FEDERAL ELECTION REFORM

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ELECTIONS

OF THE

COMMITTEE ON HOUSE ADMINISTRATION

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 7612

TO IMPROVE THE CONDUCT AND REGULATION OF FEDERAL ELECTION CAMPAIGN ACTIVITIES AND TO PROVIDE PUBLIC FINANCING FOR SUCH CAMPAIGNS

S. 372

TO AMEND THE COMMUNICATIONS ACT OF 1934 TO RELIEVE BROADCASTERS OF THE EQUAL TIME REQUIREMENT OF SECTION 315 WITH RESPECT TO CANDIDATES FOR FEDERAL OFFICE, TO REPEAL THE CAMPAIGN COMMUNICATIONS REFORM ACT, TO AMEND THE FEDERAL ELECTION CAMPAIGN ACT OF 1971, AND FOR OTHER PURPOSES

(AND RELATED ELECTION REFORM BILLS)

OCTOBER 2, 10, 16, 25; NOVEMBER 14, AND 29, 1973

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FEDERAL ELECTION REFORM

TUESDAY, OCTOBER 2, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELECTIONS OF THE
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:06 a.m., in room 2253, Rayburn House Office Building, Hon. John H. Dent (chairman of the subcommittee) presiding.

Present: Representatives Hays (chairman of the full committee), Dent (chairman of the subcommittee), Jones, Mollohan, Mathis, and Frenzel.

Also present: John T. Walker, staff director; John G. Blair, assistant to the staff director; Ralph Smith, minority counsel, Committee on House Administration; Richard Oleszewski, clerk, and Miss Barbara Lee Giaimo, assistant clerk, Subcommittee on Elections.

[Texts of H.R. 7612 and S. 372 follow:]

93D CONGRESS
1ST SESSION

H. R. 7612

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 1973

Mr. ANDERSON of Illinois (for himself and Mr. UDALL) introduced the following bill; which was referred to the Committee on House Administration

A BILL

To improve the conduct and regulation of Federal election campaign activities and to provide public financing for such campaigns.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Clean Elections Act of 1973".

TITLE I—FEDERAL ELECTIONS COMMISSION

SEC. 101. Except as otherwise expressly provided, whenever in this title a reference is made (by way of amendment, repeal, or otherwise) to a section, title, or other provision, the reference shall be considered to be made to a section,

title, or other provision of the Federal Election Campaign Act of 1971.

SEC. 102. (a) Title III (relating to disclosure of Federal campaign funds) is amended by redesignating sections 308 through 311 as sections 312 through 315, respectively, and by inserting after section 308, as so redesignated by section 105 of this Act, the following new sections:

"ESTABLISHMENT OF COMMISSION

"SEC. 309. (a) There is hereby established, as an independent establishment of the executive branch of the Government of the United States, a commission to be known as the Federal Elections Commission, which shall be composed of six members, not more than three of whom shall be members of the same political party, who shall be chosen from among persons who, by reason of maturity, experience, and public service have attained a nationwide reputation for integrity, impartiality, and good judgment, are qualified to carry out the functions of the Commission. Two members of the Commission shall be appointed by the Speaker of the United States House of Representatives, two shall be appointed by the President pro tempore of the Senate, and two shall be appointed by the President for terms of six years; except that the two members first appointed by the President shall be appointed for terms of two years, and the two members first appointed by the President pro tempore of the

Senate shall be appointed for terms of four years, beginning from the date of enactment of this Act, but their successors shall be appointed for terms of six years each. Any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as Chairman of the Commission and one member to serve as Vice Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and four members thereof shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) Members of the Commission shall, while serving on the business of the Commission, be entitled to receive

compensation at a rate fixed by the Director of the Office of Management and Budget but not in excess of $125 per day, including traveltime; and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

"(f) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all of its powers at any other place.

"(g) All officers, agents, attorneys, and employees of the Commission shall be subject to the provisions of section 9 of the Act of August 2, 1939, as amended (the Hatch Act), notwithstanding any exemption contained in such section.

"(h) The Commission shall appoint an Executive Director without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, to serve at the pleasure of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Commission. However, the Commission shall not delegate to the Executive Director the making of regulations regarding elections.

"(i) The Chairman of the Commission shall, in accordance with the provisions of title 5, United States Code, ap-

point and fix the compensation of such personnel as the Commission deems necessary to fulfill its duties.

"(j) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(k) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office. The Comptroller General is authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

"POWERS OF COMMISSION

"SEC. 310. (a) The Commission shall have the power—

"(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; and such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

"(2) to administer oaths;

"(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

"(4) in any proceeding or investigation to order

testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

"(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

"(6) to accept gifts and voluntary and uncompensated services, notwithstanding the provisions of section 3679 of the Revised Statutes (31 U.S.C. 665 (b));

"(7) to initiate, prosecute, defend, or appeal any court action in the name of the Commission for the purpose of enforcing the provisions of this title through its own legal representative; and

"(8) to delegate any of its functions or powers, other than the power to issue subpoenas under paragraph (3), to any officer or employee of the Commission.

"(b) Any United States district court within the jurisdiction of which any inquiry is carried on, may, upon petition by the Commission, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith; and

any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(c) No person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing information at the request of the Commission.

"(d) (1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

"(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation, to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"CENTRAL CAMPAIGN COMMITTEES

"SEC. 311. (a) Each candidate shall designate one political committee as his central campaign committee. The central campaign committee shall receive all reports made by any other political committee accepting contributions or making expenditures for the purpose of influencing the nomina-

tion for election, or election, of the candidate who designated it as his central campaign committee. No political committee may be designated as the central campaign committee of more than one candidate.

"(b) Notwithstanding any other provision of this title, each statement or report that a political committee is required to file with or furnish to the Commission under this title shall, if that political committee is not a central campaign committee, be furnished instead to the central campaign committee for the candidates on whose behalf that political committee is, or is established for the purpose of, accepting contributions or making expenditures.

"(c) Each political committee which is a central campaign committee shall receive all reports and statements filed with or furnished to it by other political committees, consolidate, and furnish the reports and statements to the Commission, together with its own reports and statements, in accordance with the provisions of this title and regulations prescribed by the Commission."

(b) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(132) Executive Director, Federal Elections Commission."

(c) Upon the appointment of all the members of the

Commission, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title III as it existed on the day before the date of enactment of this Act.

(d) Title III is amended by—

(1) amending section 301 (g) (relating to definitions) to read as follows:

"(g) 'Commission' means the Federal Elections Commission;".

(2) striking out "supervisory officer" in section 302 (d) and inserting "Commission";

(3) amending section 302 (f) (relating to organization of political committees) by—

(A) striking out "appropriate supervisory officer" in the quoted matter appearing in paragraph (1) and inserting "Federal Elections Commission";

(B) striking out "supervisory officer" in subparagraphs (A) and (B) of paragraph (2) and inserting "Commission";

(C) striking out "which has filed a report with him" in paragraph (2) (A) and inserting "which

has filed, or for which a report has been filed by a central campaign committee, with it";

(4) amending section 303 (relating to registration of political committees; statements) by—

(A) striking out "supervisory officer" each time it appears therein and inserting "Commission";

(B) striking out "he" in the second sentence of subsection (a) of such section and inserting "it"; and

(C) by adding at the end thereof the following new subsection:

"(e) In the case of a political committee which is not a central campaign committee, reports and notifications required under this section to be filed with the Commission shall instead be filed with the appropriate central campaign committee, in accordance with regulations prescribed by the Commission under section 311";

(5) amending section 305, as so redesignated by section 105 of this Act (relating to reports by political committees and candidates), by—

(A) striking out "appropriate supervisory officer" and "him" in the first sentence thereof and inserting "Commission" and "it" respectively;

(B) striking out "supervisory officer" where it appears in the second sentence of subsection (a)

and in paragraph (13) of subsection (b), and inserting "Commission"; and

(C) adding at the end of subsection (a) the following new sentence: "Each treasurer of a political committee other than a central campaign committee shall file the reports required under this section with the appropriate central campaign committee, in accordance with regulations prescribed by the Commission under section 311.";

(6) striking out "supervisory officer" each place it appears in section 306, as so redesignated by section 105 of this Act (relating to reports by others than political committees), and section 307, as so redesignated by section of this Act (relating to formal requirements respecting reports and statements), and inserting "Commission";

(7) striking out "Comptroller General of the United States" and "him" in section 308, as so redesignated by section 105 of this Act (relating to reports on convention financing) and inserting "Federal Elections Commission" and "it", respectively;

(8) striking out "SUPERVISORY OFFICER" in the caption of section 312 (as redesignated by subsection (a) of this section) (relating to duties of the supervisory officer) and inserting "COMMISSION";

(9) striking out "supervisory officer" in section 312 (a) (as redesignated by subsection (a) of this section) the first time it appears and inserting "Commission";

(10) amending section 312 (a) (as redesignated by subsection (a) of this section) by—

(A) striking out "him" in paragraph (1) and inserting "it or a central campaign committee";

(B) striking out "him" in paragraph (4) and inserting "it"; and

(C) striking out "he" each place it appears in paragraphs (7) and (9) and inserting "it";

(11) amending subsection (c) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "Comptroller General" each place it appears therein and inserting "Commission", and striking "his" in the second sentence of such subsection and inserting "its"; and

(B) striking out the last sentence thereof;

(12) amending subsection (d) (1) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "supervisory officer" each place it appears therein and inserting "Commission";

(B) striking out "he" the first place it appears

in the second sentence of such section and inserting "it"; and

(C) striking out "The Attorney General on behalf of the United States" and inserting "The Commission or the Attorney General on behalf of the United States"; and

(13) striking out "a supervisory officer" in section 313(a) (as redesignated by subsection (a) of this section) (relating to statements filed with State officers) and inserting "the Commission".

(c) The Campaign Communications Reform Act is amended by striking out "Comptroller General" where it appears in paragraphs (3) (C), (4) (B), and (5) of section 104(a), and in section 105, and inserting in lieu thereof "Federal Elections Commission".

AMOUNTS TO BE REPORTED

SEC. 103. (a) Section 302 (relating to organization of political committees) is amended by—

(1) striking out "in excess of $100 in amount" in subsection (d) and inserting "of $100 or more"; and

(2) inserting "equals or" before "exceeds" in subsection (d).

(b) Section 305, as so redesignated by section 105 of this Act (relating to reports by political committees and candidates), is amended by—

(1) striking out "$5,000" in subsection (a) and inserting "$2,500"; and

(2) striking out "in excess of $100" each place it appears in subsection (b) and inserting "of $100 or more".

(c) Section 306, as so redesignated by section 105 of this Act (relating to reports by others than political committees), is amended by striking out "in excess of $100" and inserting "of $100 or more".

(d) Section 315 (a) (7) (as redesignated by section 102 (a) of this Act) is amended by striking out "in excess of $100" and inserting "$100 or more".

TIME OF REPORTING

SEC. 104. (a) Section 302 (f) (2) (relating to publication of annual reports) is amended by striking out "March 10" and inserting "April 10".

(b) Section 305, as so redesignated by section 105 of this Act (relating to time of reports), is amended by—

(1) inserting "(1)" immediately after "SEC. 304. (a)";

(2) amending the second sentence thereof to read as follows:

"Such reports shall be filed on the tenth day of April, July, and October in each year, and on the tenth day next

preceding the date on which an election is held, and also by the thirty-first day of January.";

(3) striking "forty-eight hours" in the third sentence thereof and inserting "twenty-four hours"; and

(4) adding at the end thereof the following new paragraph:

"(2) Upon a request made by a presidential candidate or a political committee which operates in more than one State, or upon its own motion, the Commission may waive the reporting dates (other than January 31) set forth in the second sentence of paragraph (1), and require instead that such a candidate or political committee file reports not less frequently than monthly. The Commission may not require a presidential candidate or a political committee operating in more than one State to file more than eleven reports (not counting any report to be filed on January 31) under the provisions of this paragraph during any calendar year. If the Commission acts on its own motion under this paragraph with respect to a candidate or a political committee, that candidate or committee may obtain judicial review in accordance with the provisions of chapter 7 of title 5, United States Code."

SEC. 105. Title III is amended by redesignating sections 304 through 307 as sections 305 through 308, respec-

tively, and by inserting after section 303 the following new section:

"CERTIFICATION OF COMMITTEES

"SEC. 304. (a) The chairman of any political organization or party which had candidates for Federal office on the ballot in ten or more States in the next previous Federal election may file a statement with the Commission, in such form and manner and at such times as it may require, designating the Official National Party Committee of such party or organization. Such statement shall include the information required by section 303 of this Act together with such additional information as the Commission may require.

"(b) The chairman of a committee organized by the House or Senate members of any political party having more than 20 per centum of the membership of either the Senate or House of Representatives of the United States, as the case may be, may file a statement with the Commission, in such form and manner and at such times as the Commission may require, designating the 'Official Senate Campaign Committee' or 'Official Congressional Campaign Committee', as appropriate, of such political party. Such statement shall include the information required by section 303 of this Act together with such additional information as the Commission may require.

"(c) Upon receipt of a statement filed under subsections

(a) or (b) the Commission shall promptly verify such statement, according to such procedures and criteria as it may establish, and certify not more than one official national party committee, official Senate campaign committee or official House congressional campaign committee, respectively, for any party meeting the requirements of this section.

"(d) Every candidate for Federal office shall file a statement with the Commission, in such manner and form and at such times as the Commission may prescribe, authorizing any political committee organized primarily to support the candidacy of such candidate to either directly or indirectly, receive contributions, or make expenditures in behalf of, such candidate. No committee organized primarily to support a single candidate for Federal office may, either directly or indirectly, receive contributions or make expenditures in behalf of, such candidate without the written authorization of such candidate as required by this subsection."

REPORTING OF COMPOSED CAMPAIGN DEBTS

SEC. 106. Section 305(b)(12), as so redesignated by section 105 of this Act (relating to reports by political committees and candidates), is amended to read as follows:

"(12) the amount and nature of debts and obligations owed by or to the committee, in such form as the Commission may prescribe, including (notwithstanding the provisions of subsection (a) with respect to filing

dates) continuous reporting of such debts after the election at such intervals as the Commission may require until such debts are extinguished, together with a statement as to the consideration for which any such debt is extinguished or a statement as to the circumstances and conditions under which any such debt is canceled;".

REPORTS BY CERTAIN MEMBERSHIP ORGANIZATIONS

SEC. 107. Section 305 (b), as so redesignated by section 105 of this Act (relating to reports by political committees and candidates) is amended by redesignating paragraph (13) as (14) and by inserting after paragraph (12) the following new paragraph:

"(13) in the case of an organization whose principal activity is an activity other than attempting to influence the nomination for election, or election, of a candidate, the name and address (occupation and principal place of business, if any) of each member or partner, if the organization is a membership organization or a partnership, or of each director and officer, if the organization is a corporation; and".

AUTHORIZATION OF APPROPRIATIONS

SEC. 108. Title III (relating to disclosure of Federal campaign funds) is amended by adding at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 316. There are authorized to be appropriated to the Commission such sums as may be necessary for it to carry out its duties under this title."

DEFINITION OF MEDIA

SEC. 109. Section 102(1) of title I of the Federal Election Campaign Act of 1971 is amended by inserting "direct mail" between the word "telephones" and the colon.

TECHNICAL AMENDMENT

SEC. 110. Section 301 of title III of the Federal Election Campaign Act of 1971 is amended by striking out the first line and inserting in lieu thereof the following:

"SEC. 301. When used in titles III and IV of this Act—".

TITLE II—FEDERAL MATCHING PAYMENT ENTITLEMENT FUND

SEC. 201. The Federal Election Campaign Act of 1971 is amended by redesignating title IV as title V; by redesignating sections 401 through 406 as sections 501 through 506, respectively; by striking out "section 401" where it appears in section 506 (as is redesignated by this section) and inserting in lieu thereof "section 501"; and by inserting after title III the following new title:

"TITLE IV—FEDERAL MATCHING PAYMENT ENTITLEMENT FUND

CREATION OF FUND

"SEC. 401. (a) There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Federal Matching Payment Entitlement Fund' (hereinafter in this title referred to as the 'fund'). The fund shall remain available for expenditure without fiscal year limitation and shall consist of such amounts as may be appropriated into it as provided in subsection (c).

"(b) The Secretary of the Treasury shall be the trustee of the fund and shall report to the Congress not later than March 1 of each year on the operation and status of the fund during the preceding year.

"(c) There shall be appropriated into the fund from the Treasury of the United States such sums as may be necessary to carry out the provisions of this Act.

ENTITLEMENTS

"SEC. 402. (a) Any candidate for the United States House of Representatives or Senate or his central campaign committee, a candidate for nomination for President or Vice President, or an official national party committee, or an official congressional or Senate campaign committee is entitled, upon certification by the Commission, for payments from the fund, during any calander year, in an amount

equal to the amount of each contribution received by such candidate or committee not in excess of $50.

