee when he said in a recent statement that the Presidential Political Campaign Financing Act of 1966 was one of the most "* * * constructive pieces of legislation passed by the Congress in 1966."

Further, we are in support of S. 1883 which will amend the Presidential Election Campaign Fund Act of 1966 and incorporates the recommendations of the administration.

We feel this is constructive legislation that is long overdue and will solve one portion of a very large and complex problem.

Howard K. Smith, a distinguished journalist and television news analyst estimated in 1964 that money spent at every level in every political subdivision of the United States on behalf of candidates in 1964 amounted to more than $154 million dollars.

Mr. Smith also indicated that the 1968 figure could well approach $180 million and despite political party efforts to the contrary, much of this money will come from special interest groups.

There have been attempts by our two major political parties to raise money at local levels. Most of us are familiar with the "Dollars for Democrats Drive" and its Republican counterpart, "Neighbor to Neighbor" program. These are voluntary gift programs that have shown some success, but have fallen far short of supplying money in such quantities as Mr. Smith has previously indicated.

President Johnson's bill to amend the Presidential Election Campaign Fund Act of 1966 is progressive social legislation and that is why we are here in support of this measure.

I also would like to point out that in social legislation, which benefits the majority of the people, we have always accepted the responsibility of leadership. We fight daily for improved social security benefits, pension plans, minimum wage and job protection for the underprivileged and unrepresented. I am sure the committee is aware that very few of our members, retired or active, rely substantially on Government-financed benefits.

Our position on political campaigns is known to members of this committee. We support the candidate rather than the political party.

All candidates are faced with fund raising, regardless of their personal financial stability. They use many methods to finance travel, television, radio, newspaper, and billboard advertising. Most candidates are aware that the only thing they get free is advice, both good and bad.

Consequently, the large contribution becomes a factor, not only of the candidate's conscience and political philosophy, but an outright compromise of the electorate that is voting him into office. Some of this money is reported and some not.

Immediately following the election, news columnists flood their various newspapers and magazines with reported contributions to the candidates tagging them to some big lobby.

Since political candidates and elected representatives of the people are never out of the glare of publicity, the facts about them are often distorted and sometimes wrong, yet it can destroy their effectiveness as an elected representative.

Thus the candidates for political offices, through various means, must hide most financial help. Bills and invoices are freely dispersed across the Nation to various interest groups that "pick up the tab." This is no secret, for it has been revealed to the American people many times through the news media. The conclusion that such arrangements exist has been accepted.

But this answer that we accept, cynical and self-defeating, can be eliminated by constructive legislation that is long overdue on the American political scene.

To those courageous men and women who choose to be our elected representatives as President, Senator, or a Member of the House of Representatives, we must acknowledge at last, that it takes money for them to seek these high offices. The present methods of financing

their campaigns must be abolished and total participation by all people must become a fact.

Mr. Chairman, the International Brotherhood of Teamsters applauds your effort in 1966 concerning presidential campaign financing and urges that the Senate Finance Committee send the administration amendments to the floor of the Senate for debate. We urge that every argument be presented for and against the method of financing. We endorse the President's recommendation.

In concluding, all of us must remember that the American political scene needs to be improved. Our elected representatives must be protected from a weakness of our system.

It was Abraham Lincoln, dispirted on the night of his election to the Presidency, who explained it best when he said to his campaign committee:

"They have gambled me all around, bought and sold me a hundred times. I cannot begin to fill the pledges made in my name." [1]

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much for a very thoughtful statement.

With regard to these small campaign contributions, I wonder if it might be helpful for the Government to consider merely mailing out an envelope in which a person could send a campaign contribution if he wanted to do so? I have heard on occasion that mail carriers are pretty bad about opening up envelopes that they think have cash in them, but maybe you could send out some sort of envelope that would have a postal money order or some such thing in it, to make it easy.

What is your impression about this thing of raising small contributions, such as $1 contributions? What is the difficulty there?

Mr. MOORE. In the first place, I think it sounds good. That is what we all would like to have, $1 contributions from every citizen in this country. It sounds good to the people when we talk about it on television and go out and talk to our members about it. But in fact, it does not work. It has not worked to this point.

Now, my belief is this, that if this bill is passed, we feel that we will get more people involved in our elective processes. We are spreading interest somewhat, because it is coming from tax revenue. We are not asking for a dollar donation from the citizenry.

I just happened to think that most of the more sophisiticated, I would say predominately business people, would probably respond by giving $1, $5, $10, whatever is in the bill. But the average everyday workingman, the man who wears a pair of overalls, the man who digs ditches, needs every dollar he can get. So I hesitate to think he would respond very well.

The CHAIRMAN. As a union man, I imagine you know it is pretty tough to get the union dues from them.

Mr. MOORE. I think this is true of every organization, whether it be union dues, taxes, whatever.

The CHAIRMAN. In other words, it is you feeling that when a man looks at that dollar, he would say, "Wait a minute, that is a buck I can use to put some gasoline in my tank to go back and forth from work to home," or "That is a buck I can use to buy meat or butter. I am not sure I ought to be giving that buck to these politicians."

[1] Lincoln the President, vol. I, p. 170, J. G. Randall.

Is that right?

Mr. MOORE. That is right. Most of our people, when they get that paycheck in their pocket on Friday, they owe their grocery bill, they owe their obligations to the television appliance center, and the automobile note. When they get the dollar, it is pretty well obligated and it is pretty hard to ask them to give that additional dollar for a political campaign.

The CHAIRMAN. Thank you very much.

Senator WILLIAMS. I have just one question.

In endorsing the President's recommendation, you are endorsing also his proposal for a complete overhaul of the Corrupt Practices Act, which would require full disclosure and extension of that act to primaries, also, are you?

Mr. MOORE. We are endorsing this bill, S. 1883, I think, that is the correct number. That bill does not include revision of the Corrupt Practices Act. The President's recommendation in the message he sent to the Congress did contain provision for revision of the Corrupt Practices Act.

He did have several proposals, and it is my understanding that this bill we are having a hearing on today is S. 1883—I think that is the right number. I am here to testify in support of that bill. Other recommendations that the President might have, if you hold hearings on them, we will be happy to testify on them.

Senator WILLIAMS. We are holding hearings now, and I am asking you, do you care to comment on the proposal to amend the Corrupt Practices Act to require full disclosure and extend it to the primaries?

If you do not wish to comment, it is all right. But I wondered if you did wish to.

Mr. MOORE. I would comment to this extent, that as long as all people were required to disclose everything that they received, as long as the political candidate is required to disclose every cent that he received, and that the people who are giving the money are required to disclose what they gave, that that candidate in turn account for that money—if all people, including business—I am speaking of the oil industry, the big insurance corporations, in the country, the big business people, people that have the capital in this country—if they were required and they were policed the same as other people giving money, required to disclosure it, I would be in favor of it.

Senator WILLIAMS. That is what I am asking.

Mr. MOORE. I am not talking about it simply written into the law. I would be in favor if it were written into the law and policed equally among all the people that are participating.

Senator WILLIAMS. I pointed out yesterday that not only do we need revision of the law, but we also need enforcement, as well.

Mr. MOORE. I agree with that.

Senator WILLIAMS. I think there has been a laxity in both.

The CHAIRMAN. Thank you very much, Mr. Moore.

Our next witness will be Mr. Herbert Maneloveg, vice president and director of Batten, Barton, Durstine & Osborn, Inc. He will be accompanied by Mr. Ray McGovern, vice president and general counsel.

We asked you gentlemen to come today because we felt that you have some expertise in the field of arranging radio and television pro-

grams, advising people how to present their image and their issues before the people in political campaigns.

Would you mind giving us a little of your experience in that area?

STATEMENT OF HERBERT MANELOVEG, VICE PRESIDENT AND DIRECTOR, BATTEN, BARTON, DURSTINE & OSBORN, INC., ACCOMPANIED BY RAY McGOVERN, VICE PRESIDENT AND LEGAL COUNSEL

Mr. MANELOVEG. Yes, our agency handles over 150 different accounts. From corporate accounts to packaged goods accounts. We place over $135 million in television and about $30 million in radio, so we are very heavily into the broadcast field.

We thought perhaps we could answer some of the questions you might have.

The CHAIRMAN. Did you place any advertising for some of the major candidates in television, for Governor or Senator?

Mr. MANELOVEG. We did up until 1960—well, 1958 was the last congressional, for the Republican National Committee. Persons of Batten, Barton, Durstine & Osborn worked for an independent advertising agency called Campaign Associates in 1960 for the Republican Party. Since 1958 we have not acted as agent for a political party.

The CHAIRMAN. Let me ask you this. If the parties have the money in advance and you know how much is available to you to spend for a political campaign, and for a candidate for office—let us assume it is the Presidency we are talking about. You have some experience in that area.

Do you think you could get better rates and more effective use of the money than if you have to operate as some candidates do, where they have to find the money to pay the bill the day before they get on the program?

Mr. MANELOVEG. To answer your question, let me say we probably could not get more efficient rates, but we could probably buy more effectively. Since the beginning of this season, the television networks have pretty much done away with discounts, so that the advertisers who were able to buy over a longer period of time and sustain larger discounts have lost this. We work on what is a basic rate for all advertisers.

This was pushed here by the Government, and the networks now follow that. So there is little discounts available in buying ahead of time, or buying protracted periods of time in the media.

However, if you do have money ahead of time, you probably could plan a bit more adroitly, you could buy better time periods and buy the better times of the week, and perhaps build a better campaign gaining larger potential audiences.

The CHAIRMAN. In other words, you think your candidate might get better exposure?

Mr. MANELOVEG. I think he might get better exposure through adroit planning, and could block out key time periods, such as the 9 p.m. time period, ahead of time. However, I think the networks, in their interest in trying to please both political parties, would not let you go too far with that.

The CHAIRMAN. The thought occurred to me that if you had to buy at the last minute, you are more or less taking what somebody might be able to clear for you, and it might not be a good listening situation. You might be bucking a very popular program that has a very high Hooper rating. You might be speaking to only 10 percent of the people you should be talking to, less than you would if you had planned further in advance.

Mr. MANELOVEG. I think that is true. I think you would be able to plan better time periods for your campaign by having the money ahead of time. But even at the last minute, my recollection is that in years past, we were able to buy choice time periods even up to the last minute, because I think the networks feel an obligation to offer some of those.

The CHAIRMAN. That is, for candidates for President?

Mr. MANELOVEG. For President, yes.

The CHAIRMAN. Not necessarily for Senator or Congressman or sheriff?

Mr. MANELOVEG. It is less available at the local levels, yes.

The CHAIRMAN. Yes, the mayor and sheriff would have a more difficult problem.

To what extent do you think public officials are, or are not, paying a higher rate than the average commercial broadcasters for similar time?

Mr. MANELOVEG. As I say, with the new rates given out by the networks just this spring, there is very little discount advantage for any, so I would think the political network advertiser would be paying about the same amount of money that a national advertiser is paying. There is very little difference.

Senator WILLIAMS. What was the differential in the last presidential election?

Mr. MANELOVEG. Up until the new rate structures went into effect, the large advertisers did about 35 percent better, probably, in their sustained efforts than a person who came in for a short period of time.

Senator WILLIAMS. They paid about 35 percent less?

Mr. MANELOVEG. That is right. That does not exist today.

The CHAIRMAN. If I could just complete my question I will be through with this witness and you can go ahead and take over, Senator.

I have been told there might have been some unfavorable publicity, and even a thorough investigation because big advertisers had been buying large amounts of time at reduced rates. I would like to ask if that had something to do with the fact that the networks decided to do away with discounts?

Mr. MANELOVEG. I think that is most definitely part of the reason.

The CHAIRMAN. You do not think that men running for public office are paying a higher rate because they cannot buy for the whole seasons, or something like that?

Mr. MANELOVEG. No, not any longer.

That is on network television. There are local spots offering some advantage, up to 10 or 15 percent, in buying a full year's campaign, but even those local advantages are being done away with in time.

The CHAIRMAN. They are all being done away with, and theoretically, they should be done away with, I take it.

I see you smiling.

Mr. MANELOVEG. That is a difficult question.

Discount is a difficult question. It depends on whether I have a large advertiser or a small one.

Senator Williams, you asked a question about increase in rates, year by year, why the FCC does not have a report.

We prepare an analysis in our agency. The general increases run from about 4 to 7 percent a year in media—overall. Our estimates are that between 1964 and the 1968 election, prime network television will increase about 25 percent, or about 5 percent a year up to 1968.

Spot will increase 35 percent, or 7 percent per year. Newspapers will have increased 10, magazines 20, and network radio, 10 percent.

Senator WILLIAMS. Do they file a schedule of rates?

Mr. MANELOVEG. Yes. You mean the various media?

Senator WILLIAMS. The networks and some of the local stations.

Mr. MANELOVEG. Yes, they publish their standard rates.

Senator WILLIAMS. Does that publication show the discounts they allow?

Mr. MANELOVEG. Yes; they do, sir.

Senator WILLIAMS. Could you furnish us the published rates for the last 5 years?

Mr. MANELOVEG. The rates are published every month in what we call Standard Rates and Data, and we can furnish those.

Senator WILLIAMS. Will you furnish us these for the last 5 years?

Mr. MANELOVEG. Certainly. Would you like the month of October, specifically?

Senator WILLIAMS. Yes. But I would like them all.

Mr. MANELOVEG. I mean, would you like every 5 years—the month of October and the month of November for those 5 years?

Senator WILLIAMS. I would like the reports for the last 5 years. I understood you said they published them.

Mr. MANELOVEG. Every month.

Senator WILLIAMS. If you would furnish them, I would like to see them for the last 5 years.

Mr. MANELOVEG. Fine.

Senator WILLIAMS. Now, you said something about a 5 percent increase per year. Is this 5 percent increase in the charge, or 5 percent increase in the revenue from advertising?

By that, I mean, you can sell more advertising or charge more.

Mr. MANELOVEG. That is a 5-percent increase in the per-unit rate.

Senator WILLIAMS. For each minute, or 5 minutes; that is the rate?

Mr. MANELOVEG. Yes.

Senator WILLIAMS. This would show the various charges for the time period?

Mr. MANELOVEG. Yes, sir.

Senator WILLIAMS. Now, do you have a record as to the amount of time that is being set aside by the various networks and by some of the stations, the percentage of the time that is devoted to advertising as compared with prior years? In other words, is that increasing?

Mr. MANELOVEG. We do a continuing report on the amount of commercial minutes on the various media, and the change is very little over the last few years, generally speaking.

You mean, the amount of time available for program versus commercial——

Senator WILLIAMS. Commercials; yes.

The Senator from Utah seems to feel the commercials are getting longer.

Mr. MANELOVEG. Perhaps some of the commercials are poorer. I do not think there are any more of them.

Senator WILLIAMS. But you will furnish us this?

Mr. MANELOVEG. Yes.

Senator WILLIAMS. As I understand it, you have had no direct experience with the national campaigns since 1958?

Mr. MANELOVEG. No, sir.

Senator WILLIAMS. At that time, television was not quite the factor it is now?

