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# Campaign Donation Law's

By Don McLeod  
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The new law regulating campaign finances, fresh from its first election-year test, faces sure-fire attempts to roll back its key reform provisions early in the next Congress.

A principal target is expected to be the ban on indirect contributions by government contractors.

The Federal Elections Campaign Act, which limits the amount candidates for Congress and President can spend on advertising and requires full reporting of the sources and uses of campaign funds, was passed by Congress last January.

But during the closing days of Congress, efforts were made to salvage affiliated political funds, a ploy used by big corporations and labor un-

ions to contribute to political campaigns.

These gifts are virtually outlawed under the out-of-court settlement last summer of a lawsuit by Common Cause against one of the funds. Attempts at repealing the section on which the suit was based failed only after Sen. William Proxmire, (D-Wis.) threatened a filibuster.

But both sides expressed the certainty that the battle would be resumed in the new year.

Other efforts are expected to try to reduce the number of reports candidates are required to file on their gifts, to eliminate reports in off-years and to strike the requirement that reports include the occupation and business address of each donor.

The new rules brought some howls during their first testing this fall from those who

thought they were too restrictive and liable to shut off the sources of campaign financing.

The affiliated political funds brought the loudest complaints. These funds are built from collections taken by corporations and unions from their employees or members and given out by the company or union to candidates who can help the donor.

Unions and corporations are not allowed to give their own money to political candidates, but by using money collected from members or employees, they can achieve the same effect. It's not company money, but the recipient knows full well he gets it at the company's grace.

The catch is that the law apparently bans even this kind of giving from corporations and unions which have government contracts.

This knocks out most big corporations, as well as a number of unions having manpower training contracts.

The practice had gone unchallenged until Common Cause, a citizens' group, sued TRW Inc., a major government contractor which had what was considered the prototype of affiliated political funds. TRW dissolved its fund rather than defend it in court, and some other corporations followed.

But others resisted, especially after Rep. Samuel Devine (R-Ohio) introduced a bill to repeal the ban.

The AFL-CIO, which operates a large funding operation of this type, mounted a massive lobbying effort behind the repealer—in unusual harmony with the business community.

## Reforms Face Attack

The repealer whistled through the House without committee hearings shortly before adjournment, but Proxmire and others stopped it from coming to the Senate floor.

In the House debate, Rep. Morris Udall (D-Ariz.) defended the "Active Citizenship Fund" at Hughes Aircraft Co., as "one of the first programs in America."

"They appoint a Democrat and a Republican chairman in their plant and they go through the assembly line getting small contributions from the employees and urging political participation," Udall said.

But an examination of the Hughes fund shows more than small gifts from the assembly line. A report filed May 22 with the clerk of the House

shows the names of more than 130 Hughes engineers giving a uniform \$150 each.

The wife of a Hughes employee complained, in a letter to Common Cause, about the "company's request for \$150. No ifs, ands or buts about it. We HAD to give \$150 with no designation possible."

A Hughes engineer wrote that "most of us feel it is a political slush fund."

"First we are asked to contribute a specific amount of money," he wrote. "Of course, we are told it is 'voluntary' but there is the subtle suggestion that if you don't contribute your chances for promotion or a salary increase may be jeopardized. They never say this, but we FEEL it."

A report covering the period from April 7 to Oct. 16 showed gifts from the Hughes fund to

38 congressional candidates of both parties totaling \$23,195.

Almost all the money given to incumbents went to members of congressional committees, which act on the government contracts going to Hughes or the appropriations bills behind them, including 10 members of defense-related committees and five as committees dealing with space and aviation.

Another heavy slice went to members of the Interior committee. The Hughes financial empire contains significant land and mining holdings.

Hughes is only one of several affiliated political funds still in operation. Others are run by Texas Instrument Corp., General Telephone and Electronics, General Electric, Olin Corp., General Mills, a number of railroads including Union Pacific, and most labor unions.