"(b) To be eligible for the entitlement established by subsection (a), such candidate or committee shall submit to the Commission, at such times and in such form and manner as the Commission may require, a matching payment entitlement voucher. Such voucher shall include the full name of any person making a contribution together with the date, the exact amount of the contribution, the complete address of the contributor and such other information as the Commission may require.

"(c) Within three days of the receipt of such voucher the Commission shall—

"(1) make a determination, according to such procedures as it may establish, as to whether each contribution enumerated on such voucher is consistent with the provisions of sections 402(a) and 405 of this title; and

"(2) certify for payment by the Secretary to such candidate or committee an amount equal to the sum of the contributions enumerated on such voucher which meet the requirements of subsection (c)(1).

"(d) Promptly upon certification, the Secretary shall make a payment from the fund to such candidate or the

treasurer of such committee in the amount certified by the Commission.

"(e) For the purposes of this section, the central committee of any candidate for the United States House of Representatives or Senate or for nomination for President or Vice President may submit an entitlement voucher pursuant to section 402(b) in behalf of any authorized committee of such candidate, listing contributions received by such committee eligible for payment under this title.

LIMITATIONS

"SEC. 403. (a) The Commission shall not certify pursuant to section 402(c)(2) any contribution, or fraction thereof, made by any person to a candidate or committee entitled to payments under this title if—

"(1) the amount of such contribution, or fraction thereof, in combination with any other contribution made by such person to such candidate or committee in the same calendar year, is in excess of $50; or

"(2) payment from the fund of an amount equal to the amount of such contribution, or fraction thereof, in combination with any other payment from the fund to such candidate or committee during the same calendar year, is in excess of—

"(A) 10 cents multiplied by the number of eligible voters, in the case of a candidate for the

United States Senate or House of Representatives or a candidate for nomination for President or Vice President;

"(B) $15,000,000 in the case of an official national party committee together with its affiliated congressional or Senate campaign committees; or

"(3) the candidate or committee to which such contribution was made is subject to an action initiated by the Commission pursuant to section 310(a)(7) of this Act.

"(b) The Secretary shall make no payment to a candidate or committee entitled to payments from the fund until the Commission has certified contributions submitted by such candidate or committee, pursuant to section 402(b), in an aggregate amount of—

"(1) $1,000 in the case of a candidate for the United States House of Representatives;

"(2) $5,000 in the case of a candidate for the United States Senate; and

"(3) $15,000 in the case of a candidate for nomination for President or Vice President, or of an official national party committee together with its affiliated Senate and congressional campaign committees.

"(c) No candidate or the central committee of a candidate shall be eligible for the entitlement established by sec-

tion 402 (a) during any year in which the candidate is not a candidate for Federal elective office.

"(d) No contribution made by an official national committee or an official congressional or Senate campaign committee to a candidate or the central campaign committee of a candidate shall be certified by the Commission pursuant to section 402 (c) (2).

"(e) The Commission shall make such rules and establish such procedures as may be necessary to carry out the purposes of this title: *Provided,* That all such rules or procedures are published in the Federal Register not less than thirty days prior to their effective date and are available to the general public.

"(f) For the purposes of section 403 (a) (2), the number of 'eligible voters' in any State or congressional district shall be the number certified to the Commission by the Secretary of Commerce pursuant to section 104 (a) (5), as amended by this Act."

TITLE III—LIMITATIONS ON POLITICAL CONTRIBUTIONS

SEC. 301. Section 608 of title 18 of the United States Code is amended by redesignating subsection (c) as subsection (f) and inserting in lieu thereof the following:

"§ 608. Limitation on contributions and expenditures

"(c) It is unlawful for any person, other than a candi-

date, an official national party committee, or any official congressional or Senate campaign committee to make, directly or indirectly, contributions to or expenditures on behalf of, any candidate and the authorized committees of such candidate, during any calendar year, in total aggregate amount in excess of—

"(1) $2,500 in the case of a candidacy for President or Vice President of the United States; or

"(2) $1,000 in the case of a candidacy for the United States Senate or House of Representatives.

"(d) It is unlawful, except as otherwise provided in subsection (c) above, for any person to make, directly or indirectly, contributions to, or expenditures in behalf of, any political committee, in any calendar year in excess of the aggregate amount of $2,500.

"(e) For the purposes of subsection (a) of this section the terms 'official national party committee', 'official congressional campaign committee', 'official Senate campaign committee', and 'authorized committee' of a candidate means a committee certified by the Federal Elections Commission under section 304 of the Federal Election Campaign Act of 1971, as amended.

"(f) For the purposes of determining compliance with the requirements of subsection 403 (a) (1), the Commission shall consider the sum of all contributions made by any per-

son, during any calendar year, to a candidate and any of his authorized committees.

TITLE IV—TAX INCENTIVES FOR CONTRIBUTIONS TO CANDIDATES FOR PUBLIC OFFICE

SEC. 401. Section 41 (b) (1) of subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) MAXIMUM CREDIT.—The credit allowed by subsection (a) for a taxable year shall be limited to $50 ($100 in the case of a joint return under section 6013)".

TITLE V—VOTER'S TIME

SEC. 501. The Federal Election Campaign Act of 1971 is amended by inserting after title V the following new title:

"TITLE VI—VOTER'S TIME

"POLITICAL BROADCASTS

"SEC. 601. It shall be the obligation of each television station licensed under the Communications Act of 1934, and, in instances explicitly specified, each television network, to make available for the purpose of political broadcasts by candidates for President and Vice President of the United States, or Senator or Representative in, or Resident Commissioner to, the Congress of the United States, the use of its facilities at the rates and times and in the amounts speci-

fied in or under this title. Such air time for political broadcasts shall be hereafter referred to as 'Voter's Time.'

"ELIGIBILITY FOR VOTER'S TIME

"SEC. 602. Voter's Time shall be available during general election campaigns, as hereinafter provided, to candidates of major parties, third parties, and minor parties determined as follows:

"(1) In the case of political parties offering candidates for President and Vice President—

"(A) a major party shall be any party whose candidate placed first or second in popular votes in either of the last two previous elections;

"(B) a third party shall be any party whose candidates received more than 15 per centum of the popular vote in the last previous election; and

"(C) a minor party shall be any other party whose candidates appear on the ballot in more than thirty States in the current election.

"(2) In the case of political parties offering candidates for the Senate and the House of Representatives—

"(A) a major party shall be any party whose candidate for the Senate placed first or second in popular votes in either of the last two previous elections in the State;

"(B) a third party shall be any party whose

candidate for the Senate received more than 15 per centum of the popular vote in the last previous election in the State; and

"(C) a minor party shall be any party—

"(i) whose candidate for the Senate received more than 5 per centum of the vote in the last previous election in the State; or

"(ii) which has filed, at least twenty days prior to the thirty-fifth day preceding the Monday before election day, a 'Voter's Time Petition' with the Federal Elections Commission containing a number of signatures of registered voters equal to 5 per centum of the total number of votes cast for the office of the United States Senator in the last preceding election, including the number of signatures from each congressional district in the State equal to 2 per centum of the votes cast for the office of United States Senator in such districts in the last previous election: *Provided,* That the Commission finds that the signatures are valid and has certified the party with the Federal Communications Commission as eligible for the benefits of this title.

"ALLOTMENTS AND USES OF VOTER'S TIME

"SEC. 603. (a) Beginning thirty-five days preceding the Monday before a general election, television stations shall make available Voter's Time to candidates as follows:

"(1) In the case of candidates for Vice President or President of the United States—

"(A) each ticket of a major party shall receive five one-half-hour blocks of air time: *Provided,* That no more than one such block is used in any five-day period;

"(B) each ticket of a third party shall receive two one-half-hour blocks of air time: *Provided,* That not more than one such block is used in any five-day period; and

"(C) each ticket of a minor party shall receive one one-half-hour block of air time.

"(2) In the case of candidates for the United States Senate—

"(A) each candidate of a major party shall receive three one-half-hour blocks of air time: *Provided,* That no more than one such block is used in any five-day period;

"(B) each candidate of a third party shall receive one one-half-hour block of air time; and

"(C) each candidate of a minor party shall receive one fifteen-minute block of air time.

"(3) In the case of candidates for the United States House of Representatives—

"(A) each candidate of a major party shall receive two one-half-hour blocks of air time: *Provided,* That not more than one such block is used in any ten-day period;

"(B) each candidate of a third party or of a minor party shall receive one fifteeen-minute block of air time:

"(b) All blocks of air time required by this section shall be made available during prime time.

"(c) Voter's Time for broadcasts by candidates for President and Vice President of the United States shall be carried simultaneously by all networks and stations covered by this title.

"(d) Voter's Time for broadcasts by any candidate for the United States Senate shall be carried—

"(1) simultaneously by all television stations within the State involved; and

"(2) in the event that part or all of the State is not within the broadcast range of a station located within that State, by any station located within bordering States, the broadcast range of which substantially covers

the part or the whole of the State not serviced by any station, that the Federal Communications Commission may designate.

"(e) In the event that a station is designated by the Federal Communications Commission for Voter's Time responsibilities in accordance with the provision of subsection (d) (2), that station shall be exempted from Voter's Time responsibility prescribed in subsection (d) (1) in an equal amount.

"(f) It shall be the duty of the Federal Communications Commission to assign responsibilities among television stations for the transmission of Voter's Time broadcasts by House candidates as follows:

"(1) in districts in which one television station is located that substantially serves such district, such station shall be assigned responsibility to carry the Voter's Time broadcasts of candidates from that district;

"(2) in districts in which two or more stations are located that substantially serve such district, such stations shall be assigned responsibility to carry simultaneously the Voter's Time broadcasts by candidates from that district: *Provided,* That any such station or stations do not substantially serve a part or whole of an adjoining district otherwise not substantially served by another station;

"(3) in districts in which no television station is located—

"(A) a station from an adjoining district shall be assigned to carry the Voter's Time broadcasts of House candidates from such districts with preference going to a station located in an adjoining district already served by one or more other stations: *Provided,* That any such station reassigned from an adjoining district be given exemption from carrying Voter's Time broadcasts of candidates from the district in which it is located as prescribed in subsection (f) (2) if that district is substantially served by another station; or

"(B) in large metropolitan areas in which two or more stations serve a broadcast market containing a large number of House districts, the Federal Communications Commission may pool such districts and divide responsibilities for the Voter's Time broadcasts by House candidates from these districts evenly among the stations serving such markets: *Provided,* That all such pooled broadcasts shall be aired simultaneously by the participating stations: *Provided further,* That no two candidates from the same district shall be scheduled in

the same time period during any simultaneous broadcast authorized by this subsection.

"(g) The Federal Communications Commission shall be charged with supervising and making final determinations of Voter's Time responsibilities prescribed for television stations under this section.

"(h) As a condition of eligibility for Voter's Time, a candidate's presentation shall include—

"(1) substantial live appearance by the candidate; and

"(2) formats intended to promote rational political discussion, to illuminate campaign issues, and to give the audience insights into the abilities and personal qualities of the candidates.

"FINANCING OF VOTER'S TIME

"SEC. 604. (a) The charges made for Voter's Time by television broadcasting stations to any candidate legally entitled to such time shall not exceed the prevailing unit charge of the station for the same amount of program time in the same time period.

"(b) Any candidate making use of any or all of the Voter's Time for which he is legally qualified shall file with the Commission a bill specifying the dates and amount of Voter's Time used, the station or stations from which it was

purchased, and the rate charged, in a manner and time determined by the Registrar. Upon receipt of the bill, the Commission shall verify the statement, by means of such procedures it may establish, and if the bill is found to be valid and legal, shall certify it to the Secretary of the Treasury.

"(c) The Secretary of the Treasury is hereby authorized to pay in full amount, to candidates submitting them, all such duly certified bills for Voter's Time not more than ten days following receipt from the Registry of Election Finance.

"EXEMPTION FROM SECTION 315 FOR VOTER'S TIME

"SEC. 605. The provisions of section 315 of the Communications Act of 1934 (47 U.S.C. 315) shall not apply in the case of the use of facilities for Voter's Time as provided in this title."

93D CONGRESS
1ST SESSION

S. 372

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1973

Referred to the Committee on House Administration

AN ACT

To amend the Communications Act of 1934 to relieve broadcasters of the equal time requirement of section 315 with respect to candidates for Federal office, to repeal the Campaign Communications Reform Act, to amend the Federal Election Campaign Act of 1971, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Election Campaign Act Amendments of 1973".

SEC. 2. (a) (1) Section 315 (a) of the Communications Act of 1934 (47 U.S.C. 315 (a)) is amended by inserting after "public office" in the first sentence thereof the following: ", other than Federal elective office (including the office of Vice President)".

(2) Section 315(a) of such Act (47 U.S.C. 315(a)) is further amended by—

(A) inserting "(1)" immediately after "(a)"; and

(B) adding at the end thereof the following new paragraphs:

"(2) The obligation imposed by the first sentence of paragraph (1) upon a licensee with respect to legally qualified candidates for Federal elective office (other than the offices of President and Vice President) shall have been met by such licensee with respect to such candidates if—

"(A) the licensee makes available to such candidates not less than fifteen minutes of broadcast time without charge during the period beginning ten days after the last date, under applicable State law, on which such candidates may file with the appropriate State officer as candidates, and ending on the day before the date of the election,

"(B) the licensee notifies such candidates during the period beginning on the day after the filing date and ending ten days thereafter, and

"(C) such broadcast will cover, in whole or in part, the geographical area in which such election is held.

"(3) No candidate shall be entitled to the use of broadcast facilities pursuant to an offer made by a licensee under

paragraph (2) unless such candidate notifies the licensee in writing of his acceptance of the offer within ten days after receipt of the offer.".

(b) Section 315(b) of such Act (47 U.S.C. 315(b)) is amended by striking out "by any person" and inserting "by or on behalf of any person".

(c) (1) Section 315(c) of such Act (47 U.S.C. 315(c)) is amended to read as follows:

"(c) No station licensee may make any charge for the use of any such station by or on behalf of any legally qualified candidate for nomination for election, or for election, to Federal elective office unless such candidate (or a person specifically authorized by such candidate in writing to do so) certifies to such licensee in writing that the payment of such charge will not exceed the limit on expenditures applicable to that candidate under section 614 of title 18, United States Code.".

(2) Section 315(d) of such Act (47 U.S.C. 315(d)) is amended to read as follows:

"(d) If a State by law imposes a limitation upon the amount which a legally qualified candidate for nomination for election, or for election, to public office (other than Federal elective office) within that State may spend in connection with his campaign for such nomination or his campaign for election, then no station licensee may make

any charge for the use of such station by or on behalf of such candidate unless such candidate (or a person specifically authorized in writing by him to do so) certifies to such licensee in writing that the payment of such charge will not violate that limitation.".

(d) Section 317 of such Act (47 U.S.C. 317), is amended by—

(1) striking out in paragraph (1) of subsection (a) "person: *Provided,* That" and inserting in lieu thereof the following: "person. If such matter is a political advertisement soliciting funds for a candidate or a political committee, there shall be announced at the time of such broadcast a statement that a copy of reports filed by that person with the Federal Election Commission is available from the Federal Election Commission, Washington, D.C., and the licensee shall not make any charge for any part of the costs of making the announcement. The term"; and

(2) by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) Each station licensee shall maintain a record of any political advertisement broadcast, together with the identification of the person who caused it to be broadcast,

for a period of two years. The record shall be available for public inspection at reasonable hours.".

SEC. 3. The Campaign Communications Reform Act is repealed.

SEC. 4. (a) Section 301 of the Federal Election Campaign Act of 1971 (relating to definitions) is amended by—

(1) striking out ", and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" in paragraph (a), and by inserting "and" before "(4)" in such paragraph;

(2) striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State central committee of a political party; and

"(3) any committee, association, or organiza-

tion engaged in the administration of a separate segregated fund described in section 610 of title 18, United States Code;";

(3) inserting in paragraph (e) (1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(4) striking out in paragraph (e) (1) "or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee, or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office";

(5) striking out subparagraphs (2) and (3) of paragraph (e), and redesignating subparagraphs (4) and (5) as (2) and (3), respectively;

(6) striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure' means—

"(1) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of presidential and vice-presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; but

"(2) shall not mean or include those who volunteer to work without compensation on behalf of a candidate;";

(7) striking "and" at the end of paragraph (h);

(8) striking the period at the end of paragraph (i) and inserting in lieu thereof a semicolon; and

(9) adding at the end thereof the following new paragraphs:

"(j) 'identification' means—

"(1) in the case of an individual, his full name and the full address of his principal place of residence; and

"(2) in the case of any other person, the full name and address of that person;

"(k) 'national committee' means the duly constituted organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the national level, as determined by the Commission; and

"(l) 'political party' means a political party which, in the next preceding presidential election, nominated candidates for election to the offices of President and Vice President, and the electors of which party received in such election, in any or all of the States, an aggregate number of votes equal in number to at least 10 per centum of the total number of votes cast throughout the United States for all electors for candidates for President and Vice President in such election.".