Mr. MANELOVEG. No.

Senator WILLIAMS. Thank you.

The CHAIRMAN. Thank you very much for your testimony here today. We appreciate it.

Mr. MANELOVEG. Thank you.

(The following information was received pursuant to questions raised during the testimony of Mr. Maneloveg:)

The purpose of this memorandum is to answer the two questions posed by the U.S. Senate Committee on political campaign finances. These questions concern the following areas:

I. TREND OF TELEVISION COSTS

A. Spot Television.—Costs of prime time 20 second announcements in selected markets rose from 20 to over 100 percent between January 1961 and 1967, depending upon the particular market examined. The average increase was about 30-40 percent. (See exhibit I.)

B. Network.—The cost of an hour of prime evening network time, excluding talent and production charges, has risen 14 percent during the same period. (See exhibit IA.)

II. THE AMOUNT OF ADVERTISING ON LOCAL STATIONS

A. Nonnetwork.—The number of nonnetwork (spot) announcements has increased by only 9 percent between the first 2 months of 1964 and 1967. The greatest increase is evident in the amount of activity classified as "piggybacks" (completely separate commercials for two different products made by the same advertiser within a single announcement). These have increased by over 200 percent during the period of time analyzed. (See exhibit II.)

B. Network.—Network commercials (which are also carried by local stations), have increased very little during the last 3 years. However, we see a substantial increase in the number of network "piggybacks" carried on local stations. (See exhibit III.)

This would lead us to conclude that amount of commercial time presented to the average viewer has not increased substantially in the past years. However, it might seem to the average viewer that he is seeing more product messages due to the increase in the number of "piggyback" commercials being aired.

EXHIBIT I.—*Trend of spot TV cost—Selected markets*

Year[1]	Highest rate 20 second spot prime time									
	New York, WCBS	Los Angeles, KNXT	Denver KLZ	Cleveland, WJW	Phoenix, KOOL	Buffalo, WKBW	Oklahoma City, KOCO	New Orleans, WWL	Detroit, WJBK	Boston, WHDH
1961	100	100	100	100	100	100	100	100	100	100
1962	100	114	110	100	100	102	100	100	100	100
1963	100	110	110	100	100	102	100	100	120	100
1964	104	129	110	127	108	102	113	120	120	133
1965	108	143	110	146	117	202	137	140	120	167
1966	115	162	110	146	133	303	137	140	120	183
1967	121	176	120	136	133	202	137	140	121	217

[1] January.

Source: Standard Rate & Data.

EXHIBIT 1A

Trend of network gross hourly rates class "A" hour

1961	100
1962	102
1963	105
1964	109
1965	111
1966	112
1967	114

EXHIBIT II

Nonnetwork spot activity [1]

Year	Total activity	10's	20's	30's	40's	60's	Piggybacks 30/30's-20/40's	Percent of total
1964 (Index base=100)	100	100	100	100	100	100	100	4
1965	107	100	108	91	104	111	100	3
1966	109	86	97	109	83	99	146	7
1967	109	88	92	87	83	93	300	12

[1] January-February of each year.

Source: Special Broadcast Advertiser Reports Tabulations. On week per month in 75 markets.

EXHIBIT III

Network commercial activity

Year[1]	Total activity	Network piggybacks	Percent of total
1964 (Base index=100)	100	100	18
1965	109	133	22
1966	109	167	28
1967	NA	NA	

[1] January-February of each year.

Source: Special Broadcast Advertiser Reports Tabulations.

The CHAIRMAN. The last witness of this session will be Mr. Vincent T. Wasilewski, president of the National Association of Broadcasters.

STATEMENT OF VINCENT T. WASILEWSKI, PRESIDENT, NATIONAL ASSOCIATION OF BROADCASTERS

Mr. WASILEWSKI. Thank you, Mr. Chairman.

The CHAIRMAN. Do you have a prepared statement?

Mr. WASILEWSKI. No, sir; I do not have.

The CHAIRMAN. The statement to which I would like you to address yourself first is, what would the attitude of the members of your association be to this suggestion that they be required to provide, on a free-time basis, adequate time for presidential candidates to present their case to the American people?

Mr. WASILEWSKI. Yes, I would be glad to respond to that question. May I just indicate, sir, our position relative to this overall problem?

The CHAIRMAN. Yes.

Mr. WASILEWSKI. We have historically taken the position that section 315 should be repealed. In 1960, as you will recall, the provisions of section 315 were suspended as applied to presidential and vice-presidential candidates. This did result in a considerable amount of free time being made available to those particular individuals.

The CHAIRMAN. That was a good break for the Democrats. That probably had as much as anything else to do with the Democrats winning the election that year.

Senator WILLIAMS. As I understand, the network, the broadcasting industry, asked for similar authority in the 1964 election. They wanted to give them time and the request was rejected.

Mr. WASILEWSKI. We were anxious to have that suspension put into the law, sir; yes, and no action was taken on that proposal.

Incidentally, along that line, I understand that Senator Pastore yesterday introduced a bill that would exempt from the operation of section 315, not only the presidential and vice-presidential candidates, but also, according to my understanding, the gubernatorial, senatorial, and House nominees.

Senator WILLIAMS. That would make it possible to give them this free time, if they wanted to, would it not?

Mr. WASILEWSKI. Yes, sir.

The CHAIRMAN. My reaction about this debate business is, it all depends on the circumstances. The last time I ran, I had a nominal candidate. I did not regard him as being a real serious opponent, so much so that one of my friends accused me of putting him in the race.

Now, that fellow is a man well known to me, and he wanted to debate. My reaction was, I was not going to go on television and share the programs that I thought would give him an audience, that if I left him alone, he would not get anywhere. I told people I did not want any free time for debates.

Now, if a candidate wants to take that point of view, what would your reaction to that be, that you would like to be privileged to offer the time, but you would like to be able to use your own discretion whether you offer it or not? Is that it?

Mr. WASILEWSKI. You mean, if I am a candidate, or a station?

The CHAIRMAN. No; I am speaking of the broadcasters.

Mr. WASILEWSKI. I think you have touched upon a misconception, sir, of what the suspension feature was. For example, there was no requirement that there be a debate.

Senator WILLIAMS. That is right. Each one got equal time. This is not limited to just debates. It was an allocation of time.

Mr. WASILEWSKI. That is correct, sir. I think, though, that in the popular mind, it was regarded as a requirement for debate.

But, getting back to your question, I would say for the record that we are opposed to any requirement that broadcasting stations make free time available. We believe that any requirement that broadcasting stations underwrite a certain amount of political campaign costs is unrealistic, unworkable, and discriminatory.

So, we are opposed to any requirement that we give free time, sir.

The CHAIRMAN. Do you take any position on whether the Government should buy time and make it available to the candidates? It is not directly purchased by the Government but in the administration bill the Government would make the funds available to buy the time.

Mr. WASILEWSKI. The organization which I represent, the National Association of Broadcasters, has taken no position on that particular subject. But I am glad that you clarify the point, that your bill does not provide that the Government buy the time for candidates to appear on the stations.

As I understand the bill, it would provide money for the political parties to use in their own discretion and judgment. They may exercise judgment not to use any radio or television time but put it all into newspapers, magazines, loudspeakers.

The CHAIRMAN. Signboards?

Senator WILLIAMS. Mrs. Johnson would object to the signboard phase of it.

Mr. WASILEWSKI. I was curious about that in reading the bill.

Senator WILLIAMS. I was, too. I was wondering how the President cleared this on the homefront, because this is a multimillion-dollar signboard proposal advocated here. I am puzzled.

Mr. WASILEWSKI. I am not sure the bill authorizes purchase of billboard space.

Senator WILLIAMS. Oh, yes. I just wonder if he got clearance.

Mr. WASILEWSKI. It certainly authorizes poster distribution.

Senator WILLIAMS. No, it authorizes payments for billboard advertising, and I was wondering if we were going to have an additional witness here.

Mr. WASILEWSKI. I could interpret that as precluding, per se, the purchase of billboard space, but you could use the money to distribute billboards and do the art work. But I do not know. I am no expert in this.

Senator WILLIAMS. I think you make a valid point here about Congress making it mandatory that they have to give free time. Maybe the licensing of the airwaves may justify it. But for the moment assuming that the decision were made to move into this field with Government funds, we all recognize that these licenses are for use of the air, which belongs to the people.

What would you think of a plan which would be at reduced rates, one which maybe paid their expenses? Since they are operating on a franchise from the Government, do you see anything wrong with asking them in turn to make those facilities available on a modified basis, we will say on a cost-plus basis?

Mr. WASILEWSKI. Well, sir, just as a matter of principle, I do not believe that that would be right. I think that we overlook the fact

that we are competitors with all other media and that this requirement would place us at a certain competitive disadvantage, as, for example, with newspapers, and magazines.

Senator WILLIAMS. Except there is this difference: if you are operating a channel out of New York City, your competitor, even if he has money, cannot open up a new channel. You have a licensed franchise on that channel. But if you want to start a newspaper, you can do it. It is a free competitive system there, whereas here it is not.

Most of the industries, such as railroads and others, operating on franchises, are controlled as to rates. You are not controlled here on rates.

Mr. WASILEWSKI. I would say, I understand the logic and philosophy that you are expressing, sir. But I would respectfully suggest that it is much easier to go into the radio or television broadcasting business in New York City today than it is to go into the newspaper business. In other words, what I am saying is that radio and television are more highly competitive, in my judgment, in all major cities, than are newspapers.

We have seen the recent folding, unfortunately—and I use that word sincerely—of a major newspaper in New York.

What I am getting at is you can more easily buy a radio or television station and stay in business today than you can a newspaper and stay in business.

Senator WILLIAMS. When you buy an existing radio or television station, with the millions you are paying, you are in reality buying a franchise which that station has. If that license is not renewed, it has a negative value. So when you buy that station, whoever sells it to you is selling something which has been licensed to him, which he does not exactly own.

Mr. WASILEWSKI. You are also buying the goodwill that belongs to that station in addition to the physical facilities.

Senator WILLIAMS. True. I am not suggesting that we take it lightly. But is it not true that in past years, the industry has charged more for television time that has been devoted to campaigns than they have for other types of commercial advertising?

Mr. WASILEWSKI. Sir, the background of that is that pre-1952, there were allegations to the effect that broadcasters were charging what might be termed premium rates for political broadcasts. At that time, in 1952, the time of the McFarland amendments to the Communications Act, there was adopted an amendment to section 315, which states that the charges made for the use of any broadcasting station for any of the purposes set forth in this section shall not exceed the charges made for comparable use of such station for other purposes.

Now, it has been my understanding, sir, that there have been no complaints made to the Commission relative to allegations of violations of that particular subsection of section 315. So I am not aware of any violation by broadcasting stations of any rule that the Commission has propounded pursuant to that section of the law.

Now, getting around to the discussion here this morning, broadcasters feel all they have to do is give a rate to a political candidate comparable to that given to a commercial enterprise.

For example, if a commercial enterprise comes in and buys only one, two, or three announcements, he might not get the advantage of any discount structure. Similarly, a political party or a political

candidate might not receive any advantage of any discount structure unless he buys in sufficient amount to qualify for the discount. It works the same.

Now, in many instances, I am sure that political committees get the benefit of the discount structure at the local level on radio, for example. They buy numerous announcements, a package, and they get the same treatment as a commercial advertiser.

What we are talking about here is the regular advertiser, the 26-week advertiser, the 52-week advertiser. If you allocate his per-week charge and compare that to the one-time charge for the political candidate, the one-time charge for the political candidate is greater than would be one-52d of the charges for the commercial enterprise.

But if the commercial enterprise bought only 1 week, the charge would be identical to that paid by the candidate.

Senator WILLIAMS. Would you be willing to furnish to the committee staff the rates that have been applicable over the years, the rates and discounts applicable?

Mr. WASILEWSKI. That is what you got from the previous——

Senator WILLIAMS. I expect they will have to get it from the industry. As a representative of the industry, would you be willing to cooperate in that?

Mr. WASILEWSKI. Yes. I would like to point out one thing: We would get it from the same source. There is a book called Standard Rate and Data, put out each month. There are 12 each year, and they would be that high (indicating), and 5 years of those would be that big.

Senator WILLIAMS. I understand, and it would take a Philadelphia lawyer to go through some of these reports and analyze it for the figures we want. So would you try to give it to us in simple language? If not, what we will have to do will be to select a half dozen stations and use them as a spot check. We could not do that.

Mr. WASILEWSKI. Sir, I am not trying to be evasive. I am just trying to figure out the magnitude of your request as compared to some other means of satisfying it.

Senator WILLIAMS. If it is so voluminous and hard to understand, maybe you and I would be better able to understand it when we got through. But I do not think we can intelligently act or make a decision of such a suggestion as this, maybe $15 million of advertising, without knowing the past structure of rates, and so forth. You would not do it in private industry. I certainly want that information available.

Now, it can be developed in different ways. We can make a spot check, pick out a half dozen specific stations and run them down, which I would rather not do. But I do want this information before we vote.

Mr. WASILEWSKI. There are 5,000 radio stations and 600 television stations. To the best of my knowledge, this has never been analyzed in that manner.

Do you see what I am getting at? Each station has published a rate card, its structure, in the book: 5,000 radio stations, and 600 television stations.

Senator WILLIAMS (presiding). To break it down, would you do this? Would you take 10 stations, and get that for us?

Mr. WASILEWSKI. And give that to you in an overall? Yes, sir; no problem.

Senator WILLIAMS. Over 5 years, and put the numbers on them afterward.

Mr. WASILEWSKI. As far as rate structure is concerned, this is public information, so there is no problem if you want to extract it from this published book. We would be more than happy to do it. If you will give me the 10 stations——

Senator WILLIAMS. We will have the committee staff work with you. I just thought we would want to lay at rest this argument as to whether the rates are higher or lower in the months of the campaigns.

(Mr. Maneloveg, a previous witness, submitted information to the committee in answer to the above question which may be found at p. 479.)

Senator WILLIAMS. Is there any difference in this billing and the conditions of payment between candidates and other advertisers?

Mr. WASILEWSKI. The billing?

Senator WILLIAMS. Yes; and the conditions of payment.

Mr. WASILEWSKI. Generally speaking, sir, a station wants payment in advance from political candidates and parties.

Senator WILLIAMS. I can understand that, too.

Mr. WASILEWSKI. Is that responsive to your question?

Senator WILLIAMS. Yes. And the discounts you are not sure of, whether the discounts would be applicable, though——

Mr. WASILEWSKI. Yes, sir; they have been and are applicable.

Senator WILLIAMS. And you feel that the existing law does take care of that?

Mr. WASILEWSKI. Of the discount structure; yes, sir.

Senator WILLIAMS. Then if there have been excessive charges, it is your understanding that increased or excessive charges would be in violation of existing law?

Mr. WASILEWSKI. Yes; and I am not aware of any——

Senator WILLIAMS. I know you are not. I have no further questions.

The staff advises me that the hearing will be terminated now. But I would like to ask, is not the Democratic National Committee testifying?

Off the record.

