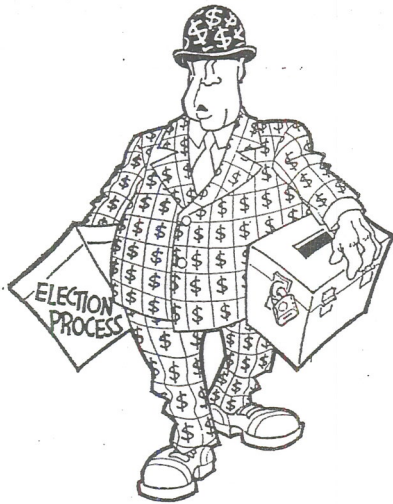


# Money And the Fat Cat



Zschiesche—King Features Syndicate

By George Thayer

*This article is an excerpt from the book, "Who Shakes The Money Tree?", which is scheduled for publication soon. The author, a political scientist who also wrote "The War Business," died last month.*

**W.** CLEMENT STONE gave to Richard and Nixon in 1968 and 1972 because he believes he is changing the course of history. He claims he speaks with the President over the phone about once a month, and has expressed a desire in public to be appointed to some important job, preferably Secretary of the Department of Health, Education and Welfare or ambassador to Great Britain. He likes being invited to the White House and mixing with other powerful and influential people, and he believes in the idea of large campaign contributions because, he says, they offset the power of entrenched machines.

The recipients of Martin Peretz's large contributions have changed over the years, in line with his developing philosophical and ideological position at any one moment. He supported the Student Nonviolent Coordinating Committee, then moved on to Ramparts magazine until it chose the wrong side in the 1967 Six Day War. He then turned his generosity toward helping peace groups and new political organizations. Generally, he seeks a third

way between "confrontationists" and "vacillating, vapid liberals," which is what led him to back McCarthy so heavily in 1968 and McGovern in 1972. Today, he would tend to support any candidate advocating radical economic and social reform.

There are Fat Cats who give for the same reasons as J. Clifford Folger, long a top GOP fund raiser and contributor: He is more amused by politics than government, more interested in picking a winner than ideology. Most "smart money" — either early money or long-shot money — is given for this reason. Instead of buying works of art before they are recognized as such, some monied contributors, particularly the radical chic Fat Cats who orbit the society pages of New York, Los Angeles and San Francisco, consider it amusing to back a potential political winner before he breaks out of obscurity.

## Wants Good Men

**J.** IRWIN MILLER who regularly gives to between 75 and 100 promising candidates at all levels of political activity, most of whom are Republicans, actually wants good men in office. His contributions also enhance his business and social image. Originally, he tended to give money based on the enthusiasm of the pitch made to him, but then he hired half a dozen men to work out a rational approach to his contributions. Only about one in four



candidates under consideration eventually gets a contribution, and the amount is usually no more than \$3,000 to \$5,000.

Miller's systematic approach, coupled with his idealism and the esteem with which he is held in Republican circles, has encouraged other liberal GOP Fat Cats to organize their contributions in a similar manner, among them John Hay Whitney in New York, Norton Simon in California and Sam Wyly of Universal Computing and Stanley Marcus of Neiman-Marcus in Texas.

Nobody knows exactly why H. L. Hunt gives contributions except Hunt himself. Contrary to common belief he does not give only to right-wingers. While he put up \$150,000 in 1952 in support of Gen. Douglas MacArthur's campaign for President, he is also believed to have given \$100,000 to the Kennedy-Johnson ticket in 1960 because of his long-standing friendship with the Vice-Presidential candidate. Generally, though, Hunt has a reputation for eccentricity (he believes, for instance, that the rich should have more votes than the poor), and it laps over into his political contributions, for which no clear pattern has ever been discerned.

Stewart R. Mott gave in 1968 because he wanted an antiwar candidate elected President. He appears to have given heavily to McGovern in 1972 be-

cause he wanted to both influence and change the course of events. More than anything, however, he likes the personal publicity that comes with giving large sums. In the 1969 New York City mayoralty race, for instance, he offered to buy full-page newspaper advertisements on behalf of Lindsay. He was eventually turned down, but throughout the negotiations, while the terms of a possible agreement over copy matter were being thrashed out, one point remained non-negotiable: Stewart R. Mott's name in large type at the bottom of the advertisements was not to be changed. This is in keeping with his belief that "people who give money ought not to do so quietly if they want to get leverage."

