

Illegal Campaign Donations

Why Industry Kicked In

Washington

The former head of American Airlines said yesterday he illegally gave \$55,000 in corporate funds to President Nixon's 1972 re-election campaign because he was afraid not to.

But another corporate chief, Russell DeYoung of Goodyear Tire and Rubber Co., told the Senate Watergate committee that his company illegally gave \$40,000 without pressure and "solely because we thought the re-election of the President was in the best interest of the country."

Asked if he thought it was "a sorry day for Goodyear" when the company and DeYoung were fined a total of \$6000 for making illegal corporate contributions, DeYoung replied "not necessarily" and conceded that he cooperated with investigators as "a matter of publicity, not principle."

MEETING

At the conclusion of yesterday's hearing into campaign financing, Senator Lowell P. Weicker Jr. (Rep.-Conn.) asked Chairman Sam J. Ervin Jr. (Dem.-N.C.) whether President Nixon has responded to the committee's request to meet with the President and question him about Watergate.

Ervin said there has been no response.

"All we have is a series of leaked statements (that Mr. Nixon will refuse) which I hardly consider a dignified response," Weicker said.

Ervin told reporters he does not consider it "common prudence for the President to ignore the committee" but doesn't know what more the panel can do.

KALMBACH

George A. Spater, who retired as board chairman and chief executive officer of American Airlines shortly after he disclosed the illegal



GEORGE SPATER
'A host of fears'

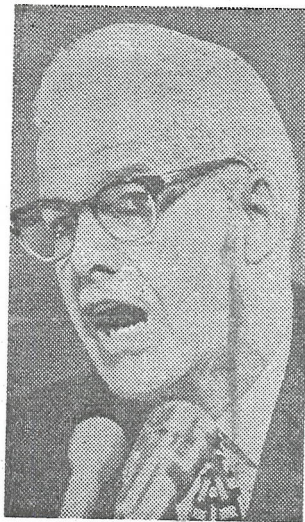
contribution, testified that Herbert Kalmbach asked him for \$100,000 in late 1971 and said \$100,000 contributors "would be considered in a special class."

At the time, Spater noted, Kalmbach was the President's personal attorney and represented United Air Lines, American's chief competitor and strongest opponent of a merger between American and Western Airlines. Such airline mergers must be approved by the President, whose decision is not subject to court review.

"I think I was motivated by a host of fears," Spater said. "You just don't know what's going to happen to you . . . sometimes the fear of the unknown is greater than the fear of what you know."

Mr. Nixon turned down the merger proposal on the recommendation of the Civil Aeronautics Board several months after Spater gave \$75,000 in cash to Mr. Nixon's re-election committee. Of that total, \$55,000 was the illegal money from corporate funds and the remaining \$20,000 came from a "friend of mine," Spater said. He did not identify the contributor.

Spater said that a 60-year-old law against corporate campaign contributions



RUSSELL DeYOUNG
Without pressure

had never been enforced before this year. Senator Weicker asked him if it wasn't customary for corporate executives to be solicited for large contributions in presidential election years.

The former airline chief replied that the Nixon campaign in 1972 was unique "because of the individual who made the solicitation and the amount involved."

Spater said "it never entered my mind" that Kalmbach was asking for personal funds "Because I didn't have that kind of money." But he added the fund raiser never suggested he use corporate funds or do anything illegal.

"PRESSURES"

The airlines, Spater noted, are strictly regulated by the government. The present fund-raising system "places unfair pressures on candidates and corporate executives," he added, because the executives "live in fear of being placed at a competitive disadvantage if they don't contribute."

Spater told the committee Congress should make it unlawful for people in high government positions, former top officials or their representatives to solicit campaign funds.

American Airlines was the first to announce earlier this year that it had made an illegal contribution and cooperated with the Watergate prosecutor's office in a broad investigation of campaign financing that has led six other companies to plead guilty to violations.

Two officials of another of the companies, Braniff Airways Inc., testified earlier about a complex juggling of international accounts to cover up a \$40,000 contribution to the Nixon campaign eventually raised by selling plane tickets on special blanks in a Braniff office in Panama.

Spater said American's contribution was generated by a false invoice indicating payment of a \$100,000 commission to a Leganese agent for selling used airplanes to a foreign company.

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