(Discussion off the record.)

Senator WILLIAMS. I will just adjourn the meeting for the time being, but personally, as one member, I thought both political parties would come down and testify and give us the benefit of their experience.

I am sure that the failure of the Democratic National Committee to testify may be interpreted in some quarters as that they are not very enthusiastic in support of the President's recommendation.

Surely, they, above all, would be testifying here unless they feel the President's proposal is shot full of loopholes and do not want to embarrass the administration.

The committee is adjourned, subject to the call of the Chair.

(Whereupon, at 12:50 p.m., the committee adjourned, subject to the call of the Chair.)

(By direction of the chairman, the following is made a part of the printed record:)

PREPARED STATEMENT OF HON. E. L. BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

Mr. Chairman, we in the Congress are indebted to this committee for the prompt and sustained attention which you have given to the problems of political finance. I am grateful for this opportunity to express some thoughts and concerns I have along these lines.

It seems to me that any effective confrontation of the problem requires, basically, three types of proposals. There seems to be relatively little controversy regarding the first two. Almost everyone acknowledges that present ceilings on the amounts candidates and committees may spend or on the amounts contributors may give must be revised upward or eliminated entirely. If these ceilings were effective and enforceable, they would cause an undesirable curtailing of campaigns, at a time when we want our candidates to have full public exposure. In their present ineffective state, these ceilings simply encourage evasion and penalize the conscientious.

Neither does anyone dispute that fuller accounting and reporting requirements are needed. We want full and effective campaigns and those campaigns are going to cost money. One of the problems with our present system of ceilings is that it implies that contributing to campaigns is a questionable enterprise *per se*, to be forbidden or severely restricted. What is needed is rather a system of reporting which, while attaching no stigma to the act of contributing, lessens the likelihood of questionable activity or undue influence by exposing the entire process to the light of day.

POSITIVE REMEDIES

But there is a third set of remedies, Mr. Chairman, which I think most of us regard as even more important in the long run than the first two, but around which much more controversy has centered. These proposals have to do with positive governmental assistance to candidates. Government could stimulate the private contribution of funds, could encourage contributions from various sectors, could provide for reduced advertising and broadcasting costs, or could itself provide campaign subsidies. There seems to be little question that some assistance of this sort is needed more and more with each ensuing campaign. National committee expenditures, for example, increased by 65 percent between the 1960 and 1964 campaigns alone. Huge campaign cost burdens inevitably lead to disquieting ties of financial dependence. Moreover, they lead us to a contradiction of some of our democratic ideals. The political campaign is manifestly a democratic institution, and in some ways the emergence of modern media has enhanced its democratic potential. But the growth and development of this institution now threatens us with an undemocratic elimination from candidacy for public office of those who cannot foot the bill.

There is little question, then, of the need for positive assistance, but there are serious questions as to which means are appropriate. It is to these questions, of course, that you and the committee have been addressing yourselves. Proposals for assistance must be evaluated with regard to their side-effects, such as their impact on third parties, on the distribution of power between national, state, and local party units, and so forth. They must be evaluated with regard to their susceptibility to abuse. And they must be evaluated in light of their potential to do the job that needs to be done.

It is to this last criterion that I would like briefly to address myself, for it seems to me that a number of the proposals made in this area have been one-sided and incomplete, promising more than they can deliver and leaving many aspects of the problem untouched. In the first place, any bill is inadequate which only reaches Presidential campaigns. And in the second place, any remedy is superficial which does not do something about the major item in most campaign budgets: television.

STATE AND LOCAL CAMPAIGNS

Few members of Congress—or few governors, state legislators, or mayors—would suggest that the problems of campaign finance focus on only the national level. Out of estimated political expenditures of approximately $200 million across the nation during 1964, some $50 million, or 25 percent, could be attributed to the presidential campaign. The other $150 million went into state and local races. We are faced with a situation where even the mayors of our cities and the members of

our state legislatures are frequently burdened and compromised by ties of financial dependence. Those who cannot make huge financial outlays are discouraged from entering public life at any level. Many of the proposals for assistance that have been made at one time or another—tax deductions or tax credits for political contributions, the granting of franking privileges to certain candidates, the publication of information pamphlets about the candidates, and certain of the "voucher" and matching incentive plans—would lend themselves to application at numerous electoral levels. That, in my judgment, is a strong point in their favor. It means that needed assistance would be rendered at the base as well as at the top of our political structure, and that campaign financing would not have the effect of strengthening one level of our party structure at the expense of another.

TELEVISION COSTS

Another major shortcoming of most campaign financing proposals which have been made to date is their failure directly to deal with the increasing burden television and radio costs are imposing on candidates at all levels. Figures released by the Federal Communications Commission point up the problem starkly.

"Overall expenditures for political broadcasts in the 1964 general election campaign were $24.6 million—$10.4 million higher than in 1960 and two and one-half times the 1956 expenditures of $9.8 million."

If primary contests are added to the tabulation for 1964, the total is increased by $10 million more, to an astounding sum of $34,610,714, an increase of 250 percent over the comparable figure for 1956. Of this, approximately 37 percent was spent on the Presidential and Vice Presidential contests.

A bill to provide free TV time for Presidential candidates was drafted in the 86th Congress by Senators Magnuson and Monroney and was cosponsored by 22 Senators, myself included. The Senate Commerce Committee held hearings on the proposal in May of 1960 and heard extensive testimony on the need to free the airwaves for the discussion of political issues. A number of us regarded the granting of time for political debate, free or at controlled rates, to be a logical extension of broadcasters' acknowledged public service obligations. It appeared that such a use of broadcast time was in the public interest and that regulations could be worked out so that no undue hardship was worked on the broadcasters involved. Among the most impressive statements was that of Senator Humphrey:

"In projecting appearance as well as words and voice the television medium is rapidly becoming the single most important vehicle for the conduct of political campaigns. . . . The American people have made a gift of the exclusive use of certain channels to the licensees involved. This gift is for a temporary period of time only, and I think it is only reasonable that the American people may attach certain conditions important to the public welfare to such a lucrative gift. The condition of free time for discussion of public issues by presidential nominees is reasonable—and indeed has become almost essential if our democracy is to function effectively."

This was a matter about which Adlai Stevenson also had strong convictions, and he appeared before the committee with this injunction:

"I would urge to the Congress to say to the political parties and the television industry: 'We reclaim for a few hours every four years the public airwaves. We owe it to our system of government to give the voters—now numbering more than 100 million and beyond the physical reach of any candidate—a chance to hear the issues discussed and make their choice with knowledge of the facts.'"

Mr. Stevenson's testimony was most impressive, Mr. Chairman, and it is of considerable pertinence to your present deliberations. Therefore, I would like to ask that his statement be reprinted for the hearing record at the conclusion of my remarks, together with the text of S. 3174, 86th Congress, the bill on which he was testifying.

Although most of the current debate about campaign financing seems to have bypassed the matter of television costs, two bills have been introduced this session which would authorize the Federal Communications Commission to require broadcasting stations to make free time available to candidates on a fair and equitable basis as a condition of the continuation of their licenses. Senator Clark's bill, S. 1548, now pending before the Senate Commerce Committee, is applicable to federal, state, and "to the extent feasible," local candidates.

Senator Gore's proposal, Title III of S. 1827, which your committee now has under consideration, applies only to federal candidates.

There is much to be said, especially before proposals of this type have been thoroughly researched or have undergone full hearings, for leaving the delegation of rule-making authority to the Federal Communications Commission broad and

general. However, it seems to me that there are a number of problems that need to be faced at the hearing stage which the legislation possibly should eventually be amended to take into account.

EQUAL TIME AND FREE TIME

The first problem that comes to mind is that involving Section 315 of the Federal Communications Act, the "equal time" provision. Any bill that required the granting of free time would of necessity allow for a modification of the equal time requirement as far as granting time to "minor" parties and candidates is concerned. The Clark and Gore bills provide for a suspension of the requirement in these instances, and leave it to the Federal Communications Commission to determine what would be a "fair and equitable" grant of time for third parties or candidates. Congress might decide that certain of these standards should be written into the law itself.

There are those, of course, who advocate a general modification of Section 315 and suggest that, once that were done, broadcast stations and networks might be willing to give free time of their own volition, thus making bills like S. 1548 or S. 1827 unnecessary.

The Washington Post editorialized to this effect only last Sunday (June 4, 1967). Such arguments are not really very convincing. The testimony of the broadcasters in 1960 and their performance since that time are not such as to offer much encouragement. During the 1964 campaign, for example, all of the television stations in the country donated a total of only 1,008 hours to candidates at all levels. During that same year they sold 7,266 hours of program time, more than seven times as much, to candidates and their supporters. In addition, they sold 319 hours of program time to sponsors of "Meet the Press" types of political programs and 242,113 spot announcements to candidates and supporters. It is hard to believe that Section 315 is responsible for this pattern of behavior, or that its repeal would cause a dramatic reversal. Relatively little free time has apparently been offered even in areas where there is no third party or candidate and where Section 315 thus does not pose a problem. It seems to me that the Federal Communications Commission should be authorized to lay down standards as to the minimum amounts of time that must be donated and that Section 315 should be modified with respect to such donations—quite apart from any changes which should or should not be made in the general provisions of the equal time law.

LIMITS ON ADDITIONAL PURCHASES OF TIME

Another question has to do with the amount of time candidates should be allowed to purchase over and above their free time. If one of the goals of the legislation is an equalizing of access to the airwaves, it seems that such a limitation and standardization would be desirable. If it were decided that candidates should be allowed to purchase no additional time or only a small amount, it might be decided that limited compensation to the stations for the time they were required to offer was in order.

STANDARDS FOR USE OF FREE TIME

Finally, Mr. Chairman, we might be more specific about the ways in which the free time can be utilized. Senator Magnuson's bill of 1960 (see below, section 2(e)) contained safeguards designed to insure that only the candidate himself would appear on these programs. Adlai Stevenson strongly endorsed these provisions:

"There is certainly no public interest in providing free time for a political party to present Fred Waring and his Pennsylvanians, or a collection of Hollywood starlets at a political rally. The time is for the responsible use of the candidate himself; the purpose is not to entertain, but to enlighten, to raise the quality of these great quadrennial discussions about our country's policy and its management."

In this connection, I think a number of us are increasingly concerned with the tendency of sloganeering and public relations gimmicks to replace debates over issues in our campaigns. Accordingly, a law requiring stations to provide free time might also provide that none of that time, or only a very small part of it, might be used for spot announcements.

Certainly your committee has picked no easy task, Mr. Chairman, in attempting to come to grips with these problems of political finance, a dilemma which, Chancellor Alexander Heard notes, "after nearly three-quarters of a century of public

regulation . . . is still, in the eyes of many, democracy's greatest unsolved problem." These matters about which I have expressed particular concern—the coverage on non-Presidential campaigns and the alleviation of broadcasting expenses—are among the most difficult, but also the most important problems in the entire area. I again want to commend the committee for its efforts, Mr. Chairman, and to thank you for this opportunity to participate in your deliberations.

(The attachments follow:)

[S. 3171, 86th Cong., 2d sess.]

A BILL To provide for the use of television broadcasting stations by candidates for the Office of President of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Presidential Campaign Broadcasting Act".

SEC. 2. (a) It shall be the obligation of each television broadcasting station licensed under the Communications Act of 1934 and each television network to make available without charge the use of its facilities as hereinafter provided to each candidate for the office of President of the United States who is the nominee of a political party whose candidate for that office in the preceding presidential election was supported by not fewer than 4 per centum of the total popular votes cast.

(b) Each candidate eligible under subsection (a) shall be entitled to one hour of time each week from each such station and network for eight weeks during the period beginning September 1 preceding election of any year in which a presidential election is being held.

(c) The time to which eligible candidates are entitled under subsection (b) shall be provided in prime viewing hours, and shall be scheduled in programs of one hour each, equally divided, without intervening commercial material, one of which shall be presented on Monday preceding the day of election.

(d) The Federal Communications Commission shall make arrangements for carrying out the provisions of this Act in cooperation with the networks and stations. Such arrangements shall provide that time provided under this Act shall to the extent possible be simultaneous in each time zone of the Nation. Where such time cannot be provided simultaneously any expenses incurred in recording and distributing such simultaneous broadcast for later use shall be borne by the candidates.

(e) Time made available under this Act may be utilized only by a candidate for President, except that at the election of such candidate for President the candidate for Vice President may utilize not to exceed two of the half-hour periods made available.

(f) No station or network shall be held responsible for the nonfulfillment of any contract heretofore or hereafter made because of its inability to carry out such contract by reason of the obligations imposed upon such station or network under this Act.

SEC. 3. A station or network shall have no power of censorship over material broadcast under the provisions of this Act.

SEC. 4. (a) The Federal Communications Commission shall make rules and regulations to carry out the provisions of this Act, including requirements for each station or network to report to the Commission, in such form and manner and at such times as the rules and regulations may prescribe, with respect to use of its facilities pursuant to the provisions of this Act.

(b) In determining whether public interest, convenience, and necessity will be served by the granting of a renewal of a license for the operation of a broadcasting station, the Commission shall give due consideration to the reports with respect to compliance with the provisions of this Act submitted to the Commission pursuant to subsection (a) of this section.

SEC. 5. The provisions of section 315 of the Communications Act of 1934 (47 U.S.C. 315) shall not apply in the case of the use of facilities without charge under the provisions of this Act.

STATEMENT OF HON. ADLAI E. STEVENSON BEFORE THE SENATE COMMERCE COMMITTEE, MAY 16, 1960

Mr. Chairman and members of the committee, while I am not an expert in the field of public relations or even in campaigning, as I think my record has proven [laughter], I appreciate very much the invitation of your committee to appear

here in support of a proposal, calculated, I believe, to help to furnish the American people with the knowledge which is prerequisite to an intelligent exercise of their duty as electors in a free society. What I have to say will be brief and merely suggestive of why I approve this or similar legislation.

I am happy to share with you my experience as a candidate for President and my views on a subject that I think has not attracted the attention its importance warrants.

I come here also at this time with a sense of urgency in view of the imminent decision which Americans will have to make in November. I believe your action on this bill may well contribute heavy to whether that decision is wisely made, and in our system that means by voters who have some understandings of the real choices and issues and by voters who have had some opportunity to make an appraisal of the candidates.

I doubt if ever before in history have so many men and women, living over so wide an area, been expected to participate in choosing from among men they do not know, two national leaders to whom they will entrust such a large measure of their destiny. I doubt further, if the issues with which these leaders will have to deal have ever been more complex and fateful.

To suggest comparison with the usual questions to which our forebears expected the candidates to devote hours of public debate illustrates this growing complexity. Compare the argument over free coinage of silver with today's problems of fiscal and monetary policy, or the debate over the size of the standing army or the fortification of Guam with that over the missile gap. Consider what issues faced by previous generations had the implications of nuclear arms development and distribution. And doesn't agricultural overproduction produce more baffling problems than underproduction?

To hear the candidate discuss the great issues of an earlier America, people rode all day by buggy or wagon; they waited for hours for the candidate's train; they stood in the sun and rain and listened. They wanted to know about the issues and where the candidate stood.

