

Politics and Public Financing

A Great Bargain

By Philip M. Stern

Stern, author of "The Rape of the Taxpayer," is president of the Center for Public Financing of Elections.

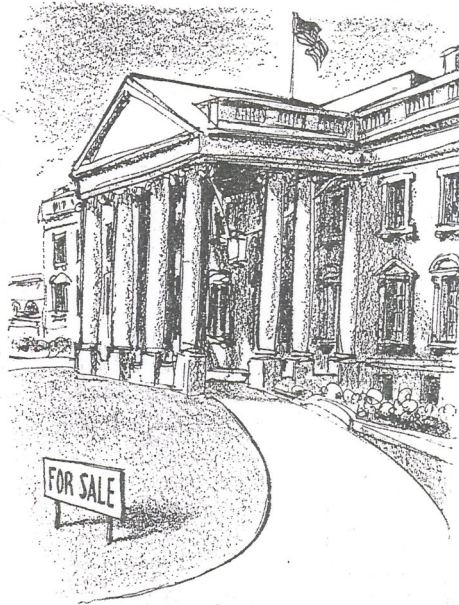
WITH REMARKABLE rapidity, public financing of elections has suddenly become an enactable and widely debated program. It won 38 votes in the Senate on July 26 (not counting seven announced proponents who voted nay on procedural grounds); it was the subject of Senate hearings in September, and it is attracting new adherents who heretofore have been cool or opposed to the idea—ranging from the AFL-CIO to George Spater, the former chairman of American Airlines who admitted responding to Nixon fund solicitation with a \$55,000 illegal contribution of corporate funds.

As the debate proceeds, new facts and arguments for public financing are being advanced and some old objections are being answered. For example, some new calculations by the Center for Public Financing of Elections may allay one of the main fears about federal aid to campaigns: the potential cost to the taxpayers, especially if the lure of federal assistance produces a deluge of candidates in primary contests. The Center has calculated that, even under the broadest and most generous plans thus far proposed, the cost of federal assistance in all elections—primary as well as general—for the House, Senate and the presidency, would not exceed \$262 million a year, or \$1.88 for each of the 140 million eligible voters in America.

Two Assumptions Made

SEEKING TO BUILD its cost overruns into its projections, the Center's \$1.88-per-voter figure assumed a trebling of the number of congressional primary candidates over those who filed in 1972. But the Center also found that even if the number of candidates were to quadruple, rather than merely treble—that is, even if an average of 14 House candidates in each congressional district and 26 Senate candidates in each state were to enter the primaries and qualify for federal assistance—that would merely add 30 cents per eligible voter to the annual cost of public financing of elections.

See STERN, Page C5



Mauldin in the Chicago Sun-Times

Inside Outlook

• The long-standing pattern of politics in Britain and Scandinavia, pitting conservatives against a labor party, has been shattered by a sudden upsurge of anti-establishment "center" parties. Bernard D. Nossiter's analysis is on Page C3.

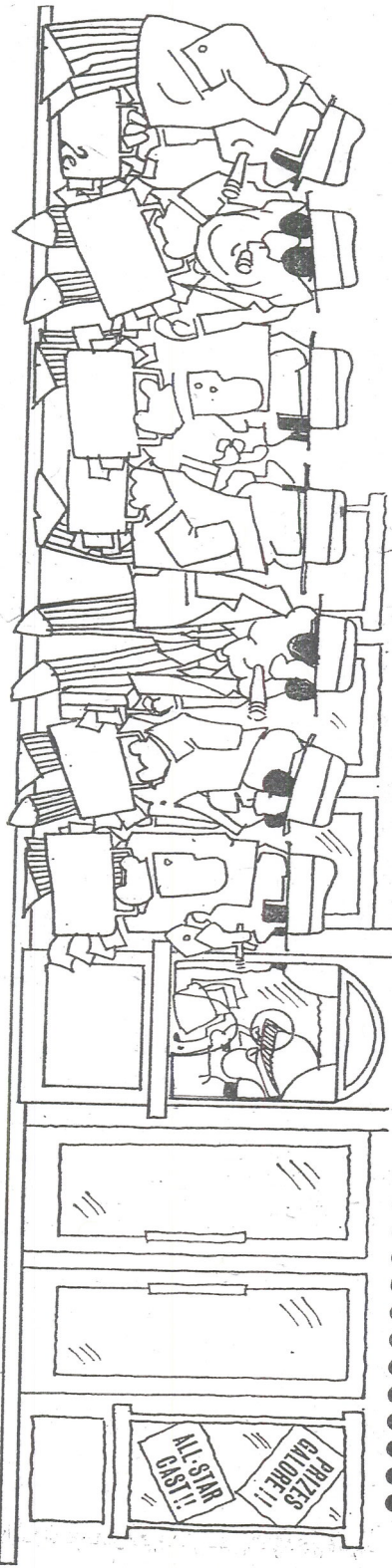
• For more than a quarter of a century, a health maintenance organization in Seattle has been showing how the HMO concept delivers more efficient medical care. Natalie Davis Spingarn's report appears on Page C2.

