

McCloy Scores U.S. for Failing to Act On Politicians Accepting Illegal Funds

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Says Curb on Gifts Needs Modification

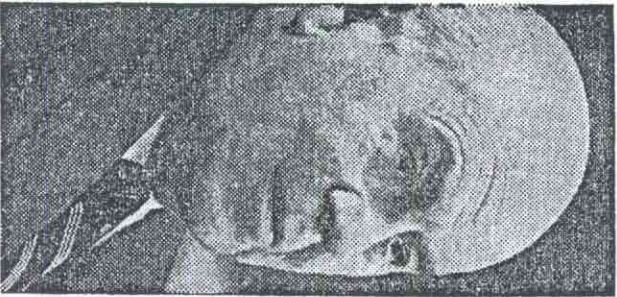
By MICHAEL C. JENSEN

The failure of the United States Government to prosecute or even condemn American politicians who have received illegal political contributions from corporations is unfair and hypocritical, according to John J. McCloy, a prominent New York lawyer who recently conducted an investigation into the Gulf Oil Corporation's illegal political activities.

While dozens of companies and executives have been prosecuted for making such contributions, little action has been taken against the recipients. Most of the politicians who have been identified as accepting corporate contributions have argued that they did not know the money came from illegal sources.

Statement Challenged

Mr. McCloy said in an interview in his law office in downtown Manhattan that he did not accept that explanation, especially since there was evidence that some of the corporate contributions were in cash, and were handed over surreptitiously in motels behind bars and in men's rooms.



John J. McCloy

"The statement 'I didn't know these were corporate funds' doesn't wash when you're talking about cash in sealed envelopes," he said. "Why is it that the people who are offenders in terms of corporate money received can hold themselves out as able to become the President of the United States?"

Mr. McCloy said it was "just as improper" for politicians to accept illegal corporate money as it was for

Calls Policy Unfair and Hypocritical

companies to give it. "We've heard nothing from the Senate about purifying itself," he said. "There's a double standard here. It's the hypocrisy that bothers me."

While Mr. McCloy did not defend the practice of American corporations secretly funneling money to politicians, he suggested that the legal prohibition against such gifts in the United States perhaps ought to be modified.

Matter of Policy

In most of the world, it is legal for companies to give funds to support politicians or political parties.

"It's a fantasy to think that Congress, in the present climate, would pass a law allowing corporate contributions," Mr. McCloy said, "but in the abstract, we should consider whether the Canadian system, which allows such contributions, subject to restrictions, isn't better and wiser than ours."

On the matter of overseas political contributions to government officials, Mr. McCloy said he believed that in some instances American companies that made such payments thought they were

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acting in conformity with United States Government policy.

In South Korea, for example, Gulf gave \$4 million in the 1960's and early 1970's to the Democratic Republican party, headed by President Park Chung Hee from a secret political slush fund maintained by the company in the Bahamas.

Mr. McCloy said the committee he headed, which conducted a nine-month investigation at the behest of Gulf's board, into the company's political activities, found no evidence that the United States Government had recommended that Gulf make the payments.

Gulf Executives Cited

However, he said he had been told by Gulf executives that the company thought it was "in conformity with United States policy to ex-

pedite the transition from a military dictatorship to an electoral system."

American officials in South Korea had made it generally known, he said, that they favored "American-style" politics in that country, including financing of political campaigns by private contributions.

"I don't want to suggest that Gulf was relying on United States Government consent," he added. "It was just part of the atmosphere."

A former chairman of the Chase Manhattan Bank, ex-president of the World Bank and former Assistant Secretary of War, Mr. McCloy, who is 80 years old, is a partner of Milbank, Tweed, Hadley & McCloy.

Fifteen days after his 298 page report on Gulf was received by the company's board of directors, Gulf dismissed Bob R. Dorsey, its chief executive, and two other top executives.