(b) (1) Section 302 (b) of such Act (relating to reports of contributions in excess of $10) is amended by striking ", the name and address (occupation and principal place of business, if any)" and inserting "of the contribution and the identification".

(2) Section 302(c) of such Act (relating to detailed accounts) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (2) and (4) and inserting in each such paragraph "identification".

(3) Section 302(c) of such Act is further amended by striking the semicolon at the end of paragraph (2) and inserting "and, if a person's contributions aggregate more than $100, the account shall include occupation, and the principal place of business (if any);".

SEC. 5. (a) Section 303 of the Federal Election Campaign Act of 1971 (relating to registration of political committees; statements) is amended by redesignating subsections (a) through (d) as (b) through (e), respectively, and by inserting after "SEC. 303." the following new subsection (a):

"(a) Each candidate shall, within ten days after the date on which he has qualified under State law as a candidate, or on which he, or any person authorized by him to do so, has received a contribution or made an expenditure in connection with his campaign or for the purpose of preparing to undertake his campaign, file with the Commission a registration statement in such form as the Commission may prescribe. The statement shall include—

"(1) the identification of the candidate, and any

individual, political committee, or other person he has authorized to receive contributions or make expenditures on his behalf in connection with his campaign;

"(2) the identification of his campaign depositories, together with the title and number of each account at each such depository which is to be used in connection with his campaign, any safety deposit box to be used in connection therewith, and the identification of each individual authorized by him to make any expenditure or withdrawal from such account or box; and

"(3) such additional relevant information as the Commission may require.".

(b) The first sentence of subsection (b) of such section (as redesignated by subsection (a) of this section) is amended to read as follows: "The treasurer of each political committee shall file with the Commission a statement of organization within ten days after the date on which the committee is organized.".

(c) The second sentence of such subsection (b) is amended by striking out "this Act" and inserting in lieu thereof the following: "the Federal Election Campaign Act Amendments of 1973".

(d) Subsection (c) of such section (as redesignated by subsection (a) of this section) is amended by—

(1) inserting "be in such form as the Commission

shall prescribe, and shall" after "The statement of organization shall";

(2) striking out paragraph (3) and inserting in lieu thereof the following:

"(3) the geographic area or political jurisdiction within which the committee will operate, and a general description of the committee's authority and activities;"; and

(3) striking out paragraph (9) and inserting in lieu thereof the following:

"(9) the name and address of the campaign depositories used by that committee, together with the title and number of each account and safety deposit box used by that committee at each depository, and the identification of each individual authorized to make withdrawals or payments out of such account or box;".

(e) The caption of such section 303 is amended by inserting "CANDIDATES AND" after "REGISTRATION OF".

SEC. 6. (a) Section 304 of the Federal Election Campaign Act of 1971 (relating to reports by political committees and candidates) is amended by—

(1) inserting "(1)" after "(a)" in subsection (a);

(2) striking out "for election" each place it appears in the first sentence of subsection (a) and in-

serting in lieu thereof in each such place "for nomination for election, or for election,";

(3) striking out the second sentence of subsection (a) and inserting in lieu thereof the following: "Such reports shall be filed on the tenth day of April, July, and October of each year, on the tenth day preceding an election, and on the last day of January following an election. Notwithstanding the preceding sentence, the reports required by that sentence to be filed during April, July, and October by or relating to a candidate during a year in which no Federal election is held in which he is a candidate, may be filed on the twentieth day of each month.";

(4) striking out everything after "filing" in the third sentence of subsection (a) and inserting in lieu thereof a period and the following: "Any contribution of $3,000 or more which is received after the closing date of the last report required to be filed prior to any election shall be reported within twenty-four hours after its receipt. If the person making any anonymous contribution is subsequently identified, the identification of the contributor shall be reported to the Commission within the reporting period within which it is identified.": and

(5) adding at the end of subsection (a) the following new paragraph:

"(2) Upon a request made by a Presidential candidate or a political committee which operates in more than one State, or upon its own motion, the Commission may waive the reporting dates (other than January 31) set forth in paragraph (1), and require instead that such candidates or political committees file reports not less frequently than monthly. The Commission may not require a Presidential candidate or a political committee operating in more than one State to file more than eleven reports (not counting any report to be filed on January 31 and special reports of contributions of $3,000 or more as required in paragraph (1) above) during any calendar year. If the Commission acts on its own motion under this paragraph with respect to a candidate or a political committee, that candidate or committee may obtain judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

(b) (1) Section 304 (b) of such Act (relating to reports by political committees and candidates) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (9) and (10) and inserting in lieu thereof in each such paragraph: "identification".

(2) Subsection (b) (5) of such section 304 is amended by striking out "lender and endorsers" and inserting in lieu thereof "lender, endorsers, and guarantors".

(c) Subsection (b) (12) of such section is amended by inserting before the semicolon the following: ", together with a statement as to the circumstances and conditions under which any such debt or obligation is extinguished and the consideration therefor".

(d) Subsection (b) of such section is amended by—

(1) striking the "and" at the end of paragraph (12); and

(2) redesignating paragraph (13) as (14), and by inserting after paragraph (12) the following new paragraph:

"(13) such information as the Commission may require for the disclosure of the nature, amount, source, and designated recipient of any earmarked, encumbered, or restricted contribution or other special fund; and".

(e) The first sentence of subsection (c) of such section is amended to read as follows: "The reports required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, and during such additional periods of time as the Commission may require.".

(f) (1) Such section 304 is amended by adding at the end thereof the following new subsections:

"(d) This section does not require a Member of Congress to report, as contributions received or as expenditures made, the value of photographic, matting, or recording services furnished to him before the first day of January of the year preceding the year in which his term of office expires if those services were furnished to him by the Senate Recording Studio, the House Recording Studio, or by any individual whose pay is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives and who furnishes such services as his primary duty as an employee of the Senate or House of Representatives, or if such services were paid for by the Republican or Democratic Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(e) Every person (other than a political committee or candidate) who makes contributions or expenditures, other than by contribution to a political committee or candidate, in an aggregate amount in excess of $100 within a calendar year shall file with the Commission a statement containing the information required by this section. Statements required by this subsection shall be filed on the

dates on which reports by political committees are filed, but need not be cumulative.

"(f) (1) For purposes of this subsection—

"(A) 'Member of Congress' means Senator or Representative in, or Delegate or Resident Commissioner to, the Congress;

"(B) 'income' means gross income as defined in section 61 of the Internal Revenue Code of 1954;

"(C) 'security' means security as defined in section 2 of the Securities Act of 1933, as amended (15 U.S.C. 77b);

"(D) 'commodity' means commodity as defined in section 2 of the Commodity Exchange Act, as amended (7 U.S.C. 2);

"(E) 'dealings in securities or commodities' means any acquisition, holding, withholding, use, transfer, disposition, or other transaction involving any security or commodity; and

"(F) 'candidate' means an individual who seeks nomination for election, or election, to Federal office, whether or not such individual is elected, and, for purposes of this subsection, an individual shall be deemed to seek nomination for election, or election, if he has (1) taken the action necessary under the law of a State to qualify himself for nomination for election, or election, to

Federal office, or (2) received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to such office.

"(2) Each candidate for election to Congress (other than a candidate who is a Member of Congress) shall file with the Commission a financial disclosure report for the calendar year immediately preceding the year in which he is a candidate. Such report shall be filed not later than thirty days after the individual becomes such a candidate.

"(3) Each individual who has served at any time during any calendar year as a Member of Congress shall file with the Commission a financial disclosure report for that year. Such report shall be filed not later than May 1 of the year immediately following such calendar year.

"(4) Each financial disclosure report to be filed under this subsection shall be made upon a form which shall be prepared by the Commission and furnished by it upon request. Each such report shall contain a full and complete statement of—

"(A) the amount and source of each item of income, other than reimbursements for expenditures actually incurred, and each gift or aggregate of gifts from one source of a value of more than $100 (other than gifts

received from any relative or his spouse) received by him or by him and his spouse jointly during the preceding calendar year, including any fee or other honorarium received by him for or in connection with the preparation or delivery of any speech or address, attendance at any convention or other assembly of individuals, or the preparation of any article or other composition for publication;

"(B) each asset held by him, or by him and his spouse jointly, and the amount of each liability owed by him, or by him and his spouse jointly, as of the close of the preceding calendar year;

"(C) all dealings in securities or commodities by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year; and

"(D) all purchases and sales of real property or any interest therein by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction, during the preceding calendar year.

"(5) The Commission may provide for the grouping of items of income, sources of income, assets, liabilities, dealings in securities or commodities, and purchases and sales of real property when separate itemization is not feasible or is not necessary for an accurate disclosure of the income,

net worth, dealing in securities and commodities, or purchases and sales of real property of any individual.

"(6) All reports filed under this subsection shall be maintained by the Commission as public records. Such reports shall be available, under such regulations as the Commission may prescribe, for inspection by the public.".

(2) Subsection (f) of such section 304, as added by paragraph (1) of this subsection, shall apply with respect to calendar years commencing on or after January 1, 1974.

(g) The caption of such section 304 is amended to read as follows:

"REPORTS".

SEC. 7. Section 305 of the Federal Election Campaign Act of 1971 (relating to reports by others than political committees) is amended to read as follows:

"REQUIREMENTS RELATING TO CAMPAIGN ADVERTISING

"SEC. 305. (a) No person shall cause any political advertisement to be published unless he furnishes to the publisher of the advertisement his identification in writing, together with the identification of any person authorizing him to cause such publication.

"(b) Any published political advertisement shall contain a statement, in such form as the Commission may

prescribe, of the identification of the person authorizing the publication of that advertisement.

"(c) Any publisher who publishes any political advertisement shall maintain such records as the Commission may prescribe for a period of two years after the date of publication setting forth such advertisement and any material relating to identification furnished to him in connection therewith, and shall permit the public to inspect and copy those records at reasonable hours.

"(d) To the extent that any person sells space in any newspaper or magazine to a legally qualified candidate for Federal elective office, or nomination thereto, in connection with such candidate's campaign for nomination for, or election to, such office, the charges made for the use of such space in connection with his campaign shall not exceed the charges made for comparable use of such space for other purposes.

"(e) Any political committee shall include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"'A copy of our report filed with the Federal Election Commission is available for purchase from the Federal Election Commission, Washington, D.C.'

"(f) As used in this section, the term—

"(1) 'political advertisement' means any matter

advocating the election or defeat of any candidate or otherwise seeking to influence the outcome of any election, but does not include any bona fide news story (including interviews, commentaries, or other works prepared for and published by any newspaper, magazine, or other periodical publication the publication of which work is not paid for by any candidate, political committee, or agent thereof or by any other person); and

"(2) 'published' means publication in a newspaper, magazine, or other periodical publication, distribution of printed leaflets, pamphlets, or other documents, or display through the use of any outdoor advertising facility, and such other use of printed media as the Commission shall prescribe.".

SEC. 8. Section 306(c) of the Federal Election Campaign Act of 1971 (relating to formal requirements respecting reports and statements) is amended to read as follows:

"(c) The Commission may, by published regulation of general applicability, relieve—

"(1) any category of candidates of the obligation to comply personally with the requirements of section 304(a)-(e), if it determines that such action will not have any adverse effect on the purposes of this title, and

"(2) any category of political committees of the

obligation to comply with such section if such committees—

"(A) primarily support persons seeking State or local office, and

"(B) do not operate in more than one State or do not operate on a statewide basis.".

SEC. 9. (a) Title III of the Federal Election Campaign Act of 1971 (relating to disclosure of Federal campaign funds) is amended by redesignating section 308 as section 312, and by inserting after section 307 the following new sections:

"FEDERAL ELECTION COMMISSION

"SEC. 308. (a) (1) There is hereby established, as an independent establishment of the executive branch of the Government of the United States, a commission to be known as the Federal Election Commission.

"(2) The Commission shall be composed of the Comptroller General, ex officio, with the right to vote, and six other members who shall be appointed by the President by and with the advice and consent of the Senate. Of the six other members—

"(A) two shall be chosen from among individuals recommended by the President pro tempore of the Senate, upon the recommendations of the majority

leader of the Senate and the minority leader of the Senate; and

"(B) two shall be chosen from among individuals recommended by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House.

The two members appointed under subparagraph (A) shall not be affiliated with the same political party; nor shall the two members appointed under subparagraph (B). The two members not appointed under such subparagraphs shall not be affiliated with the same political party.

"(3) Members of the Commission, other than the Comptroller General, shall serve for terms of seven years, except that, of the members first appointed—

"(A) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending on the April thirtieth first occurring more than six months after the date on which he is appointed;

"(B) one of the members appointed under paragraph (2) (A) shall be appointed for a term ending one year after the April thirtieth on which the term of the member referred to in subparagraph (A) of this paragraph ends;

"(C) one of the members appointed under paragraph (2) (B) shall be appointed for a term ending two years thereafter;

"(D) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending three years thereafter;

"(E) one of the members appointed under paragraph (2) (A) shall be appointed for a term ending four years thereafter;

"(F) one of the members appointed under paragraph (2) (B) shall be appointed for a term ending five years thereafter; and

"(G) the Comptroller General shall serve during his term of office as Comptroller General.

"(4) Members shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment. A member may be reappointed to the Commission only once.

"(5) An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he succeeds. Any vacancy occurring in the office of member of the Commission shall be filled in the manner in which that office was originally filled.

"(6) The Commission shall elect a Chairman and a

Vice Chairman from among its members for a term of two years. The Chairman and the Vice Chairman shall not be affiliated with the same political party. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and four members thereof shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all its powers in any State.

"(f) The Commission shall appoint a General Counsel and an Executive Director to serve at the pleasure of the Commission. The General Counsel shall be the chief legal officer of the Commission. The Executive Director shall be

responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Commission. However, the Commission shall not delegate the making of regulations regarding elections to the Executive Director.

"(g) The Chairman of the Commission shall appoint and fix the compensation of such personnel as may be necessary to fulfill the duties of the Commission in accordance with the provisions of title 5, United States Code.

"(h) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(i) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General are authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

"(j) The provisions of section 7324 of title 5, United States Code, shall apply to members of the Commission notwithstanding the provisions of subsection (d) (3) of such section.

"(k) (1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

"(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation requested by the Congress or by any Member of Congress to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress or to the Member requesting the same. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation, to any office or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"POWERS OF COMMISSION

"SEC. 309. (a) The Commission shall have the power—

"(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; and such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

"(2) to administer oaths;

"(3) to require by subpena, signed by the Chairman or the Vice Chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

"(4) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

"(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

"(6) to initiate (through civil proceedings for injunctive relief and through presentations to Federal grand juries), prosecute, defend, or appeal any court action in the name of the Commission for the purpose of enforcing the provisions of this title and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, and 617 of title 18, United States Code, through its General Counsel; and

"(7) to delegate any of its functions or powers, other than the power to issue subpenas under paragraph (3), to any officer or employee of the Commission.

"(b) Any United States district court within the jurisdiction of which any inquiry is carried on, may, upon petition by the Commission, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(c) No person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing information at the request of the Commission.

"(d) Notwithstanding any other provision of law, the Commission shall be the primary civil and criminal enforcement agency for violations of the provisions of this title, and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, and 617 of title 18, United States Code. Any violation of any such provision shall be prosecuted by the Attorney General or Department of Justice personnel only after consultation with, and with the consent of, the Commission.

"(e) (1) Any person who violates any provision of this title or of section 602, 608, 610, 611, 612, 613, 614, 615, 616, or 617 of title 18, United States Code, may be assessed a civil penalty by the Commission under paragraph (2) of this subsection of not more than $10,000 for each such violation. Each occurrence of a violation of this title and each day of noncompliance with a disclosure require-

ment of this title or an order of the Commission issued under this section shall constitute a separate offense. In determining the amount of the penalty the Commission shall consider the person's history of previous violations, the appropriateness of such penalty to the financial resources of the person charged, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation.

"(2) A civil penalty shall be assessed by the Commission by order only after the person charged with a violation has been given an opportunity for a hearing and the Commission has determined, by decision incorporating its findings of fact therein, that a violation did occur, and the amount of the penalty. Any hearing under this section shall be of record and shall be held in accordance with section 554 of title 5, United States Code.

"(3) If the person against whom a civil penalty is assessed fails to pay the penalty, the Commission shall file a petition for enforcement of its order assessing the penalty in any appropriate district court of the United States. The petition shall designate the person against whom the order is sought to be enforced as the respondent. A copy of the petition shall forthwith be sent by registered or certified mail to the respondent and his attorney of record, and thereupon the Commission shall certify and file in such court

the record upon which such order sought to be enforced was issued. The court shall have jurisdiction to enter a judgment enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order and decision of the Commission or it may remand the proceedings to the Commission for such further action as it may direct. The court may consider and determine de novo all relevant issues of law but the Commission's findings of fact shall become final thirty days after issuance of its decision order incorporating such findings of fact and shall not thereafter be subject to judicial review.