Today's citizens seem to have less time and taste for political controversy, but certainly the need for enlightenment and considered participation is no less. And they are entitled to demand: Who is this man? How does he look? What does he believe? What is his idea of America's future and its place in the world? How will he use the power of the Presidency, and for what ends? Does he deal in facts, and discuss issues frankly, or does he prefer generalities and platitudes? He may declare for education, but is he for better schools; for health, but does he favor medical insurance; for free enterprise, but will he seek to restrain monopoly; for prosperity, but has he a program to restore depressed areas; for peace, but will he press for negotiated settlement of differences? How deep are his convictions? How considered his views? How honest his attitudes?

All of these matters seem directly related to the bill before you, for the technology of our civilization is equal to its problems. We have the means, through television, to bring the candidates for President and Vice President face to face with virtually all Americans for the first time. They can sit down with 40 million families often enough and for long enough periods to discuss the questions which are critical to our survival and our leadership in the world. But only the Congress can make that possible.

The political parties, the Congress, and the television industry share responsibility, I suppose, for the fact that television has contributed far less than it could to the people's understanding of the issues or knowledge of the candidate's position.

Network television time has become almost prohibitively expensive. For example, one hour of prime TV time on all networks this fall may cost over $400,000, or over $6,000 a minute.

The party with the largest campaign fund will provide its candidate more time on television than his opponent. He is seen and heard more times by more people. He gains an advantage, and democracy suffers from the unequal contest.

The cost of television also produces a frantic determination to squeeze the maximum number of votes from the investment. The almost unbelievable complexity of television scheduling has long since made necessary the services of the professional advertising agency in national campaigns. Drawing on their broad experience and unquestioned success in selling soap, cereal, and deodorants, it isn't surprising that the advertising agencies recommend the jingle, the spot announcement, and the animated cartoon. So the American voter, faced with issues of life and death, is solicited in song to "Vote for Dan, the man with the plan." This kind of presentation

There are, of course, television broadcasts of speeches by the candidates in normal campaigns. These are sometimes not much more useful, however, to the voter than the jingle. Presidential campaign ritual requires that the candidate be shuttled from coast to coast as many times as possible, assuring maximum physical exhaustion, and minimum opportunity to prepare his statements. The result is the ever greater use of the ghost writer and the ever greater difficulty of knowing the candidate himself. Because his time is scheduled around personal appearances, it is the television broadcast which must be fitted in, often at the last minute and in unsuitable circumstances.

The result is that the candidate is usually seen and heard addressing a rally of the party faithful. This means a lengthy introduction of the candidate by a person whose views on his qualifications are both predictable and irrelevant, with diminished time for the candidate. It also means the audience expects that a certain amount of time be devoted to the assertion, if a Democratic rally, that the Democratic Party is the party of the people, or if a Republican rally, that Republicans are patriotic savers and Democrats socialistic spenders.

The bill before you seeks to bring more order, more intelligent discussion into the present confusion and showmanship of presidential campaigns, by providing the environment in which such discussion can occur. What would it accomplish? as the chairman has said, the pending bill would insure that both political parties would be given an equal opportunity to present their candidates and their programs to the American people on television.

Second, it would insure that the candidates of both parties would have an adequate amount of time to discuss the most important issues facing the Nation, regardless of the size of their party budgets.

Third, it would provide 30 minutes for each presidential candidate, sheduled consecutively, thus giving the voters a better opportunity to make a direct comparison between the candidates. If the candidates will take full advantage of this arrangement, and agree in advance upon the issues to be discussed on each of these programs, the people could have the benefit of a truly useful discussion of some of these difficult, intricate questions. I think that this discussion and subsequent performance would thereby become more responsible.

In the fourth place it would assure that these programs could be seen by the maximum number of people by requiring that they be scheduled in the prime viewing hours, and by requiring simultaneous broadcast on all stations in a given time zone. This would give a nationwide coverage never before possible.

Such a series of programs, in the fifth place, on predetermined dates, would make is possible to organize the campaign around the candidates' appearance on them, and would give priority to the most important function of the campaign—to inform the people of the candidate's views on the public issues with which he will have to deal if he is subsequently elected.

I would make one recommendation for a major change in the present bill. I believe that one program of, say, 1½ hours each week is preferable to two programs of 1 hour each, and that even one program of 1 hour each week would be quite adequate. Over an 8-week period, this would give each candidate time for eight 30-minute speeches, or a total of 4 hours of television time. Scheduling the first week's program on Sunday, the second week's program on Monday, and so forth, would entail the minimum disruption of station schedules and insure that no commercial program would be canceled more than once.

I might interpose there to say I am sensitive to this subject of cancellation of commercial programs. I remember the 1956 campaign when our Democratic Party's advertising agency purchased 5 minutes off of a very popular program, then I went on and said something, and the first telegram I received said, "I like Ike, and I love Lucy; drop dead." [Laughter.]

I wholeheartedly endorse the purpose of section 2(e) of the bill, in requiring that time made available be utilized only by the candidate. There is certainly no public interest in providing free time for a political party to present Fred Waring and his Pennsylvanians, or a collection of Hollywood starlets at a political rally. The time is for the responsible use of the candidate himself; the purpose is not to entertain but to enlighten, to raise the quality of these great quadrennial discussions about our country's policy and its management.

I would also suggest, if the time available to each presidential candidate is reduced to one-half hour per week, that no change be made in the provision permitting the candidate for Vice President to use two of the eight half-hour periods made available. Certainly, the burdens of the President are now obviously such that he must share them with the man chosen by the people to succeed him in the event of his death—and thus the man they judge to be fully qualified for the

Presidency. If the candidate for Vice President is to be the President's principal deputy, it is important that the people have as adequate a basis on which to judge his qualifications as they have to judge those of the candidate for President himself.

Before closing, Mr. Chairman and gentlemen, I would like to discuss some of the grounds which have been suggested for opposition to, or at least apprehension about, this legislation. Some who are in complete sympathy with its purposes are concerned over the effect of the eligibility requirements on third parties. As I understand it, the bill requires that broadcasters make free time available only to the presidential candidate of a political party whose candidate in the preceding election was supported by not fewer than 4 percent of the total popular votes cast. The practical effect of this requirement is that only the candidates of the Democratic and Republican Parties would be eligible for free television time in this year's election. A third party organized this year would have to get 4 percent of the popular vote in 1960 to have its candidate eligible for free time in 1964.

I believe that this is a sensible provision. Our two-party system has evolved more than a century and a half, and the realities of our political system are such that no third party is going to elect its candidate for President in the first election after its organization. Nor is it likely to elect its candidate in the second election after its organization if in its first attempt it was supported by less than 4 percent of the popular vote. It is obviously impractical to make free time available to a dozen presidential candidates which may emerge and often have in our political past.

I believe that the results which would be achieved through this legislation can be accomplished in no other way. Representatives of the television industry have insisted that the networks are anxious to provide adequate time, and that no legislative compulsion of this kind is required. I believe this view is unrealistic.

Even if the networks are prepared to sell prime time to the political parties, which they are not obligated to do, this does not correct their unequal ability to purchase it. It does not simplify the problem of dealing with a number of networks and dozens of individual stations, nor eliminate the difficulty of scheduling any thing like nationwide coverage. It does not insure the responsible use of the time purchased by the political parties. Moreover, such offers of cooperation are always made with the unstated reservation that it be on the networks' own terms. For example, I understand that one network has recently announced that it will only sell time on an exclusive basis, and not for programs to be broadcast simultaneously by a competitor.

The networks and stations are effectively prevented from making free time available to the candidates of the major parties by the provisions of section 315, that the chairman just discussed and you are all familiar with, of the Federal Communications Act, which would require that equal time be made available to any minor party which demanded it. Before time for a series of speeches or debates could be provided, this section would have to be amended to relieve them of the obligation to provide equal time to other parties. Thus, legislation would be necessary in any event. I understand that there was strong opposition in the Congress last year to a general exemption of political debates from the equal-time requirement. Even if such an exemption were confined to the presidential campaign, we would still confront a confusion of opinion about the proper form, time, and manner of using the exemption, compounedd by the inevitable differences between the two parties.

One network has proposed to meet this problem by making time available to the major candidates on a news interview program, which is already exempt from the equal-time requirement. NBC Television proposes to reschedule "Meet the Press" on Saturday night for the 8 weeks prior to the election and devote it exclusively to interviews with the candidates. This is certainly an interesting and inviting proposal. However, it obviously is not a substitute for the candidate's discussing deliberately and in his own way the issues which he regards as most important. In short, while a useful proposal, it bears little relation to the problems to which this legislation is, I believe, addressed.

The television station operates pursuant to a temporary license to use assigned frequencies only so long as its operation is in the public interest. It is required to make available a reasonable amount of time for public service programs, and its failure to do so is grounds for revocation or refusal to renew its license. To require 8 hours every 4 years for a particular type of public service programing would involve preemption of three one-hundredths of 1 percent of each station's total broadcast time during that period, or one one-hundredth of 1 percent of each station's prime time.

Finally, gentlemen, I find no criticism of this measure is more unjustified, it seems to me, than the charge that it is Government interference with free speech. Rather, it represents a guarantee of free speech. The freedom of speech which our Nation's founders fought to preserve was more than the right of a peddler on Boston Common to hawk his oysters without restraint. It was the right of public discussion of political issues. Their devotion to it was not to an abstract right,but born of conviction that full discussion of alternatives was prerequisite to an intelligent choice between them. The same conviction motivates the sponsors of this bill. They propose only to insure the free access to the means of communication which will permit that discussion to take place in the full view of all of our citizens.

So I would urge the Congress to say to the political parties and the television industry:

"We reclaim for a few hours every 4 years the public airwaves. We owe it to our system of government to give the voters—now numbering more than 100 million and beyond the physical reach of any candidate—a chance to hear the issues discussed and make their choice with knowledge of the facts."

If I may, I should like to conclude with a quote from the article I wrote last winter that the chairman referred to in his opening remarks, an article written out of a feeling of importance and anxiety to get a further public consideration of this matter, and I am happy to say that this public consideration has now taken place.

"Television," I said, "today is the most powerful medium available to candidates for public office. Such a useful means of mass communication must be conserved for the improvement of the democratic dialogue, not allowed to encourage its debasement. During the 1956 campaign I was urged by some of my advisers to challenge President Eisenhower to a debate. I did not, for I feared the challenge would be misunderstood, would be taken as a gimmick. What I am proposing now is no gimmick; it is the establishment of what I hope will become a national institution, a great debate for the Presidency.

"I don't mean a debate in the literal collegiate sense of that word; I mean rather a sustained discussion. Only television can establish such a forum any longer. I propose that it provide a quadrennial clearing of the air by the use of the air.

"Such sustained serious discussion on all networks would reach all of the people directly. It would require effort on their part, mental effort, and I know of no better cure for apathy. It would end the financial problem that TV now presents to the parties. It would end the tendency to reduce everything to assertions and to slogans. It would diminish the temptation of politicians to entertain, to please, to evade the unpleasant realities. It might even help to restore what we seem to have lost--our sense of great national purpose."

I ended, then: "For in the long run it may turn out that the direction we give to political television is one of the great decisions of the decisive decade of the 1960's."

Thank you, Mr. Chairman, and members of the committee for your patience.

Prepared Statement of Hon. Hugh Scott, a U.S. Senator From the State of Pennsylvania

Mr. Chairman, I appreciate this opportunity to comment on legislation regarding the important matter of financing political campaigns.

At the outset, I want to congratulate the distinguished Chairman of this Committee for promptly scheduling hearings on various proposals designed to help political parties and candidates meet the high costs of their election campaigns. This is a serious matter that requires prompt attention.

I feel, however, that the Senate would be derelict in its duties if it were to deal with the matter of election costs alone. We should be considering the problem of political campaigning in a broader context which encompasses the matter of election reform as well.

That matter is pending before the Senate Committee on Rules and Administration in the form of several bills including S. 1880, the Administration's Election Reform Act of 1967, and S. 596, my own Election Reform Act of 1967. Speaking as one member of the Rules Committee, I earnestly hope that my Committee will follow the example of this distinguished Committee by promptly scheduling hearings on these measures. Having the benefit of the expert recommendations of both Committees, the Senate can then proceed to deal with the twin problems of election costs and election reform together.

By following this approach, the Senate could show the American people that it is earnestly taking steps to insure the integrity of our electoral processes. The need for legislation to help finance election campaigns is urgent. Equally urgent, however, is the need for election reform legislation that requires full disclosure and publicity of campaign contributions and expenditures.

The Congress of the United States has been undergoing a crisis of confidence in the eyes of many citizens. Restoration of public confidence in Congress depends to a significant degree on our response to the public's expectation of effective election reform legislation to accompany a measure designed to eased the financial plight of our political parties and candidates.

Turning now to the issue confronting your Committee, I have, as you know, introduced S. 786, a bill to allow an income tax credit for political contributions. My bill would permit a taxpayer to take one-half of the total contribution to a political campaign as a credit on his annual Federal income tax up to a maximum credit of $100. Contributions could be made to the national or State committee of a political party whose candidates for President and Vice President get on the ballot in at least 10 States.

I am not wedded to the language of my bill. This distinguished Committee may feel that the credit permitted by my bill is too high, or it may prefer giving the taxpayer a choice between a credit and a deduction as recommended in 1962 by the President's Commission on Campaign Costs. I am more concerned with establishing the principle of tax incentives for political contributions than I am with the details of its implementation.

The provision of tax incentives for political contributions can achieve three desirable results. First, it will broaden the base of financial support of political parties and thereby lessen their dependence on wealthy individuals and interests. Second, and flowing directly from the first, it will encourage more widespread citizen participation in the political process. Voter interest usually follows voter contributions, however, small, and an individual will take an active interest in an enterprise in which he invests. Last, but not least in importance, it will better enable political parties to finance their campaigns.

In view of the improved nature of the perfecting amendments proposed in S. 1883 to the Presidential Campaign Fund Act of 1966, the need for direct public support of the costs of presidential election campaigns must also be considered carefully, but not, in my view, from the standpoint of an exclusive or total subsidy at the expense of a properly controlled citizen financial participation. The President's Commission on Campaign Costs suggested in 1962 that the tax incentive approach be adopted on an experimental basis to last for a period covering at least two presidential campaigns. Perhaps we should first ascertain whether the tax incentive approach can ease the financial strain on a party in presidential and other Federal elections. If it proves inadequate, we can then take a fresh look at the direct subsidy as contemplated in S. 1883.

I am also wary of adopting an approach with undetermined consequences for the traditional character of our system of political parties. My opposition to the 1966 Act rested in large part on the belief that it opened the way to centralizing campaign fund-raising in the national committees and was subject perhaps to the domination of party standard bearers which would involve strong controls over State and local party organizations. Either form of control would be contrary to the decentralized character of our political party system.

I reiterate my belief that the 90th Congress must take constructive steps to insure the integrity of our electoral processes. It can do this by enacting election reform and campaign financing legislation. The time for action is past due.