### Good for Business

**M**AX PALEVSKY gives in part because he has been a success in business and seeks other worlds to conquer. He is also concerned for the future of the country. "If this society gets torn apart," he once said, "it won't help me or my kids to be rich." Cornelius Vanderbilt Whitney contributes because, among other things, he wants to be ambassador to Spain. Eugene Wyman, until his death recently, both gave and raised money because it was good for his law practice. "People figure," he said, "if a man's a good fund raiser, he's a good lawyer."

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Howard R. Hughes apparently gives because it is good for his business. While he was living in Nevada, he regularly gave to city councilmen, county supervisors, tax assessors, sheriffs, state senators and assemblymen, governors, congressmen, senators, vice presidents and presidents. He is supposed to have contributed to Hubert Humphrey in 1968 with the understanding that President Johnson would be pressured into halting atomic testing in Nevada because Hughes believed it was hurting his business. Humphrey had opposed the tests prior to Hughes' contribution but made no subsequent overture to Johnson to stop them.

Martin Stone, chairman of the Monogram Industries conglomerate, gives at least in part because he wants the ear of the President. In 1972 he was an early backer of Muskie before the latter's campaign collapsed, and was quoted as saying: "I've never asked for

a favor from anyone I've backed. Of course, I would hope to have an influence on Muskie in terms of an immediate Vietnam withdrawal, European troop cutbacks, a new welfare approach and public tax structures."

### Cover All Bets

**T**HERE ARE SOME Fat Cats who give serious money hoping it will give them leverage against tax investigations, antitrust suits and unfriendly legislation. A few give seeking favors or social position. Others are looking for contracts, licenses and purchasing orders.

Giving to both sides, known as "double riding" in the trade, is a preferred tactic of a few Fat Cats because they believe that such largess will cover all bets. George Eccles, president of the First Security Corporation of Utah, contributes to both parties because, he said, "I believe in the two-party system."

Sometimes a Fat Cat simply likes to feel he "owns" a candidate by becoming the principal supplier of campaign funds. This motivation has been dying

out at the federal level, primarily because it costs too much, but in many states it continues to thrive. Jess Unruh, for many years a power in the California legislature, was one who resisted the temptation to be owned, much to the irritation of many Sacramento lobbyists. "Those bastards hate me," he once said, "because they never could own me. When I ran the Assembly, I let them buy chunks of me—in fact, you might say I sold 125 per cent—but I never let anyone buy a controlling share."

One of the principal, and often overlooked, reasons why Fat Cats give is that they simply like the candidate and want to help him win. Humphrey's old Minnesota friends gave primarily for this reason, as did McGovern's lib-





The Hartford Times Val Martin

"Well, sir, if you're trying to bribe me, you'll end up in jail, but if you mean it as a campaign contribution, it's quite another thing."

eral constituency, Muskie's New England friends and Nixon's various acquaintances. The same could be said for most big contributors to House, Senate, statewide and local candidates.

In liking a candidate, a contributor presumes that he and the candidate share a common view of life, compatible interests and similar political attitudes. If the giver did not believe this, in all probability he would not contribute money. Thus it can be said that a candidate is an extension of the political views of those from whom he receives money. Therefore, it would be wrong to assume that, because a politician votes down the line in a way that pleases his financial backers, he has, *ipso facto*, sold his soul. In all likelihood he would have voted that way in any event.

This is not to imply, however, that WASPs finance only like-minded WASPs, or Jews only other Jews, or Irish other Irish. What is important to a Fat Cat is a candidate's outlook, not his background or religion, however much they all may be entwined. Thus Jewish money will support a Catholic like John F. Kennedy or Protestants like Harry S. Truman, Dwight D. Eisenhower and Lyndon B. Johnson because of their sympathetic attitude toward Israel and approach to solving domestic problems, while a candidate like Barry M. Goldwater, whose grandfather was Jewish, will not get much Jewish money because of his independent domestic and foreign policy views.

Often, when mutual compatibility is assumed from the start, a contribution

is given to cultivate a climate in which it becomes difficult, if not impossible, for a candidate to distinguish between his own convictions and his friendship for the donor. The crunch comes not on fundamental issues and questions, on which they both agree, but on the hundreds of peripheral issues and questions on which many men of good

even be able to tell his family a good story connected with his contribution that does not sound like bragging, and he will not even have a chance to put in a good word for his projects. All he can show is a standard thank-you letter that in all probability was signed by a machine.

