



The National Committee for an Effective Congress

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SPECIAL MEMORANDUM

To: NCEC Supporters

From: Russell D. Hemenway, National Director

- GIANT CORPORATIONS COULD DOMINATE 1976 ELECTIONS -

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WASHINGTON DIRECTOR

A few months ago I had the opportunity to attend a conference of the National Association of Manufacturers in New York. What I learned at that meeting so disturbed me that I feel it important to share some of my concern with you.

For what I found out was that dozens of the country's largest corporations are planning to exploit a loophole in the new campaign finance law that will make it possible to funnel thousands--perhaps millions--of corporate generated dollars into the campaigns of big business oriented candidates in the 1976 elections.

Under the provisions of the new law, any government contractor--any corporation or division of a corporation doing business with the federal government--may use corporate funds to create and administer a "political action committee." These committees can solicit voluntary contributions from executives, employees or stockholders of their companies and distribute the funds to favored candidates. Each of these committees is allowed to give a candidate up to \$5,000--or five times the amount any individual can contribute.

More than 100 such committees have already been established since the new law went into effect last January--spawned by such familiar corporations as Sun Oil, Lockheed Aircraft, U. S. Steel, General Telephone and General Electric.

These will be teamed with such established givers to the political right as Hughes Aircraft, LTV Aerospace, Olin, Union Oil, Kennecott Copper, and many banks, utilities

and insurance companies.

One company--Dow Chemical--has announced plans to establish seven regional political action committees. This would, in effect, allow this single company to direct up to \$35,000 to an individual candidate--or exactly one-half what the candidate may spend on his entire campaign.

And while the new law specifically states that contributions to these funds are to be voluntary, already there is evidence that in at least one company, employees were "coerced" or "pressured" into contributing to assure that they remained part of the "corporate team" (see enclosed reprint from The New Republic.)

Corporations are told by instruction booklets from the National Association of Manufacturers and the U. S. Chamber of Commerce that a "complete involvement" system of giving works best. And, indeed, a glance at the most recent reports filed at the Federal Election Commission by Coca-Cola's "Non-Partisan Committee for Good Government" shows that no less than 93 vice-presidents or corporate officers have already made contributions this year.

What I learned at the New York meeting is that these 100 new committees my well be the tip of the iceberg. The NAM has announced a goal of establishing 1000 such corporate political action committees by 1976.

Imagine the potential impact of such a massive corporate political fund:

- First, judging from past performances, most of these giant corporations support the most arch-conservative candidates--the kind of candidates you and the National Committee for an Effective Congress would not support, regardless of their business backing. In 1976, these corporations could fund virtually every reactionary campaign, putting suffocating pressure on progressives and moderates now in office.

And because the presidential nominees of the major parties will be running with federal funds for the first time in 1976, the bulk of this money will go to congressional, not presidential candidates.

- Second, all the gains made in the 1974 elections could evaporate. The few halting but important steps toward Congressional effectiveness made in 1975--the end of the oil depletion allowance, the reform of Congressional rules, the checks on wasteful military spending, the

important investigations into secret government agencies--could all be annulled.

-- Third, should they succeed, the same giant corporations with their special interests and partnership with the military could return to full dominance in American government and economic life at the expense of the public at large.

I believe we cannot allow this to happen.

That is why I am writing to you now. Because unless we begin now to counter this threat posed by these major corporations, we may well be too late.

I realize you may not be able to match checkbooks with the Chairman of Coca-Cola or Lockheed, but I believe there is a way to make every dollar you contribute to the National Committee for an Effective Congress as effective as several times that amount contributed by big business.

As you know, for 27 years the National Committee for an Effective Congress has pooled the \$10, \$25, and \$100 contributions of average citizens--citizens such as you who care about effective government--into a vigorous bipartisan force for the election of the most thoughtful and forward-looking candidates.

Since 1948, the NCEC has helped to elect and reelect a battalion of Senators and Representatives, a list that today reads like an honor roll of progressive forces on Capitol Hill. In the Senate, members like Alan Cranston (CA), Frank Church (ID), Dick Clark (IA), Philip Hart (MI), Charles Mathias (MD), and Richard Schweiker (PA). And in the House, more than 150 members who have consistently been in the forefront of the liberal reform efforts of the past two decades.

And in 1974, we provided our candidates for the House of Representatives the finest political technicians in the country. And today, there are 35 outstanding new members of Congress who attest that this consulting program was a major factor in their 1974 victory.

In 1976, we must protect these and other progressive and effective incumbents from the threat of the corporate giants, and add to their ranks men and women from both parties to build on the accomplishments of the 94th Congress.

We will continue to monitor the activities of big business and right-wing election contributors and report to you regularly on their targets. One ultra-right political action fund-- The Committee for the Survival of a Free Congress has targeted

100 of the finest Members of Congress for defeat in 1976. Financed in large part by Colorado beer baron, Joseph Coors, his family and business associates, this group has already this year raised almost half a million dollars.

So you can see that the extreme right-wing and big business are serious about 1976, and they have the dollars to support their sincerity. But the NCEC is serious too, and we have 27 years of skill and experience to overcome these threats...provided we are prepared.

Being prepared means starting early. Many candidates face primary elections next spring. Others already face right-wing challengers. If NCEC is to give them help, we need your help. Please renew your support of NCEC today and send us your check--\$100, \$50, \$25 as much as you can afford.

Our nation depends upon an effective Congress. An effective Congress depends upon you.

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October, 1975

*Required by Federal Election Law.

Contributors to the NCEC are eligible for a tax credit (\$25 per individual \$50 per joint return) or a tax deduction (\$100 per individual/\$200 per joint return).

A copy of NCEC's report filed with the Federal Election Commission will be available for purchase from the Federal Election Commission, Washington, D.C.