Prepared Statement of Hon. Jack R. Miller, a U.S. Senator From the State of Iowa

Mr. Chairman and members of the Committee, I wish to thank you for your cordial invitation to comment on political campaign financing reform, and the Presidential Election Campaign Fund Act of 1966.

I would like to say at the outset that I agree with the objectives of the Presidential Election Campaign Fund Act, even though I do not agree with all of the means which are proposed to achieve the objectives.

Democracy has been facing a communist challenge in the twentieth century which perhaps has no parallel in history. It is a challenge between two ideologies which are designed in theory to achieve the greatest possible advantages for all people. Perhaps for the first time a great competition has developed where real

emphasis is upon how best to improve the lot of mankind, as opposed to raw power and parochial interests. This competition has increased in intensity with each decade, until now, I believe, it is approaching a crisis where, within twenty-five years or so, it could be substantially resolved, one way or the other, with fundamental effects that could last for centuries.

This challenge of communism is basically ideological, not military. It is a battle for men's minds. It can be accelerated or retarded, but it cannot be resolved, by force of arms.

I believe fervently that democracy is the only insurance that government will remain responsive to the needs and welfare of the governed. I am not expressing any views about the relative advantages of capitalism and socialism because this is an entirely different question which will be decided by future generations, despite any views I may have on the subject.

However, it is a different question with respect to democracy, for here we are talking about the means whereby government responds to the interests and needs of the governed—not what the specific needs are. The communists claim to know what those needs are—and we should be mindful that they may have some points in their favor. So far they have been engaged in cataclysmic competition with the free world, where it has been to their advantage to detect and respond to basic human needs. But would they be equally dedicated to the welfare of humanity if they won the competition, and they enjoyed unchallenged power? Or would they be corrupted by it—indeed, have they not already been corrupted by it in some instances; as in the case of Stalin? I believe history shows that no government can, in spite of initial good intentions, isolate itself for an extended period from the sanctions of the governed without ultimately disregarding their interests. This is the reason I shall always be adamantly opposed to communism. It transcends by far my views concerning capitalism, or any other issue.

It is regrettable that so much emphasis has been placed on capitalism vs. communism, when in reality the significant and crucial issue for future generations is whether or not democracy will survive. I advocate that we unburden our case for democracy and that we not permit our adversaries the luxury of criticizing us for any doctrine save the old and simple one, that the people shall govern themselves. In this respect the communists have nothing to offer. Such moribund institutions as they have patterned after the democracies are not designed to express the will of the governed. Much less are they designed to exert the sanctions of the governed. On the contrary, they are used specifically to express the views and the will of the government.

If, as I believe, our most potent weapon in the struggle with communism is the democratic process itself, we must be constantly mindful of its functioning effectiveness. It is, besides, simple justice that we do this.

One claim that has traditionally been made by communists about us is that we who are elected to office do not represent all of the people, that we are the representatives of property owners, the rich, and the privileged. We members of Congress know, perhaps better than anyone else, the falsity of that claim, and of the vitality of democracy and the pervasive dedication to democratic principles which exists in our government, differ though we may in individual philosophy and viewpoint.

But there is room for improvement, and one area is the financing of political campaigns. It is an unfortunate fact of political life that campaigns for public office have been financially dependent upon private, and oftentimes confidential sources. Furthermore, a relatively few contributors may sometimes supply the bulk of a campaign fund. Some large contributors may even make it a practice to contribute to opposing candidates in the same campaign. The influence which campaign contributors may have upon the selection of candidates, and upon the views of the candidates themselves, both before and after they are elected to office, is obvious. The democratic process should be freed from these capricious and invisible forces, but a practical and effective way must be found to do it.

There are many complexities in making basic reforms, not the least of which is the difficulty in foreseeing all of the results. There may be ramifications which are totally unintended, and the more basic the reform, the more serious can be the undesirable ramifications. I am therefore perhaps more cautious with respect to campaign financing than some of my colleagues, although I am most anxious that we make a beginning—a beginning which will be expanded as we gain experience in the future and which may ultimately result in the elimination of undue pressure on candidates for public office to raise money for their political campaigns.

I believe that financial assistance from the Federal Treasury to presidential and vice-presidential candidates in the dimensions envisioned by the Presidential

Election Campaign Fund Act of 1966 is going too far too fast. Estimates of the funds which would be available to each party range as high as $30 million. Likewise, it would require an audit of 80 million income tax returns, a Herculean undertaking for the Internal Revenue Service. Neither do I advocate direct appropriation from the Treasury of funds of this magnitude. A further objection to direct appropriation is the fact that it deprives the public of any participation in deciding what will be given and how much. The evils of complete dependence upon private contributions is obvious. But there is also an argument on the other side which was well expressed in a recent editorial in the *Cedar Rapids (Iowa) Gazette* entitled "Billing Us for Blarney" and which is as follows:

"It would amount to taxing the people to pay for information they can get as much of as they want, for no extra charge whatsoever, by reading or listening to straight news in any medium they like. To tax the people for campaigning would be like charging TV watchers for commercials or assessing readers for the ads that come with news and entertainment content in the printed media.

"Disgust among the voters with regard to present practices in high-pressure campaigning, we suspect, would only grow to nausea with the realization that they themselves, have been billed for the hokum they're hearing. Some other answer like less political preoccupation with high-priced messages would smell a lot better.

"To reconstruct a famous Harry Truman phrase about the heat in the kitchen: If you can't afford the fertilizer, don't spread it."

I therefore propose, as a beginning, that we revise our income tax law to provide for a deduction of up to $100 from taxable income for cumulative contributions to any candidate or candidates for elective office or to any committee or bona fide political party supporting candidates for public office. This is a modest beginning. It would preserve the participation of individuals in the decision of which candidates and parties are deserving of financial support. At the same time it constitutes, in effect, a federal contribution to the expense of political campaigns. Finally, it encourages small contributions of $100 or less. I believe that this proposal is an appropriate beginning which would be acceptable to those who resent in principle the use of public funds to finance political campaigns. At the same time it would be an opening wedge in an area where I believe reform is highly desirable, if not crucially necessary.

I wish also to mention the matter of television in political campaigns. Television is now recognized as perhaps the most important single media in large political campaigns. At the same time, the expense is staggering, particularly on a state or nation-wide basis. But federal financing should not be provided without reasonable limitation. The television time used by a candidate or by some individual or group in behalf of a candidate or group of candidates can be controlled, because it can be effectively audited. A reasonable limitation on total amount of television time for each candidate for major office should be established, regardless of how the time is financed. If the limitation is exceeded, it should be at the cost of the election. The television station might be authorized to charge the candidates concerned fifty percent of the regular charge and take an income tax deduction for the other fifty percent. This privilege should, of course, only be extended to political parties and their candidates having substantial support—say a party whose candidate for the particular office to which a television time quota is being allocated received at least twenty percent of the vote for that office in the last election. It isn't fair to parties whose candidates often participate in expensive and time-consuming primary elections for these benefits to be extended to parties which can, because of loose local laws, hold a pro forma convention in a small hotel room and put up a candidate whose sole purpose is to receive publicity rather than try to attain public office.

I submit that if this Committee works on these two problems which I have discussed, and makes a modest beginning along the lines I have recommended, there will be a good response from the general public, which is not expecting miracles but is demanding some progress.

Prepared Statement of Hon. Howard H. Baker, Jr., a U.S. Senator From the State of Tennessee

Mr. Chairman, I deeply appreciate this opportunity to present a statement to the Finance Committee concerning my views of the various proposals for financing political campaigns. I have followed with interest the statements of witnesses

appearing before the Committee and wish to commend you and the other members on the very thorough job which the Committee is doing to examine all facets of this complex problem.

I, too, am concerned that unless some means is found of providing financial assistance to candidates for public office, only candidates with large personal wealth will be able to compete in, much less win, major elections. I am also concerned, however, that some of the proposals before this Committee may create more ills than cures. Three of the proposals, notably those of the Administration, and of the distinguished Senators Long and Gore, frankly scare me. These proposals provide every indication that just around the corner we will find, in depth, federal bureaucratic control of national elections. On the other hand, proposals such as submitted by the distinguished Senator from Kansas, Mr. Pearson, and the Senator from Delaware, Mr. Williams, appear to take a different tack and be far more realistic and practical.

For the benefit of the Committee, let me briefly outline some of my fears of what may result if the Administration, Long or Gore proposals are adopted.

> First, each of these proposals raises the specter of fiscal intervention in political campaigns as a result of direct federal subsidy.
>
> Each proposal raises substantive problems regarding the nature of the control and enforcement of the financing program.
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> Each tends to perpetuate incumbency.
>
> Each requires the establishment of additional bureaucracy.
>
> Each encourages the establishment of splinter parties.
>
> Each ignores the fact that often substantial, and sometimes determinative, campaigns are waged at the primary level and the convention level. No provision is made for the encouragement of voluntary assistance in campaigns on the primary and convention levels in any of the three proposals.
>
> And, finally, the proposals withhold from the citizenry the right to contribute to the party or candidate of his choice.

The proposals of Senators Pearson and Williams do not create these problems. Instead they provide a system which does not require an expanding federal bureaucracy to administer it nor does it prevent the exercise of the "freedom of choice" which I believe is an essential component of our political campaign system.

Mr. Chairman, again let me express my appreciation for the opportunity to present my views, and I hope that they will contribute to your deliberations.

PREPARED STATEMENT OF JOHN M. BAILEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE

I welcome this opportunity to present to the Senate Finance Committee my views on the important and timely subject of financing Presidential election campaigns.

I present these views as one who has been deeply involved in the practical workings of the American political system for almost three decades. For 20 years I have been Chairman of the State Democratic Party of Connecticut. For the past six years I have had the honor to serve as Chairman of the Democratic National Committee. I have been intimately connected with the problems of campaign financing in the past two presidential elections—in 1960, with President John F. Kennedy, and in 1964 with President Lyndon B. Johnson.

That experience has brought me into direct involvement with the mechanics of one of the most compelling present-day political realities—the financing of Presidential campaigns.

That experience also leads me today to urge your adoption of the principles set forth by the President, two weeks ago, in his message on the Political Process in America.

The proposals in that message go to the heart of the process of democracy in this country.

Their purpose is clear—to liberate political campaigns from the tyranny and torture of soaring costs.

Their effect will be to remove the long shadow—in appearance and reality—of the influence and power of wealth.

Those proposals, in my judgment, accomplish two purposes:

> They bring Presidential campaign financing out of the Stone Age into the 20th Century world, where modern technology provides unparalleled opportunity to bring the issues before the public—at unparalleled costs.

They perfect and refine the central concept which the Congress itself established in its 1966 Presidential Election Campaign Fund Act: that the public interest calls for public financing of Presidential campaigns.

They serve the cause of our free political institutions in these ways:

By enabling Congress to determine the major costs of campaigning—such as radio, television and travel—and providing direct appropriations to defray those costs, they remove the uncertain reliance on such measures as a tax check-off.

By lifting the heaviest burdens on campaign financing from the candidates' shoulders, but still allowing private contributions for the more traditional expenses—such as salaries and overhead—they strike a proper balance between a public and private system.

By limiting, for use in any one state, the amount of federal funds to 140% of that state's population in proportion to the population of the country, they prevent the possibility of a National Committee strangling the growth and initiative of local political organizations.

By establishing reasonable rules for the eligibility of minor parties to receive Federal funds, they address themselves in the most realistic way yet proposed to the complex problems of third parties.

By providing for the strict accountability and policing of the use of funds by the Comptroller General, they offer strong safeguards against abuse.

In sum, I believe the President's proposals offer the Congress and the country a basic and workable plan for reform, in an area where the progress of our society shapes the crucial need for that reform.

I would counsel against simple prescriptions which offer no cure. Take, for example, the matter of "free" radio and television time.

Of course, to the extent that free time is made available, it would reduce campaign expenses. But consider the following:

How much free time could be made available—and would this be sufficient to carry the issues to the public?

Is it advisable to transfer to private profit-making firms the burden of subsidizing so basic a public responsibility?

Would the spontaneity and vitality of the political process be injured through regimentation? For free time inevitably imposes restrictions on style and format.

How much free time should be extended to minor parties? And which minor parties?

Beyond these questions is one certain conclusion which is inevitable on the basis of our experience—limited though that experience is. "Free time" is deceptive, for it is not entirely free at all.

In 1960, we learned, for example, that a 15-minute national network "spot" program—worth $75,000 and granted as free time—nevertheless cost two-thirds that amount just to promote it and encourage the public to view it. That $50,000 would never be included in free-time allowance, and yet expenses such as this would be a major part of funding any campaign.

Even though the nethorks provided six hours of free time to each candidate in the 1960 campaign the largest amount ever granted—television expenses for—the Democratic Party still totalled more than $6 million. And considerably more was spent for television in the 1964 campaign.

Nor is the device of a tax credit for presidential primaries and election contests the panacea it may seem.

I urge you to consider these facts:

Such a credit, designed to encourage widespread citizen participation in the elective process, would not be available to the millions of Americans—about 25% of the eligible voters—who have no tax liabilities.

To be properly enforced, a credit would compel citizens to disclose their party affiliations to tax agencies of the government.

A credit applied to primaries could create instability by diverting funds away from the election campaign itself.

A tax credit, limited in amount and applied to all federal election contests and even local campaigns some have suggested, would set off a frenzied race for the taxpayer's creditable dollar. Whichever candidate reaches the citizen first will probably get his contribution, leaving nothing for the next candidate who rings the doorbell. Thus, because of these uncertainties, political parties will still have to rely on the traditional methods of fund raising, of the tax credit route which simply pile new problems on top of old ones.

These examples only illustrate some of the complexities of the issues we are dealing with.

The President's proposals do not shrink from these complexities. Rather they seek to master them.

The question of Presidential campaign financing as we now face it is unique in our time. The challenge it poses is aimed directly at the survival of our democratic process.

I believe the President's proposals meet this challenge in the wisest and most effective way that has yet been devised. They offer a realistic and intelligent solution to this urgent problem—a problem which transcends political parties and goes to the root of the American political system.

I strongly endorse these proposals with a conviction forged by 30 years experience in the political arena.

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 12, 1967.

Hon. RUSSELL B. LONG,
Chairman, Senate Finance Committee,
United States Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is to indicate the general position of the AFL-CIO with regard to some of the major issues posed by the bills on campaign financing which are before the Senate Finance Committee. However, we will not undertake to discuss the details of the numerous bills.

In the first place, the AFL-CIO believes, as we testified last year, that the growing cost of political campaigns and the desirability of minimizing dependence on wealthy contributors make desirable some degree and form of government ubsidy.

As respects the form that a subsidy might take, at least four alternatives have been suggested: (1) direct appropriations by Congress; (2) issuance of vouchers or certificates to taxpayers, and perhaps others, which could be endorsed to candidates or committee and would be redeemed by the Treasury; (3) tax credits; and (4) tax deductions. Of these alternatives the AFL-CIO regards the first, i.e., direct appropriations, as the best, and the fourth, i.e., tax deductions, as the worst, with the other two proposals coming somewhere in between.