"(f) Upon application made by any individual holding Federal office, any candidate, or any political committee, the Commission, through its General Counsel, shall provide within a reasonable period of time an advisory opinion, with respect to any specific transaction or activity inquired of, as to whether such transaction or activity would constitute a violation of any provision of this title or of any provision of title 18, United States Code, over which the Commission has primary jurisdiction under subsection (d). Notwithstanding any other provision of law, no candidate or political committee shall be held or considered to have violated any such provision by the commission or omission of any act with respect to which an advisory opinion has been issued to that candidate or political committee under this subsection.

"CENTRAL CAMPAIGN COMMITTEES

"SEC. 310. (a) Each candidate shall designate one political committee as his central campaign committee. A candidate for nomination for election, or for election, to the office of President, may also designate one political committee in each State in which he is a candidate as his State campaign committee for that State. The designation shall be made in writing, and a copy of the designation, together with such information as the Commission may require, shall be furnished to the Commission upon the designation of any such committee.

"(b) No political committee may be designated as the central campaign committee of more than one candidate. The central campaign committee, and each State campaign committee, designated by a candidate nominated by a political party for election to the office of President shall be the central campaign committee and the State campaign committees of the candidate nominated by that party for election to the office of Vice President.

"(c) (1) Any political committee authorized by a candidate to accept contributions or make expenditures in connection with his campaign for nomination or for election, which is not a central campaign committee or a State campaign committee, shall furnish each report required of it under section 304 (other than reports required under the

last sentence of section 304 (a) and 311 (b)) to that candidate's central campaign committee at the time it would, but for this subsection, be required to furnish that report to the Commission. Any report properly furnished to a central campaign committee under this subsection shall be, for purposes of this title, held and considered to have been furnished to the Commission at the time at which it was furnished to such central campaign committee.

"(2) The Commission may, by regulation, require any political committee receiving contributions or making expenditures in a State on behalf of a candidate who, under subsection (a), has designated a State campaign committee for that State to furnish its reports to that State campaign committee instead of furnishing such reports to the central campaign committee of that candidate.

"(3) The Commission may require any political committee to furnish any report directly to the Commission.

"(d) Each political committee which is a central campaign committee or a State campaign committee shall receive all reports filed with or furnished to it by other political committees, and consolidate and furnish the reports to the Commission, together with its own reports and statements, in accordance with the provisions of this title and regulations prescribed by the Commission.

"CAMPAIGN DEPOSITORIES

"SEC. 311. (a) (1) Each candidate shall designate one or more National or State banks as his campaign depositories. The central campaign committee of that candidate, and any other political committee authorized by him to receive contributions or to make expenditures on his behalf, shall maintain a checking account at a depository so designated by the candidate and shall deposit any contributions received by that committee into that account. No expenditure may be made by any such committee on behalf of a candidate or to influence his election except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(2) The treasurer of each political committee (other than a political committee authorized by a candidate to receive contributions or to make expenditures on his behalf) shall designate one or more National or State banks as campaign depositories of that committee, and shall maintain a checking account for the committee at each such depository. All contributions received by that committee shall be deposited in such an account. No expenditure may be made by that committee except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(b) A political committee may maintain a petty cash fund out of which it may make expenditures not in excess

of $100 to any person in connection with a single purchase or transaction. A record of petty cash disbursements shall be kept in accordance with requirements established by the Commission, and such statements and reports thereof shall be furnished to the Commission as it may require.

"(c) A candidate for nomination for election, or for election, to the office of President may establish one such depository in each State, which shall be considered by his State campaign committee for that State and any other political committee authorized by him to receive contributions or to make expenditures on his behalf in that State, under regulations prescribed by the Commission, as his single campaign depository. The campaign depository of the candidate of a political party for election to the office of Vice President shall be the campaign depository designated by the candidate of that party for election to the office of President.".

(b) (1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(60) Members (other than the Comptroller General), Federal Election Commission (6)."

(2) Section 5315 of such title is amended by adding at the end thereof the following new paragraphs:

"(98) General Counsel, Federal Election Commission.

"(99) Executive Director, Federal Election Commission."

(c) Until the appointment and qualification of all the members of the Federal Election Commission and its General Counsel and until the transfer provided for in this subsection, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall continue to carry out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as such titles existed on the day before the date of enactment of this Act. Upon the appointment of all the members of the Commission and its General Counsel, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members and the General Counsel are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971.

(d) Title III of the Federal Election Campaign Act of 1971 is amended by—

(1) amending section 301 (g) (relating to definitions) to read as follows:

"(g) 'Commission' means the Federal Election Commission;";

(2) striking out "supervisory officer" in section 302 (d) and inserting "Commission";

(3) striking out section 302 (f) (relating to organization of political committees);

(4) amending section 303 (relating to registration of political committees; statements) by—

(A) striking out "supervisory officer" each time it appears therein and inserting "Commission"; and

(B) striking out "he" in the second sentence of subsection (b) of such section (as redesignated by section 5 (a) of this Act) and inserting "it";

(5) amending section 304 (relating to reports by political committees and candidates) by—

(A) striking out "appropriate supervisory officer" and "him" in the first sentence thereof and inserting "Commission" and "it", respectively; and

(B) striking out "supervisory officer" where it appears in the third sentence of subsection (a) and

in paragraphs (12) and (14) (as redesignated by section 6(d)(2) of this Act) of subsection (b), and inserting "Commission";

(6) striking out "supervisory officer" each place it appears in section 306 (relating to formal requirements respecting reports and statements) and inserting "Commission";

(7) striking out "Comptroller General of the United States" and "he" in section 307 (relating to reports on convention financing) and inserting "Federal Election Commission" and "it", respectively;

(8) striking out "SUPERVISORY OFFICER" in the caption of section 312 (as redesignated by subsection (a) of this section) (relating to duties of the supervisory officer) and inserting "COMMISSION";

(9) striking out "supervisory officer" in section 312(a) (as redesignated by subsection (a) of this section) the first time it appears and inserting "Commission";

(10) amending section 312(a) (as redesignated by subsection (a) of this section) by—

(A) striking out "him" in paragraph (1) and inserting "it";

(B) striking out "him" in paragraph (4) and inserting "it"; and

(C) striking out "he" each place it appears in paragraphs (7) and (9) and inserting "it".

(11) striking out "supervisory officer" in section 312 (b) (as redesignated by subsection (a) of this subsection) and inserting "Commission";

(12) amending subsection (c) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "Comptroller General" each place it appears therein and inserting "Commission", and striking "his" in the second sentence of such subsection and inserting "its"; and

(B) striking out the last sentence thereof; and

(13) amending subsection (d) (1) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "supervisory officer" each place it appears therein and inserting "Commission";

(B) striking out "he" the first place it appears in the second sentence of such section and inserting "it"; and

(C) striking out "the Attorney General on behalf of the United States" and inserting "the Commission".

SEC. 10. Section 312 (a) (6) (as redesignated by this Act) of the Federal Election Campaign Act of 1971 (relating to duties of the supervisory officer) is amended to read as follows:

"(6) to compile and maintain a cumulative index listing all statements and reports filed with the Commission during each calendar year by political committees and candidates, which the Commission shall cause to be published in the Federal Register no less frequently than monthly during even-numbered years and quarterly in odd-numbered years and which shall be in such form and shall include such information as may be prescribed by the Commission to permit easy identification of each statement, report, candidate, and committee listed, at least as to their names, the dates of the statements and reports, and the number of pages in each, and the Commission shall make copies of statements and reports listed in the index available for sale, direct or by mail, at a price determined by the Commission to be reasonable to the purchaser;".

SEC. 11. Title III of the Federal Election Campaign Act of 1971 is amended by inserting after section 312 (as redesignated by this Act) the following new section:

"SUSPENSION OF FRANK FOR MASS MAILINGS IMMEDIATELY BEFORE ELECTIONS

"SEC. 313. No Senator, Representative, Resident Commissioner, or Delegate shall make any mass mailing of a newsletter or mailing with a simplified form of address under the frank under chapter 32 of title 39, United States Code, during the sixty days immediately preceding the date on which any election is held in which he is a candidate."

SEC. 12. Section 309 of the Federal Election Campaign Act of 1971 (relating to statements filed with State officers) is redesignated as section 314 of such Act and amended by—

(1) striking out "a supervisory officer" in subsection (a) and inserting in lieu thereof "the Commission";

(2) striking out "in which an expenditure is made by him or on his behalf" in subsection (a) (1) and inserting in lieu thereof the following: "in which he is a candidate or in which substantial expenditures are made by him or on his behalf"; and

(3) adding the following new subsection:

"(c) There is hereby authorized to be appropriated to the Commission in each fiscal year the sum of $500,000, to be made available in such amounts as the Commission deems

appropriate to the States for the purpose of assisting them in complying with their duties as set forth in this section.".

SEC. 13. Section 310 of the Federal Election Campaign Act of 1971 (relating to prohibition of contributions in name of another) is redesignated as section 315 of such Act and amended by inserting after "another person", the first time it appears, the following: "or knowingly permit his name to be used to effect such a contribution".

SEC. 14. Section 311 of the Federal Election Campaign Act of 1971 (relating to penalty for violations) is amended to read as follows:

"PENALTY FOR VIOLATIONS

"SEC. 316. (a) Violation of the provisions of this title (other than section 304 (f)) is a misdemeanor punishable by a fine of not more than $10,000, imprisonment for not more than one year, or both.

"(b) Violation of the provisions of this title (other than section 304 (f)) with knowledge or reason to know that the action committed or omitted is a violation of this Act is punishable by a fine of not more than $100,000, imprisonment for not more than five years, or both.

"(c) Any person who willfully fails to file a report required by section 304 (f) of this Act, or who knowingly and willfully files a false report under such section, shall be fined $2,000 or imprisoned for not more than one year, or both.".

SEC. 15. Title III of the Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following new sections:

"APPROVAL OF PRESIDENTIAL CAMPAIGN EXPENDITURES BY NATIONAL COMMITTEE

"SEC. 317. (a) No expenditure in excess of $1,000 shall be made by or on behalf of any candidate who has received the nomination of his political party for President or Vice President unless such expenditure has been specifically approved by the chairman or treasurer of that political party's national committee or the designated representative of that national committee in the State where the funds are to be expended.

"(b) Each national committee approving expenditures under subsection (a) shall register under section 303 as a political committee and report each expenditure it approves as if it had made that expenditure, together with the name and address of the person seeking approval and making the expenditure.

"(c) No political party shall have more than one national committee.

"USE OF CONTRIBUTED AMOUNTS FOR CERTAIN PURPOSES

"SEC. 318. Amounts received by a candidate as contributions that are in excess of any amount necessary to defray his campaign expenses, and any other amounts

contributed to an individual for the purpose of supporting his activities as a holder of Federal office, may be used by that candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred by him in connection with his duties as a holder of Federal office, or may be contributed by him to any organization described in section 170(c) of the Internal Revenue Code of 1954. To the extent any such contribution, amount contributed, or expenditure thereof is not otherwise required to be disclosed under the provisions of this title, such contribution, amount contributed, or expenditure shall be fully disclosed in accordance with regulations promulgated by the Commission. The Commission is authorized to promulgate such regulations as may be necessary to carry out the provisions of this section.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 319. There are authorized to be appropriated to the Commission, for the purpose of carrying out its functions under this title, and under chapter 29 of title 18, United States Code, not to exceed $5,000,000 for the fiscal year ending June 30, 1974, and not to exceed $5,000,000 for each fiscal year thereafter.".

SEC. 16. Section 403 of the Federal Election Campaign Act of 1971 is amended to read as follows:

"EFFECT ON STATE LAW

"SEC. 403. The provisions of this Act, and of regulations promulgated under this Act, supersede and preempt any provision of State law with respect to campaigns for nomination for election, or for election, to Federal office (as such term is defined in section 301 (c)).".

SEC. 17. (a) Paragraph (a) of section 591 of title 18, United States Code, is amended by—

(1) inserting "or" before "(4)"; and

(2) striking out "and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States".

(b) Such section 591 is amended by striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State central committee of a political party; and

"(3) any committee, association, or organization

engaged in the administration of a separate segregated fund described in section 610;".

(c) Such section 591 is amended by—

(1) inserting in paragraph (e) (1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(2) striking out in such paragraph "or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee, or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office"; and

(3) striking out subparagraphs (2) and (3) of paragraph (e) and redesignating subparagraphs (4) (5) as (2) and (3), respectively.

(d) Such section 591 is amended by striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure' means—

"(1) a purchase, payment, distribution, loan (except a loan of money by a national or State bank made in accordance with the applicable banking laws

and regulations, and in the ordinary course of business), advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of presidential and vice presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; but

"(2) shall not mean or include those who volunteer to work without compensation on behalf of a candidate;".

SEC. 18. (a) (1) Subsection (a) (1) of section 608 of title 18, United States Code, is amended to read as follows:

"(a) (1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate

family, in connection with his campaigns for nomination for election, and for election, to, Federal office in excess, in the aggregate during any calendar year, of—

"(A) $100,000, in the case of a candidate for the office of President or Vice President;

"(B) $70,000, in the case of a candidate for the office of Senator; or

"(C) $50,000, in the case of a candidate for the office of Representative, or Delegate or Resident Commissioner to the Congress."

(2) Subsection (a) of such section is amended by adding at the end thereof the following new paragraphs:

"(3) No candidate or his immediate family may make loans or advances from their personal funds in connection with his campaign for nomination for election, or election, to Federal office unless such loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of such loan or advance.

"(4) For purposes of this subsection, any such loan or advance shall be included in computing the total amount of such expenditures only to the extent of the balance of such loan or advance outstanding and unpaid."

(b) Subsection (c) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$25,000", and by striking out "one year" and inserting in lieu thereof "five years".

(c) (1) The caption of such section 608 is amended by adding at the end thereof the following: "out of candidates' personal and family funds".

(2) The table of sections for chapter 29 of title 18, United States Code, is amended by striking out the item relating to section 608 and inserting in lieu thereof the following:

"608. Limitations on contributions and expenditures out of candidates' personal and family funds.".

(d) Notwithstanding the provisions of section 608 of title 18, United States Code, it shall not be unlawful for any individual who, as of the date of enactment of this Act, has outstanding any debt or obligation incurred on his behalf by any political committee in connection with his campaigns prior to January 1, 1973, for nomination for election, and for election, to Federal office, to satisfy or discharge any such debt or obligation out of his own personal funds or the personal funds of his immediate family (as such term is defined in such section 608).

SEC. 19. Section 611 of title 18, United States Code, is amended by adding at the end thereof the following new paragraph:

"It shall not constitute a violation of the provisions of this section for a corporation or a labor organization to establish, administer, or solicit contributions to a separate segregated fund to be utilized for political purposes

by that corporation or labor organization if the establishment and administration of, and solicitation of contributions to, such fund do not constitute a violation of section 610."

SEC. 20. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 614. Limitation on expenditures generally

"(a) (1) Except to the extent that such amounts are increased under subsection (d) (2), no candidate (other than a candidate for nomination for election to the office of President) may make expenditures in connection with his primary or primary runoff campaign for nomination for election to Federal office in excess of the greater of—

"(A) 10 cents multiplied by the voting age population (as certified under subsection (e)) of the geographical area in which the election for such nomination is held, or

"(B) (i) $125,000, if the Federal office sought is that of Senator, Delegate, Resident Commissioner, or Representative from a State which is entitled to only one Representative, or

"(ii) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(2) Except to the extent that such amounts are in-

creased under subsection (d) (2), no candidate (other than a candidate for election to the office of President) may make expenditures in connection with his general or special election campaign for election to Federal office in excess of the greater of—

"(A) 15 cents multiplied by the voting age population (as certified under subsection (e)) of the geographical area in which the election is held, or

"(B) (i) $175,000, if the Federal office sought is that of Senator, Delegate, Resident Commissioner, or Representative, from a State which is entitled to only one Representative, or

"(ii) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(b) (1) No candidate for nomination for election to the office of President may make expenditures in any State in connection with his campaign for such nomination in excess of the amount which a candidate for nomination for election to the office of Senator from that State (or for nomination for election to the office of Delegate, in the case of the District of Columbia) might expend within the State in connection with his campaign for that nomination. For purposes of this subsection, an individual is a candidate for nomination for election to the office of Presi-

dent if he makes (or any other person makes on his behalf) an expenditure on behalf of his candidacy for any political party's nomination for election to the office of President.

"(2) No candidate for election to the office of President may make expenditures in any State in connection with his campaign for election to such office in excess of the amount which a candidate for election to the office of Senator (or for election to the office of Delegate, in the case of the District of Columbia) might expend within the State in connection with his campaign for election to the office of Senator (or Delegate).

"(c) (1) Expenditures made on behalf of any candidate shall, for the purpose of this section, be deemed to have been made by such candidate.

"(2) Expenditures made by or on behalf of any candidate for the office of Vice President of the United States shall, for the purpose of this section, be deemed to have been made by the candidate for the office of President of the United States with whom he is running.