• An advisory committee on industrial pollution was well on the way to its \$323,000 appropriation when it tripped over an extra million dollars which a congressman sought for it. Gerald D. Sturges' account is on Page C4.

REPUBLIC THEATRE

PRESENTS
THE POLITICAL MONEY GAME

LET'S MAKE A DEAL
AUDIENCE PARTICIPATION! ALL SEATS RESERVED!



By John Tvochey—The Washington Post

Too Many Limits

By George Thayer

This article is an excerpt from the book, "Who Shakes the Money Tree," scheduled to be published soon. The author, a political scientist who also wrote "The War Business," died in August.

WHAT CAN BE DONE to improve our campaign financing practices? The first thing we must do is to ask ourselves what kind of a political system we want. Presumably, it should be dynamic and flexible, open to all comers, competitive, capable of attracting the best minds and candidates and provide a forum for debate, new ideas and national reconciliation.

Campaign financing reforms should be molded around this ideal. We should work toward creating a broad-based financial system in which the bulk of all contributions come in sums of \$500 or less.

One scheme that will probably not improve matters is the \$1 checkoff plan, a provision of the Revenue Act of 1971 which does not go into effect until the 1976 elections. A revival of an old idea previously introduced by Sen. Russell Long in 1966, the plan would allow a taxpayer to earmark \$1 of his tax payment to the party of his choice. Once the party picks its presidential nominee, the money would be turned over to him to spend as he chooses. If the candidate accepted this form of fund raising, he would have to forego other forms of financing. Indeed, if a contributor gave more than \$1, the excess amount would be deducted from the total the candidate could receive from the checkoff fund. Tax authorities believe that over \$20 million will be available for each presidential candidate in 1976 from this scheme.

Limit on Spending

AT BEST THE PLAN is of dubious value. In the first place, if private funds are spent independently on behalf of a candidate, can such money be applied against the candidate's total allowable limit without a bitter fight—indeed, chaos—breaking out? Is not such a scheme an abridgement of First Amendment rights for those citizens who wish to express their support for candidates in more substantial ways?

See THAYER, Page C4

THAYER, From Page C1

Second, it puts a limit on presidential campaign spending that is totally arbitrary. The amount to be spent is determined by taxpayer whim rather than the needs of the democratic process. Suppose, for instance, taxpayer interest in the scheme waned and only, say, \$10 million was raised for a particular presidential election. Is that the amount we should be spending to elect a President? Most Americans undoubtedly would say no.

Third, the money is to be contributed to parties prior to nominees being selected; thus a \$1 donor might find himself having contributed to a party whose nominee he does not support. Furthermore and fourth, Americans have historically supported *individuals*, not parties, with their money. This plan would enshrine the two big parties as permanent bodies on the political scene.

Fifth, such funds will tend to perpetuate the incumbents in power. The 1968 Democratic debt, in retrospect, has had a revitalizing effect on the party and, as such, is a healthy development; had its leaders been guaranteed huge sums every four years, yesterday's losers would probably still be running the party.

Sixth, such a scheme will undoubtedly wreak havoc on state and local parties because, without a fund-raising role, they will be downgraded in importance and deprived of one of their major functions. Party control will become centralized in the candidate with the money, the faithful will feel less needed, and volunteers would probably become difficult if not impossible to find.

Puerto Rico's Way

ANOTHER FREQUENTLY suggested solution to our campaign financing inequities is federal funding, in which all or part of the money needed in presidential, House and Senate races would be simply appropriated from general tax revenues.

Puerto Rico has had such a subsidy system since 1957. It allows each of the three major political parties (Popular Democratic, Statehood and Independence) to draw against a fixed allotment in off years and a larger fixed allotment in election years. A party is allowed to harbor its financial resources in off years by accumulating unspent balances of up to 50 per cent of the yearly allotment. The private solicitation of additional funds is not prohibited.