Direct appropriations by Congress would have three advantages: the cost would be equitably borne by taxpayers as a whole; prospective recipients would know in advance the amounts they could receive; and this proposal would be the easiest and cheapest to administer.

At the opposite pole, the AFL-CIO regards any proposal for a tax deduction as wholly indefensible. Under a graduated income tax any tax deduction for political contributions is weighted in favor of taxpayers in the higher tax brackets. It would be utterly unjust to make it cheaper for wealthy than for not so wealthy taxpayers to contribute. Moreover, tax deductions have a tendency to concentrate the making of contributions in a particular economic segment of the community. The AFL-CIO thinks that the broader the support of political activity, the better.

The AFL-CIO regards a tax credit of $10.00 or less as an acceptable, though less desirable, alternative. Under such an arrangement the benefit would be the same to all taxpayers, regardless of their income tax bracket.

We also think that there is substantial merit in the voucher and certificate proposals.

However, we think direct appropriations preferable to either a tax credit or a voucher arrangement from the standpoints of ease of administration and the desirability of the recipients knowing in advance what amounts they can expect.

A further policy question is whether, assuming some sort of public subsidy, the amounts given to competing parties or candidates should be equal, or should vary according to votes received, or should depend upon the designations of individual citizens. The President has proposed that equal amounts be allocated to the candidates of the major parties, with pro rata amounts, based upon the vote polled, to minor party candidates receiving a required minimum vote. All in all, we believe that that is an acceptable solution.

Another major issue posed by the various proposals is what election campaigns should receive some degree of public financing, i.e., whether only presidential campaigns, or also congressional campaigns, should be included; and whether public support should be extended to primary campaigns.

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We do not perceive any difference in principle between presidential and congressional campaigns, and as Senator Metcalf has pointed out it may be more difficult for congressional than for presidential candidates to raise money, with greater consequent undesirable obligation on the part of congressional candidates to a few contributors. Nevertheless, because public financing of political campaigns would be new in this country, we believe that it should probably at this time be limited to presidential campaigns. If it works satisfactorily there, and when additional data on costs has been obtained, public financing could be extended to congressional campaigns.

We do not believe, however, that primary campaigns, or presidential preference primaries, should ever be included. The number of candidates who would emerge would likely be so large as to make public financing inordinately expensive. Furthermore primary election practices, and particularly the conduct of presidential primaries, differ greatly from state to state.

It has been proposed that public subsidies reimburse only campaign expenses incurred after September 1 of a presidential election year. We fully agree that campaigns are at present too long drawn out from the standpoints of both expense and incurring public apathy. Two months (plus a few days) would certainly be long enough for the fullest development of the issues and the views of the candidates.

As respects ceilings on expenditures in political campaigns, we of course agree that the present ceilings are long outmoded, and we would prefer to see more realistic ceilings adopted. However, there are great difficulties involved in any enforcement of expenditure ceilings, particularly in nationwide presidential campaigns. It may be that more effective reporting of campaign expenditures is the most that can be achieved.

I will appreciate it if the Committee will incorporate this letter in the record of its hearings.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

WALTER DAVENPORT SONS, INC.,
High Falls, N.Y., June 7, 1967.

Hon. RUSSELL B. LONG,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SIR: Regarding President Johnson's new Presidential Campaign plan, on which you are now holding hearings, and which, if approved and passed by Congress, will add another expense to the taxpayers, I would like to urge you to consider the following two ways to lessen the costs of these campaigns:

1. Reduce the length of time of campaigning to five weeks before election. This would materially cut the expenses. Five weeks is long enough for all parties to project their candidates and put their messages across to the public. With the press, radio, and television, much can be done in a much shorter time than formerly. I might say that the American public becomes a little weary after a month of intensive campaigning. More time allocated than this is unnecessary. I believe England has a short period of not more than five weeks when campaigning for seats in Parliament. Why not try it here. I feel it would be most successful and look what you will save the taxpayers.

2. Reduce the length of time of Republican and Democratic conventions and furthermore hold them in September. I'm sure that either or all parties could nominate their candidates in a matter of not more than two days. Then, too, keep it strictly on a serious work basis. I'm sure that both parties are aware of the fact that since TV has taken over, that as far as the general public is concerned, these conventions have become for the most part, a joke and a bore. Let us bring ourselves up to date! Again, by shortening this time by more than half, both parties could save themselves and the future taxpayers great sums of money.

Certainly since the taxpayer may foot the bill for these events it behooves you to recommend wherever possible to cut costs. I believe the very reason the President is offering his new plan is because the cost of conducting a Presidential campaign has become so great that no party can run a successful campaign and now wants the taxpayer to pay for these expenses.

I again urge you to consider all ways possible to cut the costs of future Presidential campaigns.

Your remarks on my suggestions would be appreciated.

Very truly yours,

KENNETH DAVENPORT.

PREPARED STATEMENT OF MRS. ISABEL C. MOORE, BETHESDA, MD.

The present system for electing legislators is so harmful to the welfare of our country/ and inefficient, in these modern technological times/ it is difficult to understand how it could ever have been put into operation, even in the beginning! It must be a hangover from the past when life was difficult/ and people were so accustomed to doing things the hard way, they couldn't be convinced that anything could be done simply.

These are the safeguards and simplified reforms that should be made immediately/ and will have to be adopted eventually/ as it is the only procedure that makes sense:

Financing.—Nothing could be more logical and justified than the complete financing of national elections by national governments/ and local financing by local governments. This is unquestionably a government responsibility. And nothing should be more welcomed by legislators than this as it would free them to vote, without reprisals, for the welfare of all people, instead of "the party" and powerful, greedy, organized groups and individuals who are only interested in advancing their own welfare/ blindly oblivious to the fact that what hurts their country, hurts them! Every time wages, costs of commodities, and taxes, rise, they have to pay more for them which nullifies their increase in wages and profits. It decreases quality in production which is caused by manufacturers trying to keep prices within reach of lower incomes. It increases government subsidizing of living costs, which everyone has to pay for.

The government should allow $10,000 for each candidate, and require strict accounting of expenditures, instead of the huge sum proposed at present. Anyone accepting any other money should be taken out of office and fined. This would make possible a wider selection of competent men and women to take public office. The National Government is planning to help finance educational television with large sums of money, so should arrange to have each candidate alloted equal time during prime hours, on this channel, without cost to government or candidate.

Helpless individual tax payers are sickened when they see their hardearned money spent on enormous sums for campaigns/ and many other unnecessary, impractical projects/ the increasing national debt/ the cost of which is eventually paid by higher prices for them, until they are no longer able to pay them and have to have the government subsidize much of it. All costs of living must be reduced by wage and price control which is the *only* way it can be done! This is just as necessary in peace as war. There should be a gradual adjustment down to a reasonable level so as to not upset the economy.

Parties.—*All* "parties" should be ended! We have no more of a democracy here than many foreign countries have. Candidates are not selected and put into office by all citizens, but by "parties".

Candidate Certification.—Any man or woman who wishes to be a candidate should present his or her qualifications to a national or local non-partisan committee for certification as to integrity/ intelligence/ education/ experience/ performance/ not merely being 25 years of age or over/ and a citizen of the U.S. for 7 years! This may have sufficed in past less knowledgeable times, but is completely inefficient now. The committees certifying candidates should have the same qualifications.

Electioneering.—All primaries, electioneering, long exhausting, costly campaigns, which take people away from their regular work/ conventions which resemble a New Year's Eve party in an insane asylum/ should be ended. No one has the time or energy for this now! Candidates would present their personalities and views on the government financed educational television for 4 weeks before elections. Circulars giving more details would be distributed, especially qualifications.

Voting.—Citizens would then vote directly and independently for candidates that have the best qualifications/ not blindly for "party".

Major vital issues should be voted on by referenda of all the people, instead of legislators who are under pressure from selfish groups, which has kept them in a

deep freeze of political paralysis. This has been the only way legislators could get and keep office/ then they are censured for it!

(The following letter and attachment was received by the committee:)

WASHINGTON, D.C., *June 7, 1967.*

DEAR EDITOR, Washington Post: The enclosed article, "Why I quit the Georgia Senate," by former Georgia Senator James P. Wesberry, Jr., in the *Atlanta Journal and Constitution Magazine* April 30, 1967, should be of interest to you as current evidence of the widespread need to relieve incumbent and prospective public servants of the crippling cost of running for office.

The current issue of *Michigan History*, Spring 1967, in "Arthur Vandenberg Goes to the Senate," contains some new findings on the Newberry case in Michigan, which awakened the public to this weakness in our election procedure. More about that classic case can be found in *The Iron Hunter*, the autobiography of Chase S. Osborn, Governor of Michigan 1910–1912, who was a candidate in the campaign for the Senate with Ford and Newberry, which Newberry won, at killing cost. Governor Osborn discovered at the turn of the century that a man without means could not run for office and hope to remain his own man. He withdrew from the race until he had made enough (for those times) to be independent; but in 1918 he found himself helpless against the $500,000 spent by the Newberry machine.

Fifty years later the cost of campaign financing remains a major problem; we do not wish to drift into a plutocracy. Tax exemption on campaign contributions up to a certain amount would encourage wider participation and a division of obligation. A shortening of the campaign would be sensible. Federal subsidies for presidential and congressional candidates might be collectible only by candidates who won a percentage of the votes that would prove their running justified. Some evidence of qualification might be required for candidature, similar to the evidence of qualification required for civil service.

I believe that posterity will judge that we have erred in our times by opening the flood-gates for all comers to the extent that our leadership is passing to the aggressive and the acquisitive and the vain rather than to our wisest and most strong of character. Should we not also be considering ways and means to search out and provide extra-special help to those who are exceptionally fitted for public service, except financially? Giant private foundations each year grant aids to exceptionally gifted youth, in various fields, selecting the awardees through nation-wide competitions. Could this idea, which lures the exceptional young person into some neglected field of study, be applied to the attraction and selection of our best timber for public service in the political field? Governor Agnew's proposal of an interneship and an apprenticeship program under adequate-salary conditions, is excellent; but the gifted young administrators would still be in need of some source of adequate and honest campaign financing to advance to the Federal level of elective offices.

There is a major threat to our survival at this point.

Sincerely,

MRS. CHASE S. OSBORN.

[From the Atlanta Journal and Constitution Magazine, April 30, 1967]

WHY I QUIT THE GEORGIA SENATE

(By James P. Wesberry, Jr., as Told To John Askins)

(Editor's Note: *James P. Wesberry Jr. of Atlanta resigned from the Georgia Senate to take a job in Lima, Peru, explaining he could no longer afford the financial expense of being a public servant.*

(*Sen. Wesberry's outspoken views on the high cost of politics to the families involved represent his own opinions, and do not necessarily reflect those of The Atlanta Journal and Constitution.*)

My decision was not a sudden one. It was one I'd been facing, trying to face, for three years. It wasn't long after I was elected to the 37th District before I began to realize that politics is an expensive business and the poor man who wants to remain honest may not have the opportunity to stay in politics for very long.

My political campaigns cost me enough to send all three of my children through college twice, as I said in my statement of resignation. My net worth has decreased by $12,750 since I entered public office in 1962. I estimate that My Senate career has cost me $15,000 per year in lost potential income and out-of-pocket expenses.

As a certified public accountant, I can earn in excess of $20,000 a year. As a state senator, I just can't do it, I can't make that kind of money—even though I'm still a CPA. The problem of trying to do two jobs results in not being able to do either one of them very well.

You have three kinds of expenses. The first and most obvious is the cost of getting elected. Theoretically a good politician should be able to raise enough from friends and political supporters to cover his campaign. As a matter of actuality, I have never talked to a politician who was able to raise enough that way. All the members of the Fulton County delegation and everyone else I've met had to spend money out of their personal funds.

The most obnoxious part of politics for me, the part I literally despise, is that one has to humble himself before his friends and even before strangers, asking them to support him financially. You may not take a whole lot of money—I've never received any large contributions—but if someone gives you fifty dollars, you feel indebted to him. Later on, when he's got a bill he's interested in, he'll come see you. You're put in a compromising position, an embarrassing position.

Nonetheless, you have to get the money from somewhere. It's not easy, either, especially the first time, because you're an unknown. And the average citizens, even those who encourage you to run, don't care enough about government to finance a candidate. I remember after I had announced for my first campaign coming back to some of the people who had urged me to run and saying, "All right, I'm in this thing. Can you help me out financially?" And they'd say, "Sure! Here's ten dollars." Maybe they only had ten dollars, but they wouldn't take the time to call ten friends and try to get ten dollars out of them.

I never had any strong financial supporters. Some people do. Carl Sanders, for instance, had J. B. Fuqua. Ellis Arnall, on the other hand, personally financed the vast bulk of his costly campaign even though he was the front-runner and people thought he was going to win. That had a lot to do with my own decision, seeing what happened to him.

When I entered politics, I was an unknown in a nine-man race. I had to become known; and my race cost about $10,600, almost all of it mine. That put me in debt right at the beginning of my political career, and I was never able to get out of debt again.

The initial loss, then, is the loss of the campaign expense. On top of that, you have the loss of the income you could have earned while you were out politicking. In my case, I charge $30 an hour as a CPA. Every hour of politicking, making a speech or shaking hands, is $30 out of my pocket. I had no income during my first campaign because I devoted full time to getting elected. So it actually cost me considerably more than $10,600. Really, I if had known I was going to get that deep in debt, I would have stayed out. But once started, there was no way of stopping it.

Of course, it could have been worse; I could have been defeated and still have been in debt. But at least then I could have gone back to work and rapidly paid off the bills.

So you get elected, and you're paid practically nothing. The salary's been raised now, but for four years I made only $2,000 a year for my Senate work. I felt I owed the job at least 50 percent of my time; at that rate my whole time would have been worth only $4,000 a year—which is sort of ridiculous. Now, of course, the salaries are $5,200 a year, including expenses, which is a lot better. If I'd had the $5,200 to begin with, I'd probably still be in politics. But $5,200 still isn't enough.

At the beginning, I thought that being elected to public office would help my business. I think most people have that idea; they think because you receive honors and get your name in the paper every day and have the title of senator that your income is somehow increased. The reverse is true, because of the time the job takes away from you.

Immediately after you're elected, suddenly you're bombarded with people who want to talk to you about political matters. You have to have lunch with them or have them come by your office. You're invited out to meetings and to make public appearances and you find your time is no longer your own, even before the legislature is in session.

In the month of December particularly, just prior to the session, a legislator is called on practically full time. In my opinion, that month you work *free* for the taxpayers. It's just a total loss.

Then in January the session starts. Originally, I'd thought I could do a little work during the session, at night and on the weekends; I'd always worked long hours anyway. But if you're conscientious, and I tried to be, you get immersed

in the importance of passing laws—you've got a thousand bills introduced during the session and you try to be an expert on all of them—and you end up devoting all of your time during the session to being a legislator.

But finally the session's over and you say, "Well, at least *now* I can get back to work." But you're called upon twelve months of the year to make speeches and attend meetings. People call you with problems and you've got to take time to listen even if you can't help, or else they feel they aren't communicating with their legislator.