"(3) For purposes of this subsection, an expenditure shall be held and considered to have been made on behalf of a candidate if it was made by—

"(A) an agent of the candidate for the purposes of making any campaign expenditure, or

"(B) any person authorized or requested by the candidate to make expenditures on his behalf.

"(d) (1) For purposes of paragraph (2):

"(A) The term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"(B) The term 'base period' means the calendar year 1970.

"(2) At the beginning of each calendar year (commencing in 1974), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Federal Election Commission and publish in the Federal Register the per centum difference between the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. Each amount determined under subsection (a) shall be increased by such per centum difference. Each amount so increased shall be the amount in effect for such calendar year.

"(e) During the first week of January 1974, and every subsequent year, the Secretary of Commerce shall certify to the Federal Election Commission and publish in the Federal Register an estimate of the voting age population of each

State and congressional district as of the first day of July next preceding the date of certification.

"(f) (1) No person shall render or make any charge for services or products knowingly furnished to, or for the benefit of, any candidate in connection with his campaign for nomination for election, or election, in an amount in excess of $100 unless the candidate (or a person specifically authorized by the candidate in writing to do so) certifies in writing to the person making the charge that the payment of that charge will not exceed the expenditure limitations set forth in this section.

"(2) Any person making an aggregate expenditure in excess of $1,000 to purchase services or products shall, for purposes of this subsection, be held and considered to be making such expenditure on behalf of any candidate the election of whom would be influenced favorably by the use of such products or services. No person shall render or make any charge for services or products furnished to a person described in the preceding sentence unless that candidate (or a person specifically authorized by that candidate in writing to do so) certifies in writing to the person making the charge that the payment of that charge will not exceed the expenditure limitation applicable to that candidate under this section.

"(g) The Federal Election Commission shall prescribe

regulations under which any expenditure by a candidate for Presidential nomination for use in two or more States shall be attributed to such candidate's expenditure limitation in each such State, based on the number of persons in such State who can reasonably be expected to be reached by such expenditure.

"(h) Any person who knowingly or willfully violates the provisions of this section, other than subsections (c), (d), and (e), shall be punishable by a fine of $25,000, imprisonment for a period of not more than five years, or both. If any candidate is convicted of violating the provisions of this section because of any expenditure made on his behalf (as determined under subsection (c) (3)) by a political committee, the treasurer of that committee, or any other person authorizing such expenditure, shall be punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both, if such person knew, or had reason to know, that such expenditure was in excess of the limitation applicable to such candidate under this section.

"§ 615. Limitations on contributions by individuals and on expenditures by certain other persons

"(a) No individual shall make any contribution during any calendar year to or for the benefit of any candidate which is in excess of—

"(1) in the case of contributions to or for the benefit of a candidate other than a candidate for nomination for election, or for election, to the office of President, the amount which, when added to the total amount of all other contributions made by that individual during that calendar year to or for the benefit of a particular candidate, would equal $3,000; or

"(2) in the case of contributions to or for the benefit of a candidate for nomination for election, or for election, to the office of President, the amount which, when added to the total amount of all other contributions made by that individual during that calendar year to or for the benefit of that candidate, would equal $3,000.

"(b) No individual shall during any calendar year make, and no person shall accept, (1) any contribution to a political committee, or (2) any contribution to or for the benefit of any candidate, which, when added to all the other contributions enumerated in (1) and (2) of this subsection which were made in that calendar year, exceeds $25,000.

"(c) (1) No person (other than an individual) shall make any expenditure during any calendar year for or on behalf of a particular candidate which is in excess of the amount which, when added to the total amount of all other expenditures made by that person for or on behalf of that candidate during that calendar year, would equal—

"(A) $3,000, in the case of a candidate other than a candidate for nomination for election, or for election, to the office of President; or

"(B) $3,000, in the case of a candidate for nomination for election, or for election, to the office of President.

"(2) This subsection shall not apply to the central campaign committee or the State campaign committee of a candidate, to the national committee of a political party, or to the Republican or Democratic Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(d) The limitations imposed by subsection (a) (1) and by subsection (c) shall apply separately to each primary, primary runoff, general, and special election in which a candidate participates.

"(e) (1) Any contribution made in connection with a campaign in a year other than the calendar year in which the election to which that campaign relates is held shall, for purposes of this section, be taken into consideration and counted toward the limitations imposed by this section for the calendar year in which that election is held.

"(2) Contributions made to or for the benefit of a candidate nominated by a political party for election to the office of Vice President shall be held and considered,

for purposes of this section, to have been made to or for the benefit of the candidate nominated by that party for election to the office of President.

"(f) For purposes of this section, the term—

"(1) 'family' means an individual and his spouse and any of his children who have not attained the age of eighteen years; and

"(2) 'political party' means a political party which in the next preceding presidential election, nominated candidates for election to the offices of President and Vice President, and the electors of which party received in such election, in any or all of the States, an aggregate number of votes equal in number to at least 10 per centum of the total number of votes cast throughout the United States for all electors for candidates for President and Vice President in such election.

"(g) For purposes of the limitations contained in this section, all contributions made by any person directly or indirectly on behalf of a particular candidate, including contributions which are in any way earmarked, encumbered, or otherwise directed through an intermediary or conduit to that candidate, shall be treated as contributions from that person to that candidate.

"(h) Violation of the provisions of this section is punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both.

"§ 616. Form of contributions

"It shall be unlawful for any person to make a contribution to or for the benefit of any candidate or political committee in excess, in the aggregate during any calendar year, of $50 unless such contribution is made by a written instrument identifying the person making the contribution. Violation of the provisions of this section is punishable by a fine of not to exceed $1,000, imprisonment for not to exceed one year, or both.

"§ 617. Embezzlement or conversion of political contributions

"Whoever, being a candidate, or an officer, employee, or agent of a political candidate, or a person acting on behalf of any candidate or political committee, embezzles, knowingly converts to his own use or the use of another, or deposits in any place or in any manner except as authorized by law, any contributions or campaign funds entrusted to him or under his possession, custody, or control, or uses any campaign funds to pay or defray the costs of attorney fees for the defense of any person or persons charged with the commission of a crime; or

"Whoever receives, conceals, or retains the same with intent to convert it to his personal use or gain, knowing it to have been embezzled or converted—

"Shall be fined not more than $25,000 or imprisoned not more than ten years, or both; but if the value of such property does not exceed the sum of $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both. Notwithstanding the provisions of this section, any surplus or unexpended campaign funds may be contributed to a national or State political party for political purposes, or to educational or charitable organizations, or may be preserved for use in future campaigns for elective office, or for any other lawful purpose.".

(b) Section 591 of title 18, United States Code, is amended by striking out "and 611" and inserting in lieu thereof "611, 614, 615, 616, and 617".

(c) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"614. Limitation on expenditures generally.
"615. Limitation on contributions by individuals and on expenditures by certain other persons.
"616. Form of contributions.
"617. Embezzlement or conversion of political contributions.".

SEC. 21. The Federal Election Campaign Act of 1971 is amended by redesignating title IV as title V, redesignating sections 401 through 406, and all cross references thereto, as sections 501 through 506, respectively, and by inserting after title III of such Act the following new title:

"TITLE IV—ASSISTANCE FOR VOTER REGISTRATION AND ELECTION ADMINISTRATION

"SEC. 401. This title may be cited as the 'Voter Registration and Election Administration Assistance Act'.

"DEFINITIONS

"SEC. 402. As used in this title—

"(1) 'Commission' means the Federal Election Commission;

"(2) 'State' means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

"(3) 'political subdivision' means any city, county, township, town, borough, parish, village, or other general purpose unit of local government of a State, or an Indian tribe which performs voter registration or election administration functions, as determined by the Secretary of the Interior; and

"(4) 'grant' means grant, loan, contract, or other appropriate financial arrangement.

"FUNCTIONS OF THE COMMISSION

"SEC. 403. (a) The Commission shall—

"(1) make grants, in accord with the provisions of

this title, upon the request of State and local officials, to States and political subdivisions thereof to carry out programs of voter registration and election administration;

"(2) collect, analyze, and arrange for the publication and sale by the Government Printing Office of information concerning voter registration and elections in the United States;

"(3) prepare and submit to the President and the Congress on March 31 each year a report on the activities of the Commission under this title and on voter registration and election administration in the States and political subdivisions thereof, including recommendations for such additional legislation as may be appropriate; and

"(4) take such other actions as it deems necessary and proper to carry out its functions under this title.

"(b) The Commission shall not publish or disclose any information which permits the identification of individual voters.

"ADVISORY COUNCIL ON VOTER REGISTRATION AND ELECTION ADMINISTRATION

"SEC. 404. (a) There is hereby established an Advisory Council on Voter Registration and Election Administration, consisting of the Chairman of the Commission, who shall be

Chairman of the Council, and sixteen members appointed by the Chairman of the Commission without regard to the civil service laws. Four of the appointed members shall be selected from the general public, and four each shall be selected from the chief election officers of State, county, and municipal governments, respectively. No more than two of the appointed members in each category shall be members of the same political party.

"(b) Each appointed member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Chairman of the Commission at the time of appointment, four at the end of the first year, four at the end of the second year, four at the end of the third year, and four at the end of the fourth year after the date of appointment. An appointed member shall not be eligible to serve continuously for more than two terms.

"(c) The Council shall advise and assist the Commission in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this title, including matters arising with respect to the review of applications for grants under this title.

"GRANTS TO DEFRAY COSTS OF EXISTING VOTER REGISTRATION AND ELECTION ACTIVITIES

"SEC. 405. The Commission is authorized to make grants to any State or political subdivision thereof for the purpose of carrying out voter registration and election administration activities. A grant made under this section in any fiscal year shall not be in excess of 10 cents multiplied by the voting age population of the State or political subdivision receiving the grant, and the total amount of grants to any State and the political subdivisions thereof in any fiscal year shall not be in excess of 10 cents multiplied by the voting age population of the State.

"GRANTS TO IMPROVE VOTER REGISTRATION AND ELECTION ADMINISTRATION PROCEDURES

"SEC. 406. (a) The Commission is authorized to make grants to any State or political subdivision thereof to establish and carry out programs to improve voter registration and election administration. Such programs may include, but shall not be limited to:

"(1) programs to increase the number of registered voters or to improve voter registration, such as expanded registration hours and locations, employment of deputy registrars, mobile registration facilities, employment of deputy registrars, door-to-door canvass procedures, election day registration, re-registration programs, and pro-

grams to coordinate registration with other jurisdictions;

"(2) programs to improve election and election day activities, such as organization, planning, and evaluation of election and election day activities and responsibilities; improvements in ballot preparation, in use of absentee ballot procedures, and in voter identification, voting and vote-counting on election day; coordination of State and local election activities; and establishment of administrative and judicial mechanisms to deal promptly with election and election day difficulties;

"(3) education and training programs for State and local election officials;

"(4) programs for the prevention and control of fraud; and

"(5) other programs designed to improve voter registration and election administration and approved by the Commission.

"(b) A grant made under this section may be up to 50 per centum of the fair and reasonable cost, as determined by the Commission, of establishing and carrying out such a program. A grant made under this section in any fiscal year shall not be in excess of 10 cents multiplied by the voting age population of the State or political subdivision receiving the grant, and the total amount of grants to any State and the political subdivisions thereof in any fiscal year shall

not be in excess of 10 cents multiplied by the voting age population of the State.

"GRANTS TO MODERNIZE VOTER REGISTRATION AND ELECTION ADMINISTRATION

"SEC. 407. (a) The Commission is authorized to make grants to any State for planning and evaluating the use of electronic data processing or other appropriate procedures to modernize voter registration or election administration on a centralized statewide basis. A grant made under this section shall not be in excess of one-half cent multiplied by the voting age population of the State receiving the grant, or $25,000, whichever is greater.

"(b) The Commission is authorized to make grants to any State for designing, programing, and implementing a centralized statewide voter registration or election administration system as described in subsection (a) of this section. A grant under this subsection shall not be in excess of 10 cents multiplied by the voting age population of the State receiving the grant.

"GRANTS FOR VOTER EDUCATION

"SEC. 408. The Commission is authorized to make grants to any State or political subdivision thereof for the purpose of carrying out nonpartisan citizen education programs in voting and voter registration. A grant made under this section in any fiscal year shall not be in excess of 10

cents multiplied by the voting age population of the State or political subdivision receiving the grant, and the total amount of grants to any State and the political subdivisions thereof in any fiscal year shall not be in excess of 10 cents multiplied by the voting age population of the State.

"TECHNICAL ASSISTANCE AND FRAUD PREVENTION

"SEC. 409. The Commission is authorized to make available technical assistance, including assistance in developing programs for the prevention and control of fraud, to any State or political subdivision thereof for improving voter registration, election administration and voter participation. Such assistance shall be made available at the request of States and political subdivisions thereof, to the extent practicable and consistent with the provisions of this title.

"APPLICATIONS FOR GRANTS

"SEC. 410. Except as otherwise specifically provided, grants authorized by section 405, 406, 407, or 408 of this title may be made to States, political subdivisions, or combinations thereof. Such grants may be made only upon application to the Commission at such time or times and containing such information as the Commission may prescribe. The Commission shall provide an explanation of the grant programs authorized by this title to State or local election officials, and shall offer to prepare, upon request, applications for such grants. No application shall be approved unless it—

"(a) demonstrates, to the satisfaction of the Commission, that the applicant has a substantial responsibility for voter registration or election administration within its jurisdiction, and that the grant will not involve duplication of effort within the jurisdiction receiving the grant or the development of incompatible voter registration or election administration systems within a State;

"(b) sets forth the authority for the grant under this title;

"(c) provides such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this title, and provides for making available to the Commission, books, documents, papers, and records related to any funds received under this title; and

"(d) provides for making such reports, in such form and containing such information, as the Commission may reasonably require to carry out its functions under this title, for keeping such records, and for affording such access thereto as the Commission may find necessary to assure the correctness and verification of such reports.

"REGULATIONS

"SEC. 411. The Commission is authorized to issue such rules and regulations as may be necessary or appropriate to carry out the provisions of this title.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 412. For the purpose of carrying out the provisions of this title, there is authorized to be appropriated, for the fiscal year ending June 30, 1974, and for the two succeeding fiscal years, the sum of $15,000,000 each year for sections 405, 406, 407, and 408.".

SEC. 22. (a) Any candidate of a political party in a general election for the office of a Member of Congress who, at the time he becomes a candidate, does not occupy any such office, shall file within one month after he becomes a candidate for such office, and each Member of Congress, each officer and employee of the United States (including any member of a uniformed service) who is compensated at a rate in excess of $25,000 per annum, any individual occupying the position of an officer or employee of the United States who performs duties of the type generally performed by an individual occupying grade GS–16 of the General Schedule or any higher grade or position (as determined by the Federal Election Commission regardless of the rate of

compensation of such individual), the President, and the Vice President shall file annually, with the Commission a report containing a full and complete statement of—

(1) the amount and source of each item of income, each item of reimbursement for any expenditure, and each gift or aggregate of gifts from one source (other than gifts received from his spouse or any member of his immediate family) received by him or by him and his spouse jointly during the preceding calendar year which exceeds $100 in amount or value, including any fee or other honorarium received by him for or in connection with the preparation or delivery of any speech or address, attendance at any convention or other assembly of individuals, or the preparation of any article or other composition for publication, and the monetary value of subsistence, entertainment, travel, and other facilities received by him in kind;

(2) the identity of each asset held by him, or by him and his spouse jointly which has a value in excess of $1,000, and the amount of each liability owed by him or by him and his spouse jointly, which is in excess of $1,000 as of the close of the preceding calendar year;

(3) any transactions in securities of any business entity by him or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direc-

tion during the preceding calendar year if the aggregate amount involved in transactions in the securities of such business entity exceeds $1,000 during such year;

(4) all transactions in commodities by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in such transactions exceeds $1,000; and

(5) any purchase or sale, other than the purchase or sale of his personal residence, of real property or any interest therein by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction, during the preceding calendar year if the value of property involved in such purchase or sale exceeds $1,000.

(b) Reports required by this section (other than reports so required by candidates of political parties) shall be filed not later than May 15 of each year. In the case of any person who ceases, prior to such date in any year, to occupy the office or position the occupancy of which imposes upon him the reporting requirements contained in subsection (a) shall file such report on the last day he occupies such office or position, or on such later date, not more than three months after such last day, as the Commission may prescribe.

(c) Reports required by this section shall be in such

form and detail as the Commission may prescribe. The Commission may provide for the grouping of items of income, sources of income, assets, liabilities, dealings in securities or commodities, and purchases and sales of real property, when separate itemization is not feasible or is not necessary for an accurate disclosure of the income, net worth, dealing in securities and commodities, or purchases and sales of real property of any individual.

(d) Any person who willfully fails to file a report required by this section or who knowingly and willfully files a false report under this section, shall be fined $2,000, or imprisoned for not more than five years, or both.