The trouble with this and other similar schemes is that guaranteed money tends to entrench politicians in power; it strengthens the power of the existing parties and guarantees that they will remain on the scene for years, regardless of how spiritually and politically bankrupt they may become; it hinders the rise of new talent to the top; and it makes life difficult for splinter parties that cannot compete financially.

Partial government subsidies used for spe-

cific purposes are not necessarily regressive, however. Many Western European governments underwrite costs like election-day expenses, television time and free mailings.

Eliminating such partisan political expenses as pollwatching, "walking-around money," babysitting fees and so forth could reduce the costs of some campaigns by as much as 30 to 40 per cent. The costs could be picked up by the local, state or federal governments out of general revenues. Of course, there would be stiff opposition to such a plan from local leaders whose political power derives in part from their financial clout on election day.

The British government also assigns during elections a certain number of free hours of television and radio time to the major political parties. Each can use its time as it sees fit.

A similar plan would be beneficial in the United States. The major television and radio networks should give a prescribed number of free hours each election year to Republican and Democratic candidates for President, Vice President, the House and Senate, governor and mayor of cities over 200,000 in population. Minor political parties should also be given some free time, perhaps basing the amount on the number of signatures each collects. Furthermore, a bonus plan should be available to those who use their time for public debates and presentations of 15 minutes or more.

The private purchase of time should not be prohibited (to do so might be an abridgement of First Amendment rights), but the free time made available should be close

enough to the saturation point so that large amounts of additional purchased time would be deemed unnecessary.

A similar scheme could be worked out for the primaries: Each candidate for office would be given a small amount of free television and radio time which he could supplement with his own funds. The purpose in both instances would be to guarantee a basic access to the broadcast media, to help relieve the financial pressures of broadcast campaigning, to promote rational political discussion and to stimulate citizen participation.

The British government also underwrites one free mailing for every parliamentary candidate. Such an idea should be adopted here in the United States right down to the local political level. Every announced candidate for office should be allowed one free mailing throughout his election district. (Rules limiting an individual's mailing to one sheet of paper, to be sent third class, the addresses broken down by the candidate by zip code and street number, all of which would have to be delivered to the post office by a certain date prior to the election, would surely cut down on the postal overload.)

Disclosure Is Core

ADOPPING SOME of the good ideas from other countries, however, will only



THE MILWAUKEE JOURNAL

"My dear fellow, there must be some mistake. This is a private club."

partially ameliorate the problem. What is needed most of all is sufficient conviction to use the homegrown ideas already available.

More than anything, we must work to secure the vital centers of our campaign financing law. The fact that we do not, and probably will never have, a perfect law should not be of particular concern, because if we strengthen those vital centers the peripheral inadequacies, loopholes and inconsistencies will fade into insignificance.

Disclosure is the vital core of campaign finance law. The provisions of the 1971 act, as written, are quite comprehensive and only minor loopholes remain.

One of the loopholes that could be closed is that which allows, through lack of clarity in the law more than anything else, foreign corporations or nationals to contribute, as happened technically in the Mexican and Luxembourg laundry operations.

Another loophole that should be closed is that which tacitly allows corporations and unions to lend their jet aircraft to candidates. There should be a flat ban accompanied by stiff fines for any candidate for federal office, or federal officeholder, using corporate or union transportation, or any other costly "courtesies."

Another vital area is the one that guarantees, and indeed encourages, dynamic, open and freewheeling elections. In this regard,



"Greenbacks . . . greenbacks . . . I can find rules against wetbacks, chief, but nothing about greenbacks."

several sections of the law are in need of revision. One is Section 315 of the Communications Act, known as the "Equal Time Provision," which hinders debate between serious candidates for a particular office because all candidates, no matter how frivolous, for the office are required to be given equal air time.

If this section were repealed, minor party candidates would not necessarily be denied access to the media. On the contrary, the Federal Communications Commission has encouraged stations to offer free time to minor party candidates as part of their community service function. In fact, in 1972, many minor party candidates received free exposure, but at the same time there were no debates or public discussions between Nixon and McGovern or even their surrogates.

A further provision of the law that needs eliminating is that which limits media expenditures to 10 cents per voter. Although the law appears to curb profligate television and radio spending, it is in fact an invitation to break the law, despite the cost-of-living escalator clause, because of the competitive nature of American politics. There should be no laws limiting how much can be spent, but only the manner in which money can be raised. Candidates will spend every cent they can get their hands on, and to set a limit, as the old Corrupt Practices Act attempted to do, is to make lawbreakers of every person running for office.