This manner of giving is best illustrated by the story told by a powerful New York Republican fund raiser who was working for John Lindsay in the latter's 1969 reelection campaign. In an effort to cover every possible source of money, the fund raiser one day walked unannounced into a firm's head office, asked for the president (whom he did not know), and proceeded to give the standard fund-raising pitch. Hardly had he begun before the president turned around in his chair and shouted to an employee in the back, "Hey, write out a check for my friend here for five thousand bucks." Then, turning back to the fund raiser with his pen poised to fill in the recipient's name, he asked, "Now, who do I make it out to? . . ."

### Introduction Helps

THE SECOND AND THIRD rules might be called: *Find Yourself a Key man With Access* and *Do a Little Dance*. Both are usually applied back-to-back because they cannot easily be separated. Key men with access are a special breed of political moneymen. They not only contribute their own funds and raise money from others, but they have clout among their peers and exert great influence over the candidate and his campaign.

A smart fat cat will attach himself to one of these key men and insist that, before he gives his money, he be introduced to the candidate. The two men, the candidate and the contributor, then meet for ten minutes or so, perhaps at a small cocktail party before a fund-raising dinner, exchange small talk and then part. The Fat Cat



will might disagree. Here, the Fat Cat hopes that his contribution, combined with the weight of friendship and shared attitudes, will provide the necessary difference when it matters. All big contributors know that, unless a candidate is corrupt, no amount of money will change his basic views. They also know that on lesser issues and questions money can be used to keep a man in line. This is the true power of money in American politics, and most Fat Cats understand this.

### Ironclad Rules

**I**F ONE ACCEPTS the belief that large political contributions are made for some purpose, no matter how selfish, egotistical or altruistic, then there is a right and a wrong way of giving serious money at all levels of American politics.

There are seven ironclad rules of behavior to which a Fat Cat must subscribe if he wishes to get the most mileage from his contribution. Surprisingly, no more than one in five Fat Cats understands how the game is played.

The first rule might be called: *Don't Just Write Out a Check*. The usual procedure in giving large sums to a candidate is for a Fat Cat to sit down at his desk, write out a check for \$3,000 or so, hand it to his secretary for mailing and then turn his mind back to his business or personal affairs. Unless the Fat Cat is a close personal friend of the candidate, this routine offers the contributor no benefits at all. No one in the campaign knows his face, his name will simply be added to the campaign's "sucker list," he will not

When one speaks of Fat Cats today, one is referring to approximately 130,000 individuals in the United States who are willing to contribute \$500 or more in a federal, state or local election. About 30,000 of these people concentrate their gifts at the federal level, and slightly less than 1,000 of them qualify as Extra Fat Cats by virtue of their willingness to give \$10,000 or more. — From "Who Shakes the Money Tree."

then writes out his check for a large sum and directs it to the proper committee. This political minuet, while appearing trite, means everything to the Fat Cat who wants to milk all possible benefits from his contribution: His face is now known, he can say he "knows" the candidate, he has increased his "recognition factor," as politicians like to say, the meeting itself might produce a story worth repeating to family, friends and those he wishes to impress, and it was all done relatively properly and in good taste.

Furthermore, as one Washington key man told me, "Anyone who gives money through me will get double value. I'll make sure he meets the candidate and, in addition, he knows I'll go to bat for him at the appropriate time."

The fourth rule is: *If You Give Cash, Make Sure Your Name Is On It*. There is nothing illegal about making a political contribution in cash, unless it is not reported like any other gift. However, a contributor who favors cash over checks usually has something, either real or imagined, to hide, and he invariably prefers that the cash pass through an intermediary's hands before it reaches the candidate. But because he is preoccupied with so many other matters, a candidate may associate the cash with the go-between and not the original donor. Thus, the Fat Cat may be denied future access to the political power brokers and the contracts, licenses and concessions they dispense because no one recalls that it was *he* who originally gave the cash.

Ken Birkhead, a veteran politician and a member of Sen. Thomas J. McIntyre's staff, claims he recently saw a candidate for the Senate (not his boss) shake hands with a contributor and come away with a \$1,000 bill stuck to his palm. For all the risks of misunderstanding such a transaction incurs, it is still the best way to give cash because there is no doubt who gave it.