(e) All reports filed under this section shall be maintained by the Commission as public records which, under such reasonable regulations as it shall prescribe, shall be available for inspection by members of the public.

(f) For the purposes of any report required by this section, an individual shall be considered to have been President, Vice President, a Member of Congress, an officer or employee of the United States, or a member of a uniformed service, during any calendar year if he served in any such position for more than six months during such calendar year.

(g) As used in this section—

(1) The term "income" means gross income as defined in section 61 of the Internal Revenue Code of 1954.

(2) The term "security" means security as defined in section 2 of the Securities Act of 1933, as amended (15 U.S.C. 77b).

(3) The term "commodity" means commodity as defined in section 2 of the Commodity Exchange Act, as amended (7 U.S.C. 2).

(4) The term "transactions in securities or commodities" means any acquisition, holding, withholding, use, transfer, or other disposition involving any security or commodity.

(5) The term "Member of Congress" means a Senator, a Representative, a Resident Commissioner, or a Delegate.

(6) The term "officer" has the same meaning as in section 2104 of title 5, United States Code.

(7) The term "employee" has the same meaning as in section 2105 of such title.

(8) The term "uniformed service" means any of the Armed Forces, the commissioned corps of the Public Health Service, or the commissioned corps of the National Oceanic and Atmospheric Administration.

(9) The term "immediate family" means the child, parent, grandparent, brother, or sister of an individual, and the spouses of such persons.

(h) Section 554 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) All written communications and memorandums stating the circumstances, source, and substance of all oral communications made to the agency, or any officer or employee thereof, with respect to any case which is subject to the provisions of this section by any person who is not an officer or employee of the agency shall be made a part of the public record of such case. This subsection shall not apply to communications to any officer, employee, or agent of the agency engaged in the performance of investigative or prosecuting functions for the agency with respect to such case."

(i) The first report required under this section shall be due on the fifteenth day of May occurring at least thirty days after the date of enactment.

(j) Effective on the day after the date of enactment of this Act—

(1) section 304(f) of the Federal Election Campaign Act of 1971 is repealed;

(2) section 6(f) of this Act is amended—

(A) by striking out the paragraph designation "(1)", and

(B) by striking out paragraph (2) of such section;

(3) section 306(c)(1) of the Federal Election Campaign Act of 1971 is amended by striking out "(a)-(e)"; and

(4) section 316 of the Federal Election Campaign Act of 1971 is amended—

(A) by striking out of subsections (a) and (b) the phrase "(other than section 304(f))" wherever it appears; and

(B) by striking out subsection (c).

Any action taken under any provision of law repealed or struck out by this subsection shall have no force or effect on or after such day.

SEC. 23. It is the sense of the Congress that the salaries of Members of Congress, members of the President's cabinet, and members of the Federal judiciary shall not be increased in excess of the annual wage guidelines so long as wage and price controls continue.

Passed the Senate July 30, 1973.

Attest: FRANCIS R. VALEO,

Secretary.

OPENING STATEMENT OF CHAIRMAN DENT

Mr. DENT. The hearing will come to order, the hearing on S. 372, the Federal Election Campaign Act Amendments of 1973 and related legislative proposals.

I am sorry that we are unable to get a quorum to have a formal meeting this morning, at which time we have one vote to take on the postcard registration bill. All the work has been done on it. The committee is ready to act but we could not get a quorum. However, under the rules, it is only necessary to have two present to take testimony in hearings. I should hope we can get through our witnesses today so that we can expedite this legislation by giving it to the full committee at the earliest possible moment. We hope to set a hearing for next Wednesday morning if the calendar of enough members is clear so that we may do so at that time. We shall again attempt to move the postcard bill.

It is very difficult at this time to hear as you all know, all the committees are calling hearings and meetings, executive meetings, in order to expedite the legislation and work on changes demanded by vetoes on legislation that has already been worked on. But it takes us twice as long to do things now as it used to because we have to do them once and then do them again.

So you will pardon us. I hope that you will bear with us during these hearings which are very important to the people.

The first witness this morning is Mr. Richard W. Jencks, corporate vice president of the Columbia Broadcasting System, Inc.

If you have anybody with you, you may have them at the table if you wish.

STATEMENT OF RICHARD W. JENCKS, CORPORATE VICE PRESIDENT, COLUMBIA BROADCASTING SYSTEM, INC.

Mr. JENCKS. Thank you very much, Mr. Chairman.

I appreciate the opportunity to appear here today to present the views of CBS on the Clean Elections Act of 1973, H.R. 7512, and on the Federal Election Campaign Act Amendments of 1973, which has already passed the Senate as S. 372.

Each of these bills reflects thoughtful concern for the preservation of the integrity of the electoral process, as well as for finding ways to provide citizens with more and better information relating to candidates, parties, and issues. These are critically important objectives.

Turning first to H.R. 7612, we bring no expertise to titles I through IV, which provide for improving the conduct and regulation of campaign activities, and for public financing campaigns. I therefore have no comments on these titles, which the Congress itself is uniquely in the best position to assess. Title V, however, the so-called "voter's time" proposal, deals with a subject matter to which we can bring a special knowledge and outlook.

In our judgment, the "voter's time" proposal does not further the objectives of the Clean Elections Act of 1973. It is tangential to and entirely separable from the other titles and should not be enacted in its present form, if at all.

The "voter's time" proposal would require every broadcast licensee—probably excluding educational licensees, but certainly including all commercial licensees—to provide a fixed amount of broadcast time to candidates for Federal elective office. These appearances would be scheduled in prime time during the 5-week period preceding a general election. The time would be paid for by Federal funds. The time so purchased would amount to five 30-minute blocks of time for each major party ticket of candidates for the Presidency and Vice Presidency, three 30-minute blocks of time for each major party candidate for the U.S. Senate, and two 30-minute blocks of time for each major party candidate for the House of Representatives.

Lesser time allotments are made for third party candidates and minor party, defined as those of a party which received more than 15 percent, or more than 5 percent, respectively, of the vote in the last previous election.

Complicated formulas are provided to determine which stations are to carry the "voter's time" broadcasts of which candidates and, in the case of large metropolitan areas, the Federal Communications Commission is given the option of dividing "voter's time" broadcasts "evenly among the stations serving such markets." All "voter's time" broadcasts must include a "substantial live appearance by the candidate" and be in a format "intended to promote rational political discussion, to illuminate campaign issues, and to give the audience insights into the abilities and personal qualities of the candidate."

The Federal Communications Commission is given major responsibilities in this scheme—with power to decide which congressional candidate appears on which station and at what time, to determine whether the format and content of the proposed political program is or is not entitled to "voter's time" and, implicitly, to determine which portions of the network or station prime time programing to preempt for "voter's time" broadcasts.

The most arresting feature of the proposal, and to many the most disturbing, is that the "voter's time" broadcasts would be scheduled simultaneously. Let me make that explicit. Whenever a Presidential candidate uses "voter's time," every television station and television network in the United States must carry that same broadcast simultaneously. Whenever a senatorial candidate uses "voter's time," every television station in his State must carry that same broadcast simultaneously. And whenever any House of Representatives candidate uses "voter's time," every station providing substantial service to his district must either be carrying that same broadcast or must simultaneously carry the "voter's time" broadcast of another House candidate to whose district it provides substantial service.

Thus, the central concept of the "voter's time" proposal is to force the electorate to watch and hear political candidates by the expedient of insuring that all television stations to which a citizen has access are simultaneously devoted to the presentation of "voter's time" broadcasts. This concept has grave political, social, and constitutional overtones. While it stops short of requiring that citizens watch and listen to these programs, its underlying concept is to deny the citizen any real freedom of choice.

Moreover, this force feeding would not in our judgment fulfill the purpose of the legislation. Rather, it would be counterproductive.

Indeed, to the extent that broadcasting has become a valuable instrument for political candidates to communicate their positions on public issues—whether through appearances on news and public affairs broadcasts or through paid time—I submit that the impact of such appearances would be substantially lessened by the candidate saturation of the airwaves brought about by "voter's time." This would bear heavily against the campaigns of gubernatorial and other statewide candidates and of municipal candidates, and campaigning for State and local ballot issues, none of which are entitled to "voter's time," but whose communications with the voters could well be inundated by it.

One cannot, however, really appreciate how counterproductive the bill would be until one examines its impact in the Nation's large metropolitan areas. In making such an examination we start first with the fact that in the 5 weeks preceding a general election—on the basis of 3½ prime time hours each evening—each station has about 123 hours of prime time, depending on how the phrase "prime time" might be interpreted under the bill. The "voter's time" provided under the bill must be scheduled within those 123 hours.

Let us consider the impact of this proposal on a big city station. As an example, we have taken our station in New York City, WCBS–TV. The impact is rather complicated to explain in words, so to facilitate matters we have prepared two charts.

Let me interject that while we do not have the charts in the hearing room, there is attached to the testimony at the end of it the two charts I am referring to.

Chart 1, which shows congressional districts surrounding our station in New York, the outlined and shaded areas, shows that the station substantially serves, and "substantially serves" is the language of the "voter's time" bill, at least 40 congressional districts in three States. Let me pause there to note that we have been very conservative in estimating only 40 districts, because we have included only the congressional districts where a majority of the television viewing is of New York City stations. There would be districts outside the shaded area, which we have not included, where viewing of New York City stations might be as high as 49 or 50 percent, but which we have not included.

For these 40 House districts we can conservatively estimate, based on prior election experience, that in 1976 there would be 3 Presidential candidates, 7 senatorial candidates, and 90 candidates for the House of Representatives who would be entitled to "voter's time" under this bill; 212 30-minute blocks of time would have to be made available to these candidates—a total of 106 of the 123 hours of prime time that are available in the 5-week period.

Chart 2, also at the end of the testimony, shows our estimate of candidates entitled to "voter's time" on New York City stations.

For every New York station to carry 106 hours of "voter's time" would be preposterous on its face. However, as I have previously noted, the drafters of the bill have provided that in large metropolitan areas the FCC may—I emphasize "may" because it is not required to do so—the FCC may divide the "voter's time" responsibilities. Bear in mind not for Presidential or senatorial, but only for House candidates, among the various stations in the area.

Let us suppose that the FCC chose to divide that burden among the six commercial VHF stations in New York City, ignoring, as I shall assume it would, the city's UHF stations which have statistically insignificant audiences. Even dividing the House "voter's time" responsibilities six ways, each New York VHF would still have to broadcast more than 12 30-minutes blocks of "voter's time" programing each week. Again, I stress that these blocks would be scheduled simultaneously on all the stations involved, and viewers would be unable to make any other program choices even though the statistical likelihood of any viewer having a voting interest in a particular "voter's time" period is about 15 percent.

Yet this displacement of the normal schedule by "voter's time" broadcasts would not by any means exhaust the amount of political preemptions of normal programing during that 5-week period. The station still may have to accommodate gubernatorial and other statewide candidates. It may have to accommodate mayoral and other municipal candidates.

It may have to accommodate campaigns for statewide and local ballot propositions. And if a Presidential ticket or a senatorial candidate desires time—as seems probable—in addition to the "voter's time" allocation, the stations may have to accommodate that additional time.

Incidentally, our estimate assumes no increase in the number of parties and candidates over what has prevailed in the recent past. But the bait of Government-subsidized time on major metropolitan stations may attract candidates of additional parties, which can obtain free "voter's time" by submitting a petition signed by 5 percent of the voters.

Parenthetically, I might note that in our estimate of the number of House candidates who probably would be entitled to "voter's time" in 1976, which was 90, compares with 131 actual House candidates from those same districts last fall, but many of those, of course, would not have been entitled to "voter's time" but possibly through the petition process under the bill could have petitioned for it, had they obtained enough signatures.

Although New York concededly is the most extreme example, a similar situation would hold true in all of the Nation's major metropolitan areas. Chicago, for example, has upward of 25 congressional districts within the coverage area of its stations and Los Angeles stations serve 28 or more congressional districts. The three areas combined represent about 19 percent of the Nation's television households. But the impact of the "voter's time" proposal would not be confined to large metropolitan areas.

Since stations across the country would be forced to preempt network broadcasts for "voter's time" during periods which might differ from city to city, a checkerboard effect could be created which might lead some national advertisers to cancel their sponsorship of network programing. In the light of that possibility, each network would have to consider whether it would not make sense to discontinue a considerable part of its programing for the 5-week period. Even a minimum cancellation of 6 hours per network per week—the amount our estimate shows would be preempted in New York, which is 10 percent of the national television audience, would involve the cancellation of some 90 hours of network program production altogether. Such a

cancellation would of course have a nationwide impact in large and small markets, not just in the large markets.

For all these reasons, the proposal for "voter's time" should be carefully reconsidered. I must emphasize again that H.R. 7612, title V—the "voter's time" title—is entirely separable from the other titles of the bill and has no necessary connection with them. The primary objectives of the bill on campaign reform and Government financing of political campaigns can be achieved without any inclusion in the "voter's time" concept.

I now turn to S. 372. Its vital contribution, from our point of view, is its proposed repeal of the equal time provisions of section 315 of the Communications Act with respect to the Offices of President and Vice President. As you know, section 315, by mandating equal time for all qualified candidates, however, insignificant, has made it impossible for television to make adequate free time available to major candidates. The wisdom of repeal has been amply proved by the results in the 1960 election when the Congress did suspend section 315 for Presidential and Vice Presidential candidates.

In that election, as you know, the networks were able to give substantial amounts of free time to the major candidates without making equal time available to fringe candidates. It is, I believe, most relevant to emphasize—to an Elections Subcommittee considering ways to encourage greater public participation in election campaigns—that the 1960 election produced the highest percentage turnout of voters in the Nation's history.

I might note that that percentage was 64 percent, compared, for example, to last fall's 55 percent.

Mr. DENT. I do not think broadcasting had much to do with that percentage last year.

Mr. JENCKS. Perhaps not all of it, although I would suggest that had there been more television coverage of confrontations between the candidates that there would have been more voting interest.

As a matter of principle, we would desire the repeal of section 315 with respect to all candidates for public office. In S. 372, however, the elimination of equal time obligations in connection with a candidacy for a Senate or House seat has been accompanied by a proviso which would require the licensee to first offer a certain amount of free time to each and every candidate for such seat, including fringe candidates. We oppose this provision. If, as we believe, there is merit to the proposition that the public would be better served by permitting the broadcast press to cover political contests without anachronistic equal-time obligations, we do not believe that purpose is furthered by a proposal which, in effect, mandates a set amount of free broadcast time for anyone who claims to be running a campaign for Congress—however minimal that campaign might be.

In urging the repeal of section 315, then, we would prefer that it be repealed for all Federal, State, and local offices now covered by the section. Recognizing, however, the difficulties such proposals have encountered in the past, CBS is willing to support vigorously a bill—like the original version of S. 372 as introduced by Senator Pastore—which repeals the "equal time" requirement for the presidential and vice presidential campaigns only. We would hope that experience might induce a future Congress to extend repeal to all other public offices.

In closing, let me stress that in proposing the old straitjacket which section 315 places on the ability of broadcasters to adequately cover political campaigns, and in opposing as well the new straitjacket which the "voter's time" proposal would apply to both broadcasters and candidates, we by no means minimize the contribution made by broadcasting to the electoral process. In these troubled times, more than ever, broadcasting must take a leading role in bringing about an alert and informed electorate, through coverage of the candidates and issues, including direct presentations by the candidates themselves. Freed from arbitrary restrictions, we are confident that broadcasters will be enabled to more completely fulfill that role.

As we approach the next presidential election in 1976—and the 200th anniversary of our Nation's birth—let us create the conditions which will permit an historic high point of citizen participation in American public life.

