

THE NEW REPUBLIC

A Journal of Politics and the Arts—October 4, 1975, 50 cents

Fat Cats' Nine Lives

The Republican national finance

The resurgence of the political action committee as a serious fund-raising vehicle (as opposed to the "good government" role it played in earlier years) is due, in great measure, to the changes in the law during the past four years. The 1971 statute maintained the prohibition against the use of corporate money in federal elections but it also authorized, for the first time, the use of corporate or union funds for "the establishment, administration and solicitation of contributions to a separate segregated fund to be used for political purposes by a corporation or labor organization." A companion section of the law continued to pose problems, however, because it prohibited contributions made "directly or indirectly" by any government contractor, a category including virtually all major corporations. That conflict was resolved by the 1974 amendments, which included language authorizing government contractors to also use corporate funds to set up and run "separate, segregated funds." ...

In theory all of those plans rely only on voluntary involvement of corporate executives and management employees. The federal law specifically prohibits the use or threat of "force, job discrimination or financial reprisal" to enroll participants or collect money. In addition there is a legal prohibition against making participation in a fund-raising program "a condition of employment." In fact the political action funds that

have been operated by corporations and trade associations during the past decade on a truly voluntary basis have collected pitifully small amounts of money because white collar workers are no different than most other Americans in one crucial respect: they are not especially interested in donating their money to politicians, even with the advantage of being able to secure a credit or deduction for their contribution when preparing their federal income tax.

The Chamber of Commerce, which traditionally has taken a see-no-evil position about all corporate political activities, insists that no pressure is being applied to induce participation in any fund-raising program. "In every case that I know of, the corporate people are bending over backward to make sure there is no coercion," Robert C. Griebner, the Chamber's director of political participation programs, told a news briefing a few weeks ago. "Companies are doing everything they can to emphasize that it [participation] is not a condition of employment and that it does not affect chances of advancement within the corporation," added Stanley T. Kaleczyc, the Chamber's assistant general counsel.

But even as Griebner and Kaleczyc were offering those assurances, the *St. Louis Post-Dispatch* was in the midst of printing a series of highly revealing articles about a supposedly voluntary "trustee" bank account scheme operated for many years by the Monsanto Co. The newspaper found several employees who said they indeed had been "coerced" and "pressured" into joining. One man said he was told by a supervisor to consider participation as "part of employment" if he "wanted to get back on the promotions list." Another said he was specifically told by his boss that enrollment was "not voluntary." Others said they joined to make sure they were considered part of the "corporate team."

The newspaper's investigation also destroyed the notion that the individuals who controlled the bank accounts made the sole decision about which politicians should receive assistance and how much should be given. "The [Monsanto] lobbyists suggested the names of candidates to whom the executives were encouraged to contribute, and the precise dollar amounts of the contributions," the *Post-Dispatch* reported. "Often the candidates suggested by the lobbyists have been out-of-state politicians whom the St. Louis-based executives making the contributions never heard of." ...

Finally the *Post-Dispatch* reported that Monsanto's chief Washington lobbyist could covertly check on whether his "suggestions" were being followed because until at least 1970 he received copies of the supposedly confidential individual bank statements even before they were sent to the company employees.

The potential for similar abuses exists in virtually all other corporate programs, and only the most politically naive outsider would believe that a new generation of corporate giving programs can collect the requisite millions of dollars by relying only on voluntary participation.

One indication of the ambitious goals of some of the corporate programs came during a by-invitation-only meeting convened by the National Association of Manufacturers last June at New York City's fashionable Racquet and Tennis Club. Approximately 100 executives there heard Fred K. Quigley Jr., director of

government affairs for the Dow Chemical Co., describe how his company hopes to raise \$200,000 to \$300,000 in the first year of operation, with the money to be distributed to candidates for political office in 1976 who are "honest, dedicated to the free enterprise system and have a record of fiscal responsibility."

Quigley's government affairs department, with an annual budget of three million dollars, will spend much money to establish and operate the fund, and its officials will be highly influential in deciding what candidates receive donations from the political action committees. The company will have seven such committees, each encompassing a region of the country—a device that will allow Dow to legally circumvent the intent of the new statute limiting to \$5000 the amount a political committee can donate to a candidate. Dow will be able to contribute as much as \$35,000 to a single politician, although Quigley insists that "that factor didn't even come into our thinking."

In addition there already is considerable talk within business circles about expanding the fund-raising programs to include not only employees but also suppliers and contractors who do business with the sponsoring company—and who would be especially susceptible to even subtle pressure to donate. Moreover the Republican party has been exploring the solicitation of stockholders as "another area that has great possibility." ...

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The New Republic
October 4, 1975

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