Some cash contributors go to extra pains to make sure the recipient knows from whom the money came. Noah Dietrich, a longtime aide of Howard Hughes, for instance, recalls that during the 1948 election his boss contributed \$12,500 in cash to the Truman campaign. The money was in an envelope and delivered by Neil McCarthy, one of Hughes' lawyers. However, it soon occurred to Hughes, who was in the adjoining room, that the President might not fully appreciate from whom the money had come since it was being delivered in cash by an intermediary, so the billionaire stalked into the Presi-

dent's suite and said, "Mr. Truman, I want you to know that that is *my* money Mr. McCarthy is giving you."

The fifth rule is: *Use a Rifle Rather Than a Shotgun*. That is to say, a clever Fat Cat will rifle his contributions to candidates who, if elected, can be of specific help to him. At the federal level, this means giving to a presidential candidate himself, or to a specific House or Senate committee chairman who has the power to make decisions beneficial to the contributor. At the state and local level it means giving to a candidate for governor, or a powerful state senator or an influential mayor. A Fat Cat would not waste his money giving to the Democratic or Republican National Committees, the various congressional campaign committees or the many state and local political organizations unless there was a particular individual in one of those groups who had clout in the political arena. Power and tenure in these organizations tend to be fleeting; thus a Fat Cat contribution made yesterday may be forgotten tomorrow.

### Seeking a Tilt

**F**AT CAT LOBBYISTS have long understood the value of rifling. This is why so many contributions from military contractors flow to members of the House Armed Services and Appropriations Committees, why the highway lobby pumps so much money into gubernatorial races, and why suppliers of goods and services contribute so heavily to the local mayoralty race. These candidates, once elected, have the power to grant or withhold business contracts. Such power is not vested in general political fund-raising committees.

Shotgunning contributions is the weakness of ideologues. It is not unusual for a conservative Fat Cat like Patrick J. Frawley of Eversharp-Schick or a liberal Fat Cat like Harvard assistant professor Martin Peretz to scatter their contributions among a large number of ideologically compatible candidates. The Pews of Sun Oil and GM heir Stewart Mott behave in the same manner. All of them seek to tilt the general political climate in their ideological favor, but when it comes to influencing the course of events within government, their money is wasted.

The sixth rule is: *Lend Rather Than Give*. Many Fat Cats have learned that it pays to contribute money borrowed from banks rather than their own personal funds. Many Humphrey backers in 1968 and McGovern followers in 1972 used this technique to good effect. Such a ploy has the advantage of making a big contributor seem generous, yet it costs him nothing but the inter-



est, which is deductible. If the loan is not repaid then no gift tax need be paid. Loans for this purpose cannot be made by national banks; thus state-chartered banks and savings and loan associations receive all this business.

It is also doubtful whether big lenders who are not repaid, such as may be the case with some of Humphrey's 1968 backers, will ever suffer much of a financial loss. A precedent was set, back in 1948, when the IRS ruled that 90 per cent of the money former DNC Treasurer Richard J. Reynolds contrib-

uted to various Democratic committees in the immediate postwar years, which was listed on his books as business loans, could be regarded as a non-business bad business debt which could be offset against capital gains. Similar consideration was given to a \$50,000 "loan" by Marshall Field.

The final rule is: *Whenever Possible Hide the Source.* There are several standard ways in which this can be done illegally — not reporting the contribution, offering services in kind and deducting them as business expenses, dipping into general union or business funds for the money, and so on — but they are not of concern to us for the moment.

Currently the favorite legal method

of hiding the source of funds is through the practice of "earmarking." It works in the following manner: A Fat Cat, wishing to contribute to a candidate but also mindful of the troublesome publicity that may accompany his gift, gives his money to a campaign committee with specific instructions that the funds be passed through to the candidate. In this way any link between the donor and the contributor is effectively hidden. How? When the candidate files his disclosure report, he simply lists the total contribution from the campaign committee, only part of which represents the donor's gift; the campaign committee, when it files its report, lists various contributions from Fat Cats, but there is noth-

ing in the report to indicate any ties between a particular donor and a candidate.

Party officials encourage earmarking because it makes points for the contributor with the committee, then with the candidate, and in the case of labor funds, with the state organization from which the funds came. Some people contribute to opposing candidates and use earmarking as a way to keep one side from knowing about the other contribution. Earmarking also keeps contributors' names off sucker lists, and avoids any connection between a contributor's personal interests and the compatible powers of the legislator receiving the contribution.

There is no guarantee that if a Fat Cat rigidly followed these seven basic rules of behavior, his contribution will automatically bear fruit. But it is almost certain that if he does not follow them, the road to whatever he seeks to achieve will be strewn with many unnecessary stumbling blocks.