[The charts referred to in the testimony follow :]

CHART 1

WCBS-TV NEW YORK
AREA OF DOMINANT INFLUENCE
BY CONGRESSIONAL DISTRICTS
(As Per Nov. 1972 ARB Study)

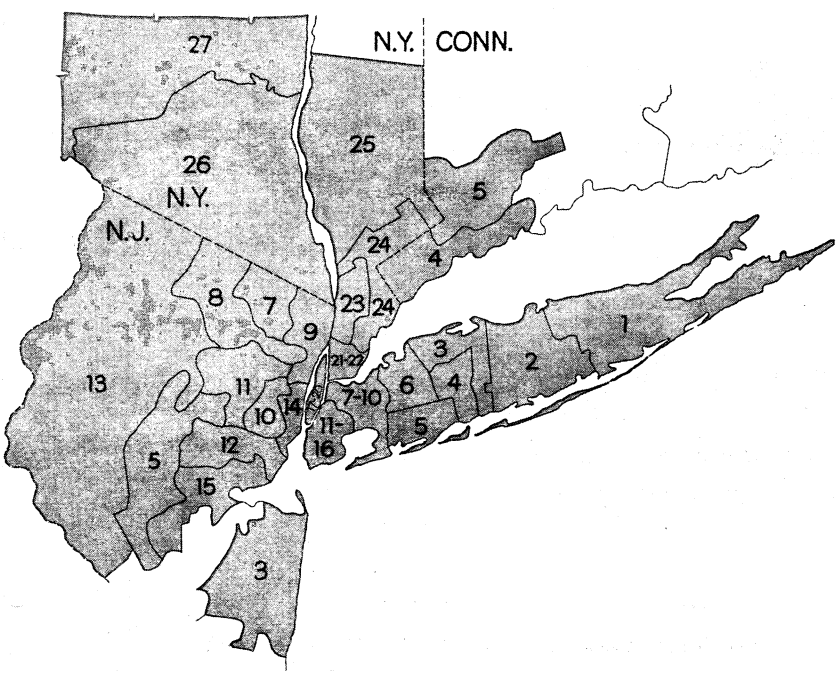

CHART 2

1976 Election Primetime Requirements, for WCBS–TV New York Under H.R. 7612 (In 35 days prior to Election Day)

	Number of half-hours
Presidential (and vice presidential) candidates— 3 parties	11
Senate candidates, New York, 3 parties	9
Senate candidates, New Jersey, 2 parties	6
Senate candidates, Connecticut, 2 parties	6
House candidates, New York, 64 candidates [1]	128
House candidates, New Jersey, 22 candidates [1]	44
House candidates, Connecticut, 4 candidates [1]	8
Total half hours	212

[1] The FCC may but is not required to divide the House candidates broadcast obligation equally among the local TV stations. If the time for these House candidates is divided among the 6 VHF stations, the individual station obligation would be 30 half-hours. In that case, the obligation of WCBS–TV New York would total 62 half-hours.

Mr. DENT. Thank you very kindly, Mr. Jencks.

I yield to Mr. Jones for questions while I go down and make a quorum for another committee.

Mr. JONES. Thank you very much, Mr. Chairman.

Mr. Jencks, I have no questions, but I do want to compliment you on the very splendid statement that you have made here today.

Mr. JENCKS. Thank you, sir.

Mr. JONES. I think you really pointed out some of the problems that we have in these two bills. Quite honestly and frankly, I have to admit that I concur with a lot of what you said here today.

Mr. JENCKS. Thank you, sir.

Mr. JONES. We appreciate very much your being here with us.

Bill, I will yield to you.

Mr. FRENZEL. Thank you.

Mr. Jencks, thank you for your testimony.

Did I understand you to say in the beginning of your testimony that the House and Senate candidates are treated differently with respect to stations or network time?

Mr. JENCKS. Yes.

Mr. FRENZEL. This is in the Anderson-Udall bill.

Mr. JENCKS. That is right. House candidates for major parties have received 2½ hours of time and Senate candidates of the major parties have received 3½ hours of time and, further——

Mr. FRENZEL. How about with respect to the networks or the station size within the district?

Mr. JENCKS. In the case of the Senate candidates, every station, every television station in the State would have to carry the "voter's time" of the Senate candidates, whereas of course in the case of House candidates, only stations which provide substantial service to his district would carry his broadcast.

Mr. FRENZEL. OK. So, if I am running in my little district in the Minneapolis area, my "voter's time" is carried on each of the stations that serves my district?

Mr. JENCKS. That would be the basic rule, yes. Every station that provides substantial service to your constituency would carry your "voter's time" broadcasts, yes.

Mr. FRENZEL. And——

Mr. JENCKS. Unless the FCC chose, as it may, but it is not required to under the bill, to divide the House "voter's time" responsibilities among the various stations in the metropolitan area.

Mr. FRENZEL. That could be a real drag, because we have one station that dominates the area and a couple of others that are not so important.

Mr. JENCKS. That is right; it would be.

Mr. FRENZEL. The FCC could assign me one of the crumby ones, one of the 10-watters?

Mr. JENCKS. That is right.

Mr. FRENZEL. That is a bad scene.

Mr. JENCKS. It would be politically sensitive, indeed, because, for example, in New York City, of the six stations, you have a station like ours which, let's say, regularly averages in prime time about 30 percent of the audience that is viewing, and might well, one candidate might well be assigned to another station which might average as little as 5 percent of the audience.

Mr. FRENZEL. We have that problem in my area.

Do you have any figures that show television audience at the beginning of a political half-hour and also at the end?

Mr. JENCKS. Well, of course, whenever—whenever during campaigns we have purchased political time, we ultimately receive audience research reports, so-called Nielsen's, which give us the audience data. While I do not have data for representative broadcasts with me this morning, basically, of course, it shows that viewing trails off very markedly and I would say as a general rule it is rare that a paid political broadcast on the network approaches half the normal network audience of the program displaced, very rare.

Mr. FRENZEL. It seems to me if you really want to ruin a guy's candidacy, you give him a half-hour, as this bill does. Would you not think 5 minutes would certainly plumb the depths of knowledge of most of us.

Mr. JENCKS. Well, I do not know that I would want to comment on that.

Mr. FRENZEL. OK. It does seem to me to be an unrealistic scheme which seems to have been tailored to somebody's idea of what television is like, but television is not like anything, because it is the difference in every market.

Mr. JENCKS. Yes.

Mr. FRENZEL. What would happen if I went on my half-hour of prime time and said all you network viewers out there, I am not going to abuse you, I am going to surrender my time to Portia Faces Life or to Superbowl?

Mr. HAYS. To your opponent?

Mr. FRENZEL. I would get a lot more points.

Mr. JENCKS. You would. The bill prevents you from doing that.

Mr. FRENZEL. You mean I have to stand there silently?

Mr. JENCKS. It says there has to be a substantial live appearance by the candidates and that the program has to be designated to illuminate issues and to display your qualities.

Mr. FRENZEL. To get a little deeper into this, what is prime time?

Mr. JENCKS. That is a—prime time is a particular phrase under the Commission's rulings, the Federal Communications Commission, and is part of the jargon of broadcasting. I am not certain what prime time is, to tell you the truth, although I have been in broadcasting for many years.

Mr. FRENZEL. Neither am I.

The reason I ask is, if you assume it is between 8 and 10 of an evening in a particular market, the listenership to any station in my district varies in a ratio of 2 to 2. So if I get 8 o'clock on Tuesday night on the CBS affiliate and it is after a hot show at 7:30, I may be showing a rating of x, if I get assigned the next evening on the same station after some left-over cold potatoes, a rerun or something, I will get a rating of x over 2. It seems to me that, however fair this bill has tried to be, it does not understand that we have a fairly complicated market.

Mr. JENCKS. That is right, and that viewers——

Mr. FRENZEL. There is no way to equate the exposure that each candidate will get.

Mr. JENCKS. That is right, no way at all.

If you assume, as I think you have to assume, that some "voter's time" broadcasts would be scheduled to follow a preceding "voter's time" broadcast——

Mr. FRENZEL. Oh, that would be deadly.

Mr. JENCKS. I think it can hardly be imagined the level to which audience-viewing might go because, take between our New York example, with 40 districts, you start with the proposition that less than 3 percent of the electorate will be in the constituency that a House candidate is trying to reach. Ninety-seven percent of the potential audience would be in the other 39 districts, better than 97 percent. So in view of that, even if he gets a fair representation in his own constituency, the total viewing will hardly be measurable in normal standards.

Mr. DENT. Would you yield?

That saves me millions of dollars because I never broadcast, because I do not have any television stations that give me more than two percent. It is very nice, but I think we ought to bar it all and let the people figure it out the best way they can.

I can reach my people without it and have for 42 years. How come?

Mr. JENCKS. We feel very strongly that candidates should be able to make up their own minds as to how they will reach their constituencies.

Mr. DENT. That is right.

Mr. JENCKS. They should not be told how to do it or bamboozled into how to do it.

Mr. FRENZEL. The committee would agree with that.

Do you remember in the Democratic primary a couple of years ago where you had public service time and you had eight or nine candidates lined up in a row? As I remember, one candidate was less than serious and had with him a rubber duck as a symbol of his candidacy, and yet that is all that anyone ever remembers from that particular thing, which is what happens when you line up candidate after candidate. If there is any way to turn off a voter, it is to have a whole bunch of candidates.

In my area I figure if you only have two parties on the main station, you would have 40 people, you would have to handle them in 35 days' time. Heaven knows how the prime time would be assembled. The public would be so sick of us that we would have to drag them to the polls in a paddy wagon, I would think.

Mr. JENCKS. We find in dealing with political purchases of network time that both political parties have always been very sensitive to what program they were knocking out or preempting.

Mr. DENT. Yes.

Mr. JENCKS. And the candidate who finds himself, let's say, displacing a half-hour of Monday night football might find himself in some difficulty.

Mr. DENT. My wife tells me that "Joe's Other Wife" or somebody pushed Watergate off the air.

Mr. FRENZEL. I think that is about right.

Mr. DENT. Soap operas, have taken over.

If I could get soap opera time, it would be fine.

Mr. FRENZEL. I have great reservations about the way the public service time is structured in the Anderson-Udall bill, but I do like the idea of public service time which you people make available. And I think one of the things that has stimulated this kind of bill is the fact that you guys really do a fairly lousy job of making public service time available.

I know at home, for instance, whenever the Vikings are blacked out, and of course that does not happen any more, and everybody is listening to it on the radio or gone to the stadium to see it, that is when the public service TV time or the public service radio time is granted, or at about 4 a.m. on Sunday morning, that sort of thing. I think if your network and others and other stations did a more conscientious job of allocating public service time, there would not be these kinds of suggestions which are terribly well-motivated and make a lot of sense conceptually but do not seem to be able to be put into a usable form that would really work for us.

Mr. JENCKS. Let me, if I may, Mr. Frenzel, say that first, as to local public service time on television stations, I can only speak for the five stations operated and owned by CBS and not for our affiliated stations, over which we have no control.

From the standpoint of network news and public affairs broadcasting, allow me to note that we broadcast between 500 and 600 hours a year of news and public service time on the CBS television network and that in an election year this amount of time generally increases to between 600 and 700 hours a year.

Further, let me note that over the years, in seeking the repeal of section 315 as it applies to Presidential and Vice Presidential candidates, we have pledged to make time available, free time, to the Presidential candidates and tickets, and Dr. Stanton, in testifying before the Pastore committee earlier this year, repeated that pledge, which was to make 8 prime time hours available to the Presidential candidates in the next Presidential election, if, section 315 is repealed.

Parenthetically, in 1960, when we did have a repeal of section 315 in addition to the famous broadcast featuring Mr. Kennedy and President Nixon, there was a great deal of other time provided and indeed, on our television and radio networks combined in 1960, we made 32½ hours of time available to the Presidential candidates and their supporters.

So on the question of making enough available, we would like to make more available.

Mr. FRENZEL. Good. You are repeating that bribe then, if we will get rid of 315 or the equal time, you will make scads of time available to the Presidential candidates?

Mr. JENCKS. Yes.

Mr. DENT. Ask him if the Presidential candidate will be able to mention me once in a while? Would he be able to?

Mr. FRENZEL. Could he say he is a close friend of John Dent's?

Mr. DENT. And not violate his time?

Mr. JENCKS. That is perfectly all right.

Mr. FRENZEL. I would comment that I think your statement on 372 seems to make sense to me. I think if we repeal, we ought to repeal right across the board without condition. And I hope that that is what this body will consider rather than to mess it up with a lot of rules which are strangely not unlike the Anderson-Udall.

Mr. JENCKS. Right.

Mr. FRENZEL. Which became unmanageable and unfair district to district simply because we are such a diverse country in terms of media within the district.

I thank you for your testimony.

Mr. JENCKS. Thank you.

Mr. DENT. I will put my questions off until last.

Pick their minds first and then I will work on you.

Mr. MOLLOHAN. I have no questions.

Mr. DENT. Mr. Mathis?

Mr. MATHIS. Thank you.

Did I understand you, Mr. Jencks, to say that CBS was now providing between 600 and 700 hours of public service——

Mr. JENCKS. News, public affairs and—yes, news and public affairs programing on the CBS television network. We provide over 500 hours a year in normal years and, as I said, much more than that in election years.

Mr. MATHIS. What is the breakdown between news and public service? You are talking in terms of the 6 o'clock and 6:30 Cronkite show as being a part of this time?

Mr. JENCKS. That is right. I do not know that I could, offhand, supply that breakdown. I would be very glad to supply it when I have the data.

I would suppose that our regular news broadcasts would represent perhaps 350 hours of that time and that the additional time would be taken up by broadcasts like "Sixty Minutes", special broadcasts.

Mr. MATHIS. Like Watergate?

Mr. JENCKS. Watergate or Presidential addresses.

Mr. DENT. That is public interest?

Mr. JENCKS. Face the Nation, a variety of broadcasts of all kinds.

Now this does not include, of course, when I mentioned that a number of hours, it does not include the public affairs and news and public service time which our local stations and other local stations provide.

Mr. MATHIS. I have had a minimal amount of experience with broadcasting and share many of the reservations that you have expressed in your testimony, which was to me very eloquent, and I, like Mr. Jones, appreciate the fact that you have been here today and have presented your thoughts and those of the network.

You have outlined, I think, extremely well the things that you would not as a network be willing to accept. What would you be willing to accept as a part of what I believe to be your primary responsibility, as a Government licensee, to provide time to poltical candidates?

Mr. JENCKS. Well, first of all, the only part of the Anderson-Udall proposal that we have undertaken to oppose here, of course, is Title V. The other titles do provide, of course, substantial Federal financing, which the candidates can use in any way they see fit, direct mail, television, radio, billboards, anything, and while we are not here to express an opinion on the very delicate and difficult subject of either whether there should be substantial Federal financing of campaigns or how it should be done, there is no doubt that that part of the bill would help candidates a great deal in purchasing media availabilities.

We do recognize that it is our obligation, at the network level as to national candidates, at the station level as to local candidates, to make not only time available to the candidates in suitable formats, but also to adequately cover the candidates in news and public affairs broadcasts.

We think our record is pretty good in covering them. I have already adverted to our standing offer to provide at least 8 free hours for the Presidential candidates on the network, should 315 be repealed. That was referred to jocularly as a bribe, but let me note that without the repeal the average number of Presidential candidates in the last four or five Presidential elections has been as—has varied from 11 to 13. Without repeal, our offer of course would mean we would have to furnish 4 hours to each and every one of those candidates.

So we, in answer to your question, we do recognize that it is our responsibility in the public interest and as trustees of the public interest to cover political campaigns and to do so adequately. Obviously in the very large metropolitan areas when you have a situation like New York, it is very difficult to give as much time as you would like to individual congressional races, very difficult.

Mr. FRENZEL. Would the gentleman yield?

Mr. MATHIS. Yes.

Mr. FRENZEL. I would like to ask unanimous consent to delete the word "bribe" where it appeared in my statement, unwisely and facetiously, and insert in lieu thereof the word "inducement."

Mr. DENT. It is only spelled differently.

Without objection, it is so ordered.

Mr. MATHIS. Mr. Chairman, I would just simply like to say to Mr. Jencks that I personally have great reservations about the repeal of 315 without some modification of it. I think we have to protect the broadcasters by assuring that only the major candidates have access to this great amount of time. But I am quite frankly more concerned about the House and Senate campaigns than I am about the Presidential campaigns. I am concerned an inadequate amount of time is being made available to the vast majority of candidates for the House and for the Senate.

We are all very much concerned about the escalating cost factor involved in being elected to Congress. One of the most spectacular increases in the cost has been through the use of the electronic media. I think that the industry, of which I was proud to be a part for a large number of years, might well prepare itself to accept some kind of man-

datory requirement that they allocate time to candidates of the major parties, because we are going to have to do something I think in the Congress to insure that the average citizen has the right again to participate in the electoral processes of Government.

Mr. JENCKS. Well, perhaps so. I think as to mandatory allocation of time, our view would be that you get right back into the kind of difficulties that 315 has presented us with over the years, in which you really prevent the media from doing as well by you as it ought to do, by having a mechanistic rule.

As to the expenditures in television, I might note that there is one bit of cheering news on that front in that the data that the FCC has collected for 1972 shows that the total political expenditures in television hardly rose at all between 1968 and 1972. So at least that seems to be some cessation in the escalation of television expenditures.

Mr. MATHIS. That is encouraging.

Thank you.

Thank you, Mr. Chairman.

Mr. DENT. We are fortunate to have Chairman Hays of the House Administration Committee with us who has devoted, to my knowledge, more time and thought to election reform than any Member of the Congress in my lifetime of service, and some of us believe his original proposals, if they would have been accepted a few years ago, there would not have been as much trouble as we have run into.

Mr. Hays, the floor is yours.

Mr. HAYS. Thank you, Mr. Chairman.

I apologize for not being here on time, Mr. Jencks. I had a long-standing engagement with Senator Javits to present a committee report that we worked on for 2 years concerning the North Atlantic Treaty Organization. So I did not hear your prepared statement and I have not had a chance to read all of it.

But do I understand that you would like to have eliminated as it applies to local candidates as well as the Presidential ones?