The third major cost of holding office is the extra expense, like getting a wedding invitation from someone you never heard of and being expected to send a gift. You find when you get elected to office that the number of wedding invitations and birth announcements sent you will multiply about tenfold. What it boils down to is that people take advantage of public officials.

You have a wider circle of friends; anybody in public office gets out and gets to know a whole lot more people than the average man. And the more people you know, the more people you have to take out to lunch, the more organizations you're invited to join—and of course, when you join you have to pay dues—and you get put on the boards of charitable organizations and they have dinner meetings and you're expected to pay the cost of the dinner meeting. You're expected to send flowers to funerals of people you normally wouldn't send flowers to—because you're in public office.

Much of this I didn't do because I just couldn't afford it. I simply did not send flowers to a lot of funerals and did not buy gifts for a lot of people who got married. But there are some that you have to do, and they add up to a tremendous cost.

These are the three major expenses I found. And to me it's a great tragedy. I could see from my own experience how easy it would be for a man to enter politics full of idealism and honesty and integrity, and to gradually get deeper and deeper in debt, and at some point to begin to make compromises—minor financial compromises to begin with—and gradually find himself obligated to other people. I can see how a guy could really get himself into trouble, how an honest man could turn into a dishonest man gradually over a period of years and never realize what had happened to him until it was too late. This scared me to death. I saw my children growing older and my income going down, and I finally came to the conclusion that I would have to get out of politics if I wanted to maintain my integrity.

I can't say whether there are many temptations to sell your vote in the Georgia Senate. I've always been such an independent and so outspoken that I was never approached. If somebody had made me an offer I would have accepted it and then turned them in and had them arrested—and they knew it. But there were tremendous rumors during one particularly controversial issue that involved great amounts of money this past session—rumors of legislators being on the payrolls of various concerns. Whether the rumors were true, I just don't know. I'd like to think they were not.

Obviously, something must be done. The state needs no officials who would make ends meet dishonestly. The state does need the best men it can find in public office, and that means making it possible for all good men to run—not merely the rich ones.

A big salary raise for legislators, a minimum of $12,000 per year, plus $6,000 expenses is needed. Then the man who was dedicated could afford to take the time required to be dedicated. The man who wasn't dedicated would be a loss to the taxpayers, but the gain of more men who were dedicated being able to run for office and stay in office would certainly offset the loss.

Setting an arbitrary limit on campaign expenses wouldn't help much. There are too many ways to make such a law unenforceable. However, a law requiring full disclosure of expenditures and sources would let the public know if a politician were obligated to some selfish interest group.

The man who has the advantage in today's politics in Georgia is the man who is accepting money from someone, who has sold his soul, so to speak. He's got the money and nobody knows it. The guy who's trying to be honest doesn't have the money, yet so far as the public knows he may have just as much.

Some say the public, in the interest of obtaining good candidates and honest government, should foot campaign expenses. South Carolina provides public forums in the governor's race; all the candidates travel around together and speak together at the state's expense.

But raising salaries seems simplest and best. Georgia isn't the only state that pays its legislators low wages, but some states pay better. New York, Michigan

and Pennsylvania pay their legislators respectively $15,000, $17,500 and $9,000 per year.

To reduce the burden to taxpayers in Georgia, both houses of the legislature could be reduced in size. This would benefit the state in any event, with or without a pay raise.

Let me tell you what five years of public office meant to me financially and personally. If it hadn't been for some property I inherited in South Carolina, I wouldn't have been able to enter politics at all. I mortgaged that. There's a second mortgage on my house. In addition to that, I owe the bank about $10,000 in open-type notes.

Our standard of living decreased very quickly after I was elected. For the past four years, my wife has taken in sewing to help pay some of the bills. I expect she's the only state senator's wife in America who has to do that. The people in the neighborhood knew it, but the general public didn't. She sewed for the dry cleaners behind our house.

For the first time in my life I was delinquent paying creditors. All my life I'd paid every bill on the tenth day of each month, but suddenly I wasn't able to anymore. This looks crazy—being a CPA and not being able to manage your own affairs, apparently.

When you're nobody and you're delinquent paying your bills, only your creditors know it; but if you're in public office and you name is a household word you feel like everybody knows it.

I understand, however, that most public officials are late in paying their month-to-month bills.

For five years, I've never been able to catch up. I'd borrow some money and catch up for a while, but in a month or two I'd be behind again. It's extremely embarrassing to get delinquency notices and have people threatening to sue you. Of course, a lot of people were awfully nice about it; I think some gave me more credit than they would normally have, gave me more time to pay.

I even thought about getting out of the CPA business and into something else where I could make more money and still be a senator. I thought perhaps some company would like to have the prestige of a state senator working for it. I even had friends feel out numerous businesses in Atlanta—but I never found any interested in a politician, or at least not in one who was independent. I also offered myself as controller or treasurer of various firms, since that would be in my line of work. A number of concerns said they would hire me immediately if I would get out of politics. But none wanted to dirty its hands with a practicing politician, through you hear all the time of organizations urging their executives to get involved in civic affairs, run for office. To me, all this speaks badly for business. I'm inclined to think business would get a whole lot better break from politicians if they would support politics more.

Then this job in Peru came along, and I decided to take it. It has certain advantages—the main one being that my income will be tax exempt when I stay out of the country for 18 months. I came to the conclusion that the quickest way I could get caught up again would be to get out of the United States. This wasn't the only attraction the Lima job held, but it was a big one because I didn't particularly want to leave Atlanta.

When I finish with this job in two years, I'm coming back to Atlanta and resume my practice as a consultant on governmental administration and finance. And I'm going to stay in my professional field. I'll never run for public office again.

Blue White Grills, Inc.,
Martinsburg, W. Va., April 18, 1967.

Senator Russell B. Long,
Senate Office Building, Washington, D.C.

Dear Mr. Chairman: Regarding the Presidential Campaign Fund Act and the amendment pertaining to expenditures of Congressional candidates; I should like you to consider the following.

The present Federal limitations on Congressional Campaign Funds places an honest, conscientious, "first time out candidate" into the position of choosing one of the following courses of action:—

1. Spend the amount of funds authorized by Federal law and accept the fact you will have little or no chance of election to office.
2. Resort to concealing expenditures, trickery, deceit, hypocrasy and allowing special interests to take over both the campaign and the candidate. This un-healthy condition tarnishes a candidate's thinking even as he is attempting to sell the voters on his integrity, honesty and intelligence.

The privilege of expressing my views in Committee could possibly give a "grass roots view" which would be helpful in writing this legislation.

Thanking you very kindly, I remain,

Sincerely,

WILLIAM D. BROWN,
President.

ANN ARBOR, MICH., *June 28, 1967.*

Hon. RUSSELL B. LONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LONG: It is my understanding that the Finance Committee is scheduled to report to the Senate by July 21st on the subject of campaign financing. I wish to bring to your attention some remarks which I made during debate on this subject in the House of Representatives on October 20, 1966. A copy of those remarks, as they appeared in the *Congressional Record* of that date, is appended.

As you will observe I proposed that funding of campaigns for national, as well as state and local, office be dispersed, not from Washington, but from the grassroots. I believe that this approach is uniquely within the tradition of American political life, yet I have not seen any evidence that it has been considered by the Senate. Furthermore, I believe that a plan such as I suggest would find far stronger backing in Congress than the one now being discussed.

While I recognize that your hearings have undoubtedly been completed by this late date, I would very much appreciate the opportunity to testify before your Committee on this matter if a suitable occasion should arise.

With every good wish,

Sincerely,

WESTON E. VIVIAN.

Mr. Speaker, the conference report now before us on H.R. 13103, proposes, as has been thoroughly discussed this evening, that starting in 1967 each individual taxpayer be given an option to divert exactly $1 per year of his Federal income tax payment to a special Treasury fund. This fund would be equitably allocated between the major national political parties to help defray the costs of presidential campaigns.

Mr. Speaker, this scheme definitely does have some merit. In particular it provides a simple, direct, and practical process by which large numbers of people individually can contribute a small amount to national political campaigns, sufficient to fund these campaigns moderately well, and thereby relieving the candidates of the necessity of depending on a limited number of affluent givers. This scheme therefore would reduce the influence of wealthy individuals or organizations upon the National Government.

Unfortunately, Mr. Speaker, there are two very basic faults of this scheme which overshadows its merits: First, the funds are to be available only for presidential elections, rather than all elections at all levels of government; and the funds will be dispersed according to the inclinations of national party leaders, persons who to date seldom have been known to the public, and hardly immediately subject to broad public choice.

Mr. Speaker, this good idea is being applied wrongly.

Suppose instead, these funds were allocated, in proportion to the number of voters each delegate receives, directly to the control of the local precinct delegates, elected precinct by precinct throughout the Nation by the voters of each Party. These delegates, who would be your neighbors, and probably well known to you, in turn would distribute the funds over which they gained control, to the local, State, and National candidates and party organisations as they so desired or more particularly as they would have promised prior to their own election.

The control of political party activities and finances then would stem from where it should—the neighborhood level, the grassroots of politics, rather than from the Nation's political center.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 3, 1967.

Hon. RUSSELL B. LONG,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR SENATOR LONG: At a recent meeting of the Board of Directors of the American Farm Bureau Federation consideration was given to the legislative situation relative to the financing of political campaigns.

Our Board directed that a background discussion sheet on this issue be prepared for the consideration of State and County Farm Bureaus this fall as part of our policy development procedure.

Recognizing that the issue might reach a decisive point in this session of the Congress, our Board took two additional actions, as follows:

1. That we oppose the use of appropriated tax funds to finance political campaigns.
2. That we support, as a preferred alternative to the use of appropriated tax funds, a provision for an income tax deduction for political contributions up to $100 per person.

We are not submitting the second proposal as a positive recommendation for action at this time, but only as a preferred alternative to the appropriation of tax funds. We believe the income tax deduction approach has at least one important advantage over the use of appropriated funds in that it leaves each individual free to determine the use of his funds. If this issue is carried over until 1968, we expect to be in a position—as a result of grass roots discussion of the issue—to submit more specific recommendations relative to the whole question of financing political campaigns.

It will be appreciated if you will include this letter in the hearing record.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

A PLAN FOR ESTABLISHING A BROAD BASE FINANCING FUND FOR ELECTION CAMPAIGNS TO COVER STATE AND NATIONAL ELECTIONS

(Submitted by Jane Planck, June 28, 1967)

Mr. Chairman and Members of the Finance Committee, please accept my thanks for granting an interested citizen the opportunity to present to you her concept of a practical approach to broad base financing not only for Presidential elections but also for Congress and each state.

The plan presented here is without formal backing of any established organization; it is the purely personal result of my thinking two years ago that one of the most pressing needs in this country is to find some way to stop the wild spending spree that breaks loose upon us with every election, and that as a nation we need a unifying project—something capable of embracing every home equally. These two thoughts united naturally to develop a workable concept for broad base campaign financing.

The method presented here is a straight one dollar tax collected annually and divided between parties in accordance with the party preference stated at the time of registration. Budgets are projected from the total vote figures of the 1964 elections. A chart showing the possible Fund available for thirty-two states is included with this statement, and before mentally closing the door on the thought of making this a tax, please consider with an open mind the realistic approach of the plan projected here and withhold final judgment until it can be witnessed in its entirety.

This country had its inception in a natural resistance to "Taxation Without Representation", but this is "Taxation For Representation" and it should be favorably received by the public generally as a simple solution to a staggering problem. This tax can provide representation by public officials given as clear a mandate to live up to their highest sense of right as has ever been offered to any governing body by the governed; and this program is enhanced by virtue of the fact it includes state governors and legislators as well as Federal officials.

Events of recent years have burdened the conscience of the country and it is my firm belief that a practical solution to this accelerating problem would find ready acceptance throughout the country if it is properly presented.

The most poignant evidence calling out for reforms to correct campaign financing ills came in the statement to this Committee by a man who "stands very tall in the saddle". As citizens we have no right to force honorable men—and I quote from this most honorable man's remarks—we have no right to force men "to seek loopholes in the law" . . . "to be less than frank and to resort to surreptitious methods to carry out the legitimate and honorable purpose of making democracy work".

The 1964 campaign proved a willingness in the country to give general support to Campaign Financing. This willingness needs to be credited with a method capable of developing into a solid system including all eligible voters and cultivated to that end with every means of available communication.

It is a figment of dreams and shadows to believe that citizens will voluntarily go down the line for a check-off system of any kind—even at no personal cost. Such a system also encourages further a policy of letting the government assume responsibility that correctly rests with the individual; and in this instance even the voter on welfare can manage one dollar per year to support a free government. His voice becomes as loud and clear as that of the wealthiest citizen. This modestly scaled tax encourages a sense of individual pride in meeting and overcoming a seemingly insurmountable problem, once again proving the power of free people united in the American way.

The details of collecting and administering the Fund nationally and state-wise are presented in an attached statement. Briefly, they involve establishing whatever legislation would be required to make the payment possible; it sets forth an uncomplicated system of payment through the purchase of a one-dollar stamp [1] (and the actual purchase is important to implementing the success of this program); it provides for collection of the stamps, and assignments of operaing budgets and directives for payment of campaign expenses. The Fund is not divided equally between the parties but is allocated in accordance with the party preference stipulated by the voter at the time of registration. Minority parties would be required to qualify before becoming eligible for the Fund. The problem of one-party states and low density population presents itself, and the only feasible solution to the first would be to use a state with a comparable population and use its figures to allocate the Fund in the same manner for the one-party state. Circumstances might make the Fund adequate in the low-density state.

The purchase of a stamp or the processing of a receipt involves committed action on the part of the individual. He must exert himself to buy the stamp, to protect it to the moment of presentation (at which moment it crystallizes as evidence of his invested interest in his government; and for the duration of this period at least he is actively aware of personal involvement in his government.

The programing of budgets and directives for expense payments is handled by the GAO under the Comptroller General for Presidential elections and by that department in each state designated for this purpose for all other elections.

A Presidential and an off-year election would be required before a realistic budget could be forecast to meet nominating, primary, and election campaigns. To be a complete concept each step of an election process needs the protection of financial independence. If experience gained from the first tax Fund use and the projected figures based on increased voter population indicated an amount short of meeting expenses, the annual tax could be adjusted. Any such adjustment would be nominal since the original dollar provides expenses for a major campaign while the two preliminary steps are not so demanding. In any event, it would still be the best buy on earth for the money.

By dividing the Fund between Federal and State elections and assigning a specific budget to each candidate (and this is accomplished through notification of credit—not cash) the burden of solicitation is lifted leaving individuals or groups free to align with that candidate whose expressed ideas are most nearly compatible with their own.

This plan also eliminates the burden of debt that often plagues the losing candidate.

