

American Airlines Sets a Good Example

Part 7/13/73

Washington has been buzzing for at least a year with stories about how the incredible amounts of money for the re-election of Richard Nixon were raised. The titillation quotient of the stories rose with each additional effort on the part of Mr. Nixon's re-election apparatus to shield its donor lists from public view and with each enticing behind-the-scenes glimpse the public was able to get. There have been reports about the money laundered through Mexico, the money in Bernard Barker's bank account, the milk money which began to flow just before the milk price support decision was reversed in favor of the dairymen, the Vesco cash in a briefcase and much more. Some of these reports remain murkier than others. But now comes American Airlines' disclosures and, in one blinding flash, we can see a lot more clearly just how this sleazy business really works.

Special Watergate Prosecutor Archibald Cox announced last Friday that American Airlines had voluntarily disclosed that it had made an illegal cash contribution of \$55,000 from corporate funds to the effort to re-elect Mr. Nixon. George A. Spater, the airline's board chairman, elaborated in a formal statement which revealed that company officials, acting at his direction, had delivered a total of \$75,000 in cash to the Nixon effort, but that \$20,000 of that sum came from "non-corporate sources."

Mr. Spater's rather poignant statement tells us a great deal in general about the confluence of money, politics and American business, and quite a lot in particular about how those forces came into play in the Nixon campaign in 1972. Mr. Spater said, "I was solicited by Mr. Herbert Kalmbach, who said that we were among those from whom \$100,000 was expected. . . I knew Mr. Kalmbach to be both the President's personal counsel and counsel for our major competitor. I concluded that a substantial response was called for."

Well, we'd say that is roughneck politics by any standard. Now it is true that Mr. Kalmbach issued his own statement indicating that he had neither cash nor a corporate contribution on his mind when he made the solicitation, and the Finance Committee to Re-elect the President rushed into print denying that it had "used extortion methods" to raise campaign funds. What they couldn't deny was that Kalmbach had two roles—one as Mr. Nixon's personal lawyer and the other as attorney for United Airlines. Nor can it be denied that \$100,000 is a whale of a lot of money and that American Airlines is in an industry regulated by the government. More to the point, American then had a merger pending before the government and its chief competitor, United, was opposing it. The proposal was later turned down, so both of Mr. Kalmbach's clients won while American lost.

In any case, Mr. Spater and Mr. Kalmbach are grown-ups. Mr. Kalmbach knew whom he represented — the President and United Airlines—and he knew that Mr. Spater also knew. Mr. Spater had available to him sufficient legal talent to find out that campaign contributions from corporate funds were illegal, even if he didn't

know it when he talked to Mr. Kalmbach. So, there was a need not only for a "substantial response" but for one that would be difficult to trace. Thus, according to reports, there was a Lebanese "laundering" operation for American's \$55,000 so that the money would come through as untraceable cash. Moreover, it was all delivered before the more stringent campaign financing law went into effect in April 1972.

It just happens that the records for some of those pre-April contributions have been lost or destroyed by Mr. Nixon's finance committee. Maurice Stans, Mr. Nixon's finance chairman, testified before the Ervin committee that there was nothing illegal about destroying those records. He justified his insistence on maintaining the confidentiality of his donor lists on grounds of high principle. "The committee's position all along," he said, "was that non-disclosure created no advantage to it, but that privacy was a right of the contributor which the committee could not properly waive. The right to live without undue intrusion is a long-respected benefit of the American system."

But it turns out that, indeed, there was an "advantage to it"—the advantage of a shelter behind which to hide violations by the donor, and possibly by the committee, of the criminal code of the United States. Mr. Spater gave a little different and, under the circumstances, probably a more candid view of the operation of the system. "Under the existing laws," he said, "a large part of the money raised from the business community for political purposes is given in fear of what would happen if it were not given."

So there was fear and there was secrecy and, with fellows like Mr. Kalmbach and Mr. Stans stalking through the corporate jungle, not even a wink or a nod was needed to get the message across. Mr. Cox says he hopes that other corporations will follow American's admirable example and make the tough, but in our view, correct decision to disclose voluntarily any illegal contributions. And so do we. Perhaps if enough corporations come forward and confess, before the government has to go through the arduous and costly process of investigating and prosecuting them, the public will see this shakedown for what it is and bring pressure for tough and sweeping reform of the campaign financing process.

Incredibly, the Senate Rules Committee hasn't yet gotten that message; it recently reported out two amendments to the campaign financing law which would weaken, rather than strengthen, it. More voluntary disclosure by corporations and greater public revulsion might well reverse this astonishing move by the Rules Committee and encourage a trend the other way—toward real reform. The big donors would benefit from this. But the general public would benefit far more. For the result would be cleaner, better government. If we've learned nothing else in this Watergate year, we've learned that dirty money, no matter how thoroughly it's laundered, makes for dirty politics and corrupt government.