Campaign Finance: The Protection Game

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WHEN PRESIDENT NIXON'S top campaign fund-raiser, former Commerce Secretary Maurice H. Stans, appeared before the Watergate committee last June, he closed his testimony by remarking that he hoped the committee's report would "give me back my good name." Well, Mr. Stans' name came up repeatedly in the committee's hearings last week as top officials of several blue-chip corporations paraded to the witness stand to explain why and how they had made large, illegal contributions of corporate funds to Mr. Nixon's re-election drive.

The testimony of Orin E. Atkins, board chairman of Ashland Oil, was typical. Mr. Atkins said that Mr. Stans had phoned him in early 1972 and asked him to give $100,000 to the campaign before April 7, 1972, when the new campaign finance disclosure law would take effect. Mr. Stans did not suggest a gift of corporate funds, Mr. Atkins testified, "but in my own mind it could only have come from one place, the corporation." So Mr. Atkins arranged to have $100,000 drawn from a subsidiary, Ashland Petroleum Gabon, through a Swiss bank. A company official carted the cash to Mr. Stans in a briefcase on April 3, and, as Mr. Atkins told it, "Mr. Stans took the briefcase and dumped it in his drawer and said, 'Thank you,' and the official left."

Other witnesses had similar tales to tell. Claude C. Wild Jr., a Gulf Oil vice president, said Mr. Stans had "indicated he was hopeful of obtaining $100,000 from the large American corporations . . . [and] hoped we would participate." Gulf did, with $100,000 funneled through a Bahamian subsidiary. Then there was Russell DeYoung, chief executive officer of the Goodyear Tire and Rubber Company, who said that Mr. Stans had asked for $50,000 and was given $45,000, including $40,000 in corporate cash. And there was George A. Spater, former chief executive of American Airlines, who had been the first businessman to disclose an illegal gift. Mr. Spater testified that American's unlawful $56,000 donation was made after he had been contacted not by Mr. Stans but by Herbert Kalmbach, Mr. Nixon's personal attorney, who also happened to be counsel to United Airlines, one of American's major competitors. Two other witnesses, officials of American Shipbuilding Company, did not know who or what had prompted their firm's chief executive to set up an elaborate scheme under which fake bonuses were paid to eight executives, who then wrote contribution checks totaling $25,000—which were sent off to Mr. Kalmbach.

Why were so many businessmen so anxious to be so generous to the President's campaign? Mr. Atkins said that Ashland Oil was "not seeking any particular privilege or benefit," but "felt we needed something that would be sort of a calling card." Mr. Wild said he decided that without "some participation," Gulf Oil might find itself on "a blacklist or bottom of the totem pole." Mr. Spater said he "was motivated by a host of fears" about the possible consequences of not contributing. So Mr. Nixon's money men did not have to make any specific threats. Their very touch felt like a strong-arm to nervous executives. This kind of process has a simple name: extortion.

So far, six companies and their executives have been found guilty of making illegal contributions to the Nixon campaign. Others are still being investigated. Many more may have made large donations which were legal in form but arose from the same desire to demonstrate friendship and purchase protection against unknown ills. By exploiting such apprehensions shamelessly, Mr. Stans, Mr. Kalmbach and the rest of the President's collectors were able to finance the most costly campaign ever waged. In so doing, they laid bare the utter bankruptcy and rottenness of this entire system of campaign finance. They proved, in other words, that the only real protection for anybody is reform.

So far, that message has not penetrated deeply enough in the House, where Rep. Wayne Hays (D-Ohio) and company are dawdling through their hearings on a variety of proposed reforms. In the Senate, however, a bipartisan group has announced plans to try to attach a comprehensive public-financing proposal to the forthcoming debt ceiling bill. While some specifics of that reform plan may need refinement, the effort is a timely and essential one. For if the Senate hearings have said anything about the good name of Maurice Stans, it is that the political system cannot afford his brand of money raising any more.