Informal conversations with a few Congressmen and Senators brought out the fact that one Congressman from a less populous state considered $1500, sufficient for his election effort; another from a Northwestern state said it would take $15,000 and interestingly the figures developed on the basis of the last election for these two states produced an almost identical amount. A Senator stated in this Committee that he has been advised his TV coverage alone would be $500,000, for his next campaign. This is an exhorbitant figure and represents the need to establish reasonable rates in this medium; nevertheless, the total amount of the Fund available to this Senator would have been $2,882,304. The opposing candidate would have had an equal amount.

In regard to television, it was suggested at one point that this medium should be made available free to candidates. This would be punitive and if the new approach is to be right it must benefit all. Equitable rates should be set and everyone concerned would find relief in a campaign shortened to six weeks, thereby reducing the cost of television further.

The stipulation that leaves all monies deposited with the Treasury Department and the State Treasurer's office eliminated the possibility of Fund misuse. The assigned budget leaves the use of the Fund up to the wise, or unwise, discretion of the candidate. If unwise, he loses. The post-election audit by State and Federal authorities assures full disclosure of Fund use.

[1] This could be a simple receipt issued by the Post Office.

For the first-time application of a Tax Campaign Fund, the financing of nominating conventions and primaries could continue under the present system, with the exception that all managers be required to submit a complete record of expenses for the purpose of projecting future budgets to accommodate these conventions also.

This system is compulsive but it is reasonable to think that any plan will meet with the widespread acceptance necessary to produce adequate funds by general involvement.

With today's communication media so highly developed a thoughtful program could be directed toward showing the public that between an enforced contribution from them, and the pressures of personal influence on their officials, the former is by far the lesser problem.

Furthermore, it is my belief that the benefit to the nation of broad base financing would find overwhelming support among the young voters who are now or will shortly be the largest single voting bloc in the country, and who are displaying an active interest in the affairs of government. Young people are not looking with favor on the excessive spending for election campaigns. They are ready for reforms and if these are not initiated by those in positions to see the need and act on it, they will have the voting power to enforce their own changes.

This plan as a regular tax has found favor with several people whose judgment and discernment commands respect. I believe that a poll taken with considered questions would reveal general preference to this method rather than to continue compounding present problems.

Although the Federal Campaign receives only 25¢ of each dollar annually under this plan—the other 75¢ remaining in the State where it is collected—it is suggested that the Presidential and State Funds be combined in one payment to help simplify and reduce costs of their administrative routines. Budget forecasts could also go forward simultaneously.

It should be possible for the States and the Capitol to unite at this one point for an ultimate goal so rich in blessing for all.

Since the purpose of broad base financing is to eliminate "big money" spending, individuals who wish to exercise their right to support their candidate by a private effort could in this instance sublimate an expression of that right to accomplish the ultimate goal.

This concludes my statement and covers the major part of a proposal to let all the country unite to correct a monumental problem—through individual effort.

Thank you again for your courtesy and the privilege of a hearing.

Voter Fund for Election Campaigns

Collection

Establish an Election Tax (Campaign Fund Tax) at $1 per year per eligible voter. This severs the connection between the vote and a Fund payment.

Keep the Tax Fund payment separate from the Federal Income Tax. To help emphasize general participation it could be paid at local Post Offices with a receipt issued to be presented at Registration time in evidence of payment. Similarly, a record of non-payment would be compiled and forwarded to those responsible for processing the fine.

Establish two or three pre-announced days for payment and augment the Post Office staff with appointed "volunteers" to collect it.

The allocation of Funds to the major parties and to any qualifying minor party is determined by stated voter preference at the time of payment; thereby simplifying the later Fund distribution. A minor party member could, if he so desired, direct the allocation of his dollar to a major party but register as a minor party member.

To make the Fund more equitable in one-party states, another state of equal population could be used as a guide for distribution until such time as natural registration would make both parties equally independent. An additional aid might be required in lightly populated states.

Nonpayment of the tax does not prohibit the right to vote but makes the voter liable for a fine, one heavy enough to encourage early compliance.

The distribution of the total collection is determined by the compilation of a budget originating from the records of preceding campaign expenses.

Processing

Money Orders are mailed by each Post Office to:

1. Secretary of the Treasury for Presidential Elections.

2. State Treasurers for the election of: (a) U.S. Senators and Congressmen; (b) Governors and all elective State Offices.

Money Orders are then deposited to the credit of each eligible party:

1. For National Committees—deposits are made by the Secretary of the Treasury.
2. For State Committees—deposits are made by the State Treasurer.

DISTRIBUTION OF ELECTION CAMPAIGN TAX TO POLITICAL PARTIES

The Presidential Election Fund is under the direction of the Comptroller General.

The G.A.O. would:

Prepare a Budget from the records of preceding election expenditures of each participating Party.

Arrange for in-state expense to be shared on a designated per diem rate with the Presidential nominee's Party for that state.

Forward a Statement of Operation for preceding election to National Party Headquarters.

Forward a record of the Presidential Fund Deposit credited, to the National Party concerned.

Set up a Computer Record of total Registration and Tax payment.

Publish an audit of campaign expenditures after the November elections.

Assemble the record of available funds from reports and Money Orders mailed in to the U.S. Treasurer's office.

Make no directive as to the use of the Fund.

Set up a system for processing accounts payable.

Direct the actual processing of payments to be made at a Federal Finance Center.

The State Election Fund is under the direction of each State Treasurer and the Secretary of State for each state. The process could approximate the above method, but details would be left to each state's decision.

A tight system for authorizing expenditures should be planned.

A time limit for submitting bills should be set.

Standards to qualify minor parties for Fund participation could be established.

Federal and State Finance Centers should prepare Post-Election Expenditure Reports for publication.

LETTERS OF AUTHORIZATION

A record of the deposit is sent to each party at its National and State Headquarters, and comprises the available Fund for the next election campaign. No candidate, or Committee, is in possession of cash at any time.

FIGURING AND ALLOCATING PRESIDENTIAL AND OTHER ELECTION FUNDS

The G.A.O. and State Treasurer's offices would estimate total available income for a two, four, and six year period; and include an estimate of maturing and deceased voters.

The cost records of Presidential and off-year elections for state offices (including U.S. Senators and Congressmen) would be used by G.A.O. and the states respectively, to arrive at the amount needed for the next elective office campaign and the year to which it is assigned.

Each office, or regional headquarters for each Party, would be advised of actual amounts to be made available for each elective office campaign.

A formula would be established for the distribution of fines collected for delinquent taxes.

Candidates would be free to program their own campaigns within the limits of their assigned budgets.

The Voter Registration, Election Fund and Costs would be set up on a computer system with the cost of this to be assumed by the Federal government and each state.

A means of providing for rising costs due to population growth and reapportionment should be considered, but within the limits of a "ceiling".

A method of contracting for Campaign Expenses that precludes "sub-rosa" financing should be established.

It would be a criminal offense to offer, accept, solicit, or use private financing for election campaigns.

UNDERSTANDING THE CAMPAIGN ELECTION TAX EDUCATIONAL PROGRAM

Set up a clear and persuasive program to establish the urgent need for general public financing, using all media of communication: TV, Radio, Moving Pictures, Theaters for "Shorts," Posters (but no billboards), Cartoons, Music, Newspapers, and Periodicals.

Contact: Service Clubs, Church Groups, Auxiliaries, Industrial Plants, Military, Universities, Public Schools, Social Welfare Offices, State and Federal Legislators (ahead of the public program), Headquarters of established churches, and Labor Unions.

POINTS TO BE MADE

The need to free candidates from holding their hand out for substantial contributions and to release them from ensuing obligations.

This is not a poll tax. It is an opportunity to secure the benefits accruing to free people under a free government, and voting is not contingent upon payment of the tax.

Show the public how their dollar investment brings closer attention to their needs, and through example (case histories, etc.) illustrate the natural problems resulting from current practices of fund solicitation.

This system shifts the burden of obligation to heavy contributors away from the candidate and should leave him free to consider legislation on the basis of more general merit.

The availability of financing opens the field to candidates otherwise reluctant to assume heavy campaign obligations—both financial and moral.

With "vested interests" eliminated, more people might be persuaded to enter public service; however, with funds available qualifications for "primary" candidates would need deeper consideration.

Enlist the aid of private foundation funds to finance a voter education program.

Start early to encourage children to understand the benefits of broad base financing, and to think in terms of active support for their government.

Since the original dollar covers major expenses, a future annual or biennial adjustment could be made in the tax to include nominating conventions and primaries.

SOME BENEFITS AND COMMENTS

With general public financing, citizens have a "vested interest" in their State and Federal officials.

The "dollar" investment can promote an active involvement in government.

Government will be finally "by the people" when elections are paid for "by the people".

We cannot sit in judgment and condemn public officials if we are unwilling to make so small and painless a contribution to strengthen a free country.

No one in the U.S. is too poor to invest in his government. Even welfare recipients can manage $1. per year.

This system can encourage a sense of pride by conscious participation in the effort to improve good government.

This system should be emphasized as OPPORTUNITY, an opportunity that can bless the life of every citizen, that truly makes the "one man, one vote" a reality.

The campaign period should be shortened with a resulting reduction in expenses, as well as campaign boredom and fatigue.

Voter Registration set up on a Computer System would furnish a fast and valuable check on Fund expenditures, progress on election day, and delinquent tax payers.

Establish the need for more uniformity in Registration practices, and show the advantages.

Make a procedure fulm to show the actual registration process.

Recommend that voters who have moved within the past twelve months be permitted to vote absentee at their preceding legal residence.

Enlist the interest of a few leading cartoonists to help with the education program.

RECOMMENDED

To increase salaries for U.S. Senators to $50,000; with 50 percent tax free.

To increase salaries for U.S. Congressmen to $35,000; with 50 percent tax free.

Include twelve round trips home free per year for all members of Congress.

TV networks should not be expected to donate prime time for campaigns but neither should these be the signal to escalate rates beyond reason. Let networks agree on a reasonable scale that will not punish either their profit picture or the fledgling flights of publicly financed elections.

The election campaign fund as illustrated in the following chart is figured on the basis of $1.00 per year per voting citizen to be paid biennially to coincide with voter registration for general elections. These figures show how much would have been raised under this plan in each State illustrated

Presidential vote and fund			State vote and fund								
Campaigns	1960 population	Presidential	Two U.S. Senators	Number each State	U.S. congressmen	Term years	Governors	Number of State Senators	Number of State representatives	Annual total per each	Other State offices
Dollar breakdown		$0.25	$0.20		$0.25		$0.5		$0.25		
Alaska			[1] 58,181 [2] $34,968	1	$29,090	4	[1] 67,259 [2] $13,452	20	40	[2] $280	1
Arizona	1,302,161	[1] 480,770 [2] $480,770	468,801 $281,280	3	78,134	2	473,502 $47,350	2	80	1,096	7
Arkansas	1,786,272	560,425 $560,426	312,880 $187,728	4	39,110	2	592,113 $59,211	35	100	1,096	5
California	15,717,204	7,057,566 $7,057,586	7,041,821 $4,225,092	38	92,642	4	5,853,270 $1,171,056	40	80	12,198	5
Colorado	1,753,947	776,966 $776,966	608,241 $364,944	4	76,030	4	616,461 $123,296	35	65	1,541	
Connecticut	2,535,234	1,218,578 $1,218,578	[1] 1,208,163 [2] $724,896	6	$100,080	4	[1] 1,031,902 [2] $206,380	36	294	$782	3
Delaware	446,292	281,320 $281,329	200,703 $120,420	1	100,352	4	200,171 $40,036	18	35	944	4
Florida	4,951,560	1,854,461 $1,854,461	1,560,337 $936,202	12	65,014	4	1,663,481 $332,696	44	112	2,666	4
Georgia	3,943,116	1,139,335 $1,139,335	306,250 $183,750	10	15,313	4	311,691 $62,340	54	205	301	6
Illinois	10,081,158	4,702,841 $4,702,841	3,709,209 $2,225,526	24	72,276	4	4,657,509 $931,500	58	177	4,955	7
Indiana	4,662,498	2,091,606 $2,091,606	2,076,963 $1,246,176	11	94,408	4	2,072,915 $414,583	50	100	3,455	5
Kansas	2,178,611	857,801 $857,801	653,300 $391,980	5	65,320	2	850,414 $85,041	40	125	1,289	5
Kentucky	3,038,156	1,046,105 $1,046,105	820,088 $492,048	7	58,578	4	886,047 $177,209	38	100	1,605	6
North Dakota	632,446	258,389 $258,389	258,945 $155,370	2	64,736	4	262,661 $52,532	49	109	416	9

Maine	969,265	380,965 $380,965	[1] 319,535 [3] $191,724	2	39,942	4	[1] 292,725 [3] $58,544	34	81	636	--------
Louisiana	3,257,022	886,293 $886,293	421,904 $253,142	8	26,369	4	773,340 $154,668	39	103	1,362	9
Missouri	4,319,813	1,817,879 $1,817,879	1,783,043 $1,069,825	10	89,152	4	1,832,562 $366,512	84	163	2,326	4
Montana	674,767	278,628 $278,628	280,975 $168,588	2	70,244	4	280,010 $56,000	56	94	467	5
Nebraska	1,411,330	584,159 $584,159	563,401 $338,040	3	93,566	4	578,090 $115,620	49	--------	2,949	5
New Mexico	951,023	328,645 $328,645	325,774 $195,462	2	81,444	2	318,042 $31,804	32	77	729	4
New York	16,782,304	7,166,275 $7,166,275	7,151,686 $4,291,014	41	87,166	4	5,805,631 $1,161,126	65	165	6,310	2
Ohio	9,706,397	3,969,196 $3,969,196	3,830,389 $2,298,234	24	79,800	4	3,116,711 $155,836	32	137	4,611	4
Pennsylvania	11,319,366	4,822,690 $4,822,690	4,803,835 $2,882,304	27	68,960	4	4,378,042 $218,902	50	209	4,226	2
Rhode Island	859,488	390,091 $390,091	[1] 386,322 [3] $231,792	2	$96,581	2	[1] 391,668 [3] $19,583	46	100	$671	3
Tennessee	3,567,089	1,144,046 $1,144,046	1,064,018 $638,412	9	59,112	4	621,064 $31,053	33	89	1,273	1
Texas	9,579,677	2,626,811 $2,626,811	2,603,856 $1,562,316	23	56,606	2	544,753 $27,238	31	150	752	5
Utah	890,627	401,413	397,384 $238,428	2	99,346	4	398,256 $19,913	27	69	1,037	4
Wisconsin	3,951,777	1,691,815 $1,691,815	1,673,776 $1,004,268	10	83,688	2	1,694,880 $84,744	33	100	2,434	4
Wyoming	330,066	142,716 $142,716	141,670 $85,002	1	70,836	4	119,268 $5,964	25	61	347	8
Oklahoma	2,328,284	932,499	912,174 $547,302	6	67,682	4	709,763 $35,488	48	89	1,295	8
Oregon	1,768,687	786,305 $786,305	636,558 $381,936	4	79,570	4	637,407 $31,879	30	60	1,771	2

[1] The top figure is the total registered vote from the most recent election.

[2] This figure represents the total available Fund accumulated annually during the interim between elections, for the offices under which they are listed.

[3] Incindes Representatives.