Control Funds at Source

ANOTHER VITAL CENTER is the one that seeks to clamp down on the power and influence of special interests. The most effective way to do this, in addition to complete disclosure, is, as has been noted, to control campaign funds at their source. While it would be distasteful, and probably unconstitutional, to legislate a monetary limit on total contributions, the influence of "fat cats" could be diminished somewhat by requiring that all cumulative gifts over \$3,000 be subject to the gift tax, regardless of how many political committees the money passes through.

The ban on contributions from business and union general operating funds should also be rigidly maintained. The problem here is less with a weakness in the law and more with a weakness of government officials to prosecute violators.

The personal spending limitations in the Federal Election Campaign Act of 1971 placed on candidates for the presidency and vice presidency (\$50,000), the Senate (\$35,000) and House (\$25,000) on their face appear unconstitutional and should be repealed. If it is legitimate for one person to contribute unlimited sums to another (even if the gift tax applied), why should a candidate not be able to spend as much on himself? Surely this abridges a man's freedom of speech.

The sentiment is right: the law seeks to bar rich men from buying office. But have rich men bought their way in? History has told us, in the words of stockbroker Fergus Reid, that "the graveyard of American politics is strewn with the bones of rich guys who didn't make it," and that those wealthy individuals who have succeeded in politics

Matching Fund Plan

through the use of their own money have gone no farther than they deserve. There should be a ceiling on contributions only if large funds pose a direct and substantial danger to our political process which cannot be controlled by alternative measures, and it has never been proved that such a danger exists.

The danger of rich men in politics is not a general one, but is specifically limited to primary elections. There, a rich man whose only qualification for office is his money can do particular damage, because he does not have to compete in the political marketplace for his funds (which in itself is a winnowing process), and he forces the voter to give him attention which he might not otherwise merit. The time spent examining his qualifications, or lack of them, inevitably reduces the amount of time the voter could spend analyzing the assets of more qualified candidates.

As a result, a "fat cat" candidate's money can distort the process, as John F. Kennedy's did in the 1960 presidential primaries and as Richard Ottinger's did in the 1970 New York primary. But in the general election, a rich man's money becomes less important because traditional party sources are tapped for the bulk of the necessary campaign funds.

The problem, therefore, is to balance the influence of wealthy candidates with less wealthy ones in primary elections. One way this can be done is by offering certain free services, such as television and radio time and election-day expenses, to all comers, both rich and poor alike. Another way to equalize the imbalance without abridging individual rights (through arbitrary spending and contribution limits) would be to require an even stricter accounting of funds prior to the primary election day. For instance, the law might be expanded to require disclosure reports on the 25th and 35th, in addition to the 15th and 5th, days preceding the primary. In our zeal to give every break to a candidate of average financial means — a worthy goal — we do not want to end up taking away rights from others.

YET ANOTHER vital center and perhaps the one best suited to minimize the influence of the rich and the powerful, is that body of law which encourages small, broad-based contributions. The provisions of the Revenue Act of 1971, which allow up to \$100 in campaign contributions to be deducted from a joint tax return, appear to be the best means to achieve this goal.

Although there are critics who argue that democracy should not be tax deductible, such a scheme has been used successfully in the past to finance many worthy causes. This provision of the law could be improved, however, by periodically increasing the limit to cover the full cost. A tax-deduction limit today of \$300 per couple, for instance, would not empty the U.S. Treasury, yet it would free candidates from heavy dependence on "fat cats" and the real or implied debt that comes with their large contributions.

The federal government should also institute a matching fund plan, in which every dollar raised from small, broad-based solicitations such as the tax-deduction device would be matched by an additional dollar. Bonus money could also be offered in addition where expenditures are channeled toward activities that promote vigorous debate and discussion. Such a plan would further reduce both the inequities between the wealthy and the not-so-wealthy, and the power and influence of "fat cat" contributors.

The most vital element of all, of course, is American society itself. Nothing in the realm of campaign financing will change substantially unless we change some of our habits and attitudes. Adherence to our campaign financing laws will never improve until we change our attitude toward the enforcement of all our laws. It should not be surprising that our lax attitude toward enforcing many of our laws spills over into the manner in which we enforce our campaign financing laws.

Any attempt to curb the power and privileges of special interest in politics will occur only when we curb such interests throughout society. Until monopolies, polluting industries, price-fixers, closed-shop unions, lobbyists, elitist professions and the like are brought to heel, it is unreasonable to expect them to be brought under control in our political process.