Mr. JENCKS. We would like to see it eliminated across the board, but as I state in the statement we would be, in view of the difficulties that that proposal has always encountered, we would vigorously support a repeal even were it limited only to the Presidential and Vice-Presidential candidates, believing that if experience showed that we could be trusted with that repeal, that Congress at some future time would repeal as to other candidates as well.

Mr. HAYS. Mr. Jencks, you are asking, as I understand—well, you are not asking, you are pledging to provide time to major candidates, is that correct?

Mr. JENCKS. Right, yes.

Mr. HAYS. What makes you think that somebody will not go to court and force you to provide time?

You cannot discriminate, in my judgment. I do not legislate or vote because I think the Supreme Court is going to declare it unconstitutional. If I had listened to that argument, I would have voted against every bill that has come up in the 25 years I have been here.

On the other hand, I am very much aware that the court has discrimination very much on its mind these days.

How are you going to stave off a lawsuit which says in effect, or alleges that when you provide the Democrat and the Republican candi-

date and do not provide, say, a third party candidate equal time, that you are not discriminating or a fourth party or a fifth party?

Mr. JENCKS. Well, the only way I can answer that, Mr. Chairman, is to say that while it may be true that the broadcast press does not have as full a first amendment position as the print media, nevertheless, the Supreme Court has on numerous occasions, including earlier this year in the *Democratic National Committee* case, recognized that it is protected by the first amendment and that it can exercise its journalistic responsibilities independently.

Now, over a period of 40 years or more we have, in fact, if you please, made discriminating judgments on the basis of newsworthiness between candidates. We do not usually in a Presidential campaign devote much attention to the "green-back" candidate for President or the "prohibitionist" or the "peace and freedom" candidate or the "vegetarian" candidate. Yet to my knowledge, it has never been contended in the courts, at least, that we were wrong in making these distinctions.

Mr. HAYS. I think if Gallup took a poll, a great many people might think in the last election it would have been better if you had picked one of them and devoted more time to him.

You want 315 repealed for local offices too. I do not think you are ever going to get this committee to report that attitude, for the same reasons they did not the last time, which were adequately debated on the floor and which got me a nasty letter from a couple of my television station managers. The facts of the matter are, notwithstanding, that it does not seem to me that Congress is quite ready to allow a station to give time to one candidate and refuse it to another.

Mr. JENCKS. We share your estimate of what is likely to come out. Of course, Senator Pastore did, too, when he confined his original bill to the Presidency and Vice Presidency. I recognize that there does exist concern among Members of the Congress and among candidates who do not become Members of the Congress, for that matter, that their local station might be unfair.

Allow me to say, however, Mr. Chairman, that, as you know, news broadcasts and news interview broadcasts have been exempt from section 315 since 1959, in the wisdom of the Congress. I am not aware of any case in which a congressional candidate or anyone else has pressed a fairness complaint against the broadcaster which has been upheld. Indeed, I am not aware of any significant number of fairness complaints made by candidates concerning the way broadcasters handle candidates in these exempt broadcasts.

I think that offers some testimony on behalf of the industry that they would be fair if they were given a complete exemption.

Mr. HAYS. Did I understand you to say that you consider your news broadcasts to be a public service?

Mr. JENCKS. I was asked a question concerning public service broadcasting by Mr. Mathis and I construed the question, I hope correctly, as relating in general to news and public affairs.

Mr. HAYS. Do you have any advertising in your news programs?

Mr. JENCKS. Yes, indeed.

Mr. HAYS. Then it is not quite the free public service on your part, is it? You have revenue coming in from it, do you not?

Mr. JENCKS. Perhaps so, but it is public service. Our news operations as a whole are not productive of net revenue. They are very ex-

pensive when you consider the total output of CBS and its network and station operations in news and public affairs, it is not something that a person who was interested in money making alone would do to the extent that we do.

Mr. HAYS. Well, it has been my experience in some stations in Ohio, for example, they charge a higher rate before, during, and after, immediately after news broadcasts than almost any other time in the day. So they must consider it a fairly productive thing.

Mr. JENCKS. Let me make it very clear, I am not saying there are not news broadcasts that are successful financially. Many local news broadcasts are, most local broadcasts are. But in the whole spectrum of news and public affairs broadcasting, including the maintenance of the network news department, it is terribly expensive and the revenues and sponsors do not cover the costs.

Mr. HAYS. Thank you very much.

Mr. DENT. I will pick him right up at that point. I doubt you would have a viewer on your tube if you did not have news broadcasts too. I think there is a little more to it than public service. It is a commodity, as you and I know.

Mr. JENCKS. Viewers are interested in news. There are indeed even parts of the country where the Cronkite news is the top-rated program in the community, as it is, for example, in Burlington, Vt.

Mr. HAYS. What does Burlington have to do with this? Why did you throw that in there?

Mr. JENCKS. Well, just as evidence to Chairman Dent's point that news, notwithstanding what I had said earlier, is a very popular commodity and I say in some areas it is the most popular commodity.

Mr. HAYS. Is Burlington, Vt., the only place where it is the most popular commodity?

Mr. JENCKS. It is one of the very few places that it is.

Mr. HAYS. That says something for Burlington, Vt., but I do not know exactly what.

Mr. DENT. Mr. Jencks, as I read the proposal, as well as your position, I want to say you have been very frank with us, laying your cards on the table where we can read them. As I read the practical situation and what I would say the result, if we were to just repeal 315, just for the Vice Presidential and Presidential candidate, and leave in its stead the good will of the radio networks to make time available to the major candidates, and if a minor party is considered to be one, the third party which is the head of the minor party—there could never be a minor party—if the major party is measured as having had 15 percent return in the last election, then what you are doing is sealing the fate of all independent candidate movements in this country for the Presidency or the Vice Presidency, because in my memory, I think from my knowledge who ran on a third party that ever received anywhere near 15 percent or over. That would be LaFollette and Teddy Roosevelt in the Bull Moose campaign.

At that time there were no televisions. Now if there had been an added advantage for the major parties at that time to have had free time in any limit that the stations, according to whom they favored, could give, even if it was equal time, I do not think either one of them would have ever come near getting 15 percent, as popular and as well-known and as publicized as they were.

Now Mr. Wallace, with a well-financed campaign, a very definite public appeal, great hordes of people were running all over the country wearing his bumper stickers, pushing for him, a lot of other people who did not like their prejudice to show on top, yet he only got 11 million, less than 15 percent.

I do not think the Congress in good conscience could possibly circumvent the constitutional rights of citizens of this country by practically eliminating any possibility whatsoever of ever building a third party, because to be able to have had 15 percent in a previous election, you must have been on the ticket before, and how do you get on?

You say by 5 percent of the voters, significant in some instances; 2 percent for Congress. I find that while we are talking about voter participation, are we not closing the door to candidate participation with any hope of running?

Now we have gone along with independent parties just coming up out of the blue, fringe candidates just coming out of everywhere. Somehow or other, the major parties pretty well held on without these advantages that are now proposed for them. I took a dim view of the repeal of the set-aside of 315 in 1960, but the conditions were a little different at that time, if you will remember. They always are.

I am more disturbed over the so-called $50,000 primary and $50,000 general election allowance for television broadcast media, expense, for an office that only pays $85,000 if you win it. That alone in my opinion has reduced the number of potential candidates who have any idea that they can win. Now they might be able to win in rural counties, areas such as mine, probably Mr. Hays', where we have no major, at least I do not have major television stations that I could call my own, since I have no set-up within my district whatever, yet I run in the jurisdiction where there are five major television set-ups. Any candidate from that particular section would be considered a home candidate and there is no question about what would happen in that instance.

Now I am very much convinced that with all of the talk we are doing about reforming, maybe we had better look toward tightening up some of the spending, tightening right at your end of it, the first point, because I do not believe that any ordinary citizen of this country will ever be elected to the Congress of the United States if there is within that area that he is running television time available for a candidate who has the money. I would think as far as the free time, I also take a very long-studied look at free money, out of the Treasury. I just wonder if people are going to stand still for me being a candidate and then pay for it through their taxes.

I do not like it myself, paying taxes to finance somebody else running. I do not know whether we would be in just as big a can of worms on that as what I conceive, in trying to tie down prime time 35 days before election on a given amount of time to each candidate. A lot of candidates would not go on television. I might have when I was younger, but I do not think I would now. If they see me now, I would be out on old age without even a chance.

But seriously, Mr. Jencks, I think that your own group ought to become aware of the fact that what we are doing here is making it possible for well-known movie stars, or at least public figures of some kind, a guy that gets away with a good murder or something like

that, to have a better chance to run for office than anybody, including incumbents. This idea that the incumbents have such a great advantage, we have something that no candidate has. We have a record. That record can be more devastating than all the money that you might be abe to raise in your behalf.

I am very much of the opinion that we are set up, under the Constitution, very wisely thought out, the House of Representatives by population and the Senate by States, figuring that the districts then would be represented by people who took first and foremost interest in that which was for the welfare of their district.

If we all do that, we then get the majority of the districts of the United States doing that which is for the greater good for the greatest number of people. If we have something go wrong, then we have the Senate, giving the little States the same consideration as any other State, California, New York. We cannot tinker too much with the fundamental rights of all people, when we start putting money limitations, when we start putting in this legislation other than a reasonable percentage of the amount that might be spent for the candidate through a single committee. I am very much opposed to the multiple committee suggestions, I think it is a very serious matter. It probably got us into the trouble we are in now. But the broadcasting companies or the broadcasting media is not one that I think should become the prime, I would say the prime factor in the election of a candidate to the Congress or the Presidency of the United States.

I very seriously doubt if I could I would again vote for a $100,000 allowance besides all the other money that you could spend. It might do good if we send you a copy of Roll Call showing these expenses.

There is a suspicion in the minds of people that if anyone spends $280,000 to get elected to the Congress for a job paying $85,000, that "there must be something juicy here that they do not want us to get a look at."

I have not heard any proposal from you of cutting down that $50,000 primary and general election figure. Do you think that is a reasonable figure to permit to be spent by candidates for the Congress of the United States?

Mr. JENCKS. I am certainly not an expert on that; I suppose that the amount that is necessary for a candidate to spend to reach a constituency of roughly 450,000, half a million people, will differ greatly according to the nature of the district that he has; whether the population is somewhat scattered, whether it is urban, rural, and so forth, and the efficiency of the media that he has to rely on. So I really do not know whether, you know, you can name a figure that would work well in Alaska and would work well in North Dakota and would also work well in Pennsylvania.

Mr. DENT. Now that is the point. I think that the Constitution envisioned that, the early Founding Fathers also envisioned there would be different districts. But there is one thing sure now, that each of us represents approximately the same number of bodies in a congressional district. In the old days when you had 1 million people and another fellow had 210,000—I probably came the closest to being defeated in my lifetime, in a primary, with a gentleman who spent $280,000 and he spent the great portion of it, as much as he was allowed, plus some friends spending some more, on TV. Yet, I do not have any station

that has more than 2 or 3 percent coverage of my whole district. Yet, I put that money in there. I was supposed to, in self-defense, and was solicited to do so many times by the station agent, to come in and spend counterpart money to put away the influence he was creating. Now it had some effect, and we are a rural county.

I came the closest to being defeated in my life. He got to be a household word, had real good manufactured films, looked like he was 10 to 20 years younger, whereas he was 10 years older than I was. You people should come up with some recommendations of your own as to what you would think. But you would hesitate to take a contract, in my opinion, from an advertiser coming into your station who has $85,000 worth of product to sell and offers to give you $100,000 to advertise it. You would get your cash on hand, would you not, before you do it, like you do with us?

Mr. JENCKS. Certainly would.

Mr. DENT. It is just silly, that is all we have to sell, regardless of what anybody else calls it. I think this $50,000, Mr. Hays had a total less than that for the whole ball of wax spending in his bill. What recommendation would you have?

Would you care to talk it over with your colleagues and come up with some recommendation within reason as to what a Member of Congress ought to be permitted to spend on television? That is your line and that is your area.

Mr. JENCKS. I would certainly be glad to consider it. I doubt whether the media, ourselves, or any other media should assay, should tell Congressmen or Congress, you know, how elections should be conducted. I would like to see——

Mr. DENT. I am sorry, but your whole testimony is telling us how.

Mr. JENCKS. Well, but our testimony, I hope, was calculated to present a viewpoint as to a subject matter as to which we have a special competence because we think we know something about broadcasting. We do not know much about how a congressional candidate campaigns or how much money he should spend to reach his constituency.

Let me observe that in the big metropolitan areas, as you well know, Mr. Chairman, Congressmen very rarely buy big-city television time.

For example, in New York, which is the example I was talking about, it is very rare that there is a single purchase of time on channel 2 by any Congressman in the New York metropolitan area. When that happens every two or three elections, it is usually because he wanted to mention in the New York Times that he had bought the time on the station. So in a sense the Anderson-Udall bill would create political expenditures in those cities where there are none now, although of course, with Federal money rather than the candidate's own money.

Mr. HAYS. Would you yield to me?

Mr. DENT. Certainly.

Mr. HAYS. Would you be surprised to know, Mr. Chairman and Mr. Jencks, that the average amount of money spent last year by all candidates was about in the range of $22,000 per candidate for Congress for the House.

Mr. DENT. That is right.

Mr. HAYS. Now the great lobbying organizations around town who thrive on money that people are foolish enough to send them and do not publish any report of what they do with it or how much they pay

their lobbyists or how much the head of it gets, they are always talking about incumbents, bills, and how much money was spent. But the average was $22,000.

Now if that is true, and it is because we figured it out, what would be wrong with a flatout ceiling say of $35,000 or $40,000?

I came to Congress by spending $3,000 against a four-term incumbent. So it is not true that incumbents always win. I know, I do not remember what he spent now, but it must be 5 or 10 times as much as I spent.

Mr. JENCKS. Well, I am surprised by the figure. It seems very low, but I am sure it is accurate and it suggests——

Mr. HAYS. Somebody has suggested that we give everybody who wants to run in a primary $50,000.

Mr. DENT. That is right.

Mr. HAYS. I do not think my district is any different than any other and I have at least a thousand fellows who would run and figure out how to rip off $48,000 of it. I do not think the taxpayers are going to buy that, no matter how much the media might like it. He might not have anything on for the month or so but candidates, but——

Mr. JENCKS. Speaking for the medium of communications I represent, we are not interested in drumming up more political business.

Mr. HAYS. I happen to know that what you say about candidates in big cities is true because I have talked to most of the Members from New York and they just say there is no way they can buy television time because there are so many stations and they cover such a small segment, at any given time, of their district that you know 95 or 98 percent of the money they spent is going to somebody who could not vote for them anyway.

Mr. FRENZEL. Would you yield?

Mr. HAYS. Mr. Dent has the floor.

Mr. DENT. I will yield to him.

Mr. FRENZEL. I wanted to pursue that thought which began with your statement that we would create expenditures of money where none are being made now. My research indicates that there are only about 40 races in the House out of 435 that are hotly contested each year, and that 85 percent of the races are not really much of a race. There may be a primary, a guy may run unopposed. I think in almost 20 percent of the races there was not even any opposition. Of the 40 strongly contested races, or maybe 50, at least half of them occur in what you might call the major media markets where television is not a factor.

So you are probably talking no more than 20 to 25 House races where television is important or is a significant expense to a congressional candidate. So this bill is saying, OK, in all these 435 races we are going to make it an expense; so we are multiplying by 20, probably, what now exists, and maybe in the whole process borrowing the public to death. Is that reasonable or am I getting kind of deep?

Mr. JENCKS. That is certainly the way we see it. It creates a use of television time by candidates that in the main did not exist before. It does so at Government expense. It proposes, as you say, an extremely wasteful expenditure of Government money because you are buying a medium that can reach 12 million people to reach the voting population of a congressional district which is, what—30 or 40,000 voters.

Mr. DENT. What congressional district?

Mr. JENCKS. Voters in a congressional district.

Mr. DENT. Thirty or 40,000 in a congressional district?

Why, I have that in Podunk. I will have close to 200,000 in every congressional race.

Mr. FRENZEL. 200 to 500,000.

Mr. JENCKS. A great many of those will be below voting age, will they not?

Mr. DENT. No. We have 475,000 persons now in the congressional district.

Mr. FRENZEL. Roughly 60 percent of them are eligible voters.

Mr. JENCKS. I stand corrected.

Mr. DENT. Yes. I think that is a good thought that you brought out; there are a few votes in the congressional district. That is why I am very much set on creating a financing bill that will take into consideration the number of voters in the district and, by a certain figure of money, multiply it by the number of voters or citizens within the district, because they are all potential voters even if they are not registered, over 18 years of age.

Make that the maximum that can be spent. In the districts, the 20 or more that you bring up, if you look at the record over at the Clerk's Office, there were a lot more than 20 that spent the $50,000 on TV; besides spending the $50,000 on TV, they spent anywhere from 1 to 3 times that amount on other expenses in the campaign. Some places in the country, you can get enough dishcloths and little plastic buckets to last you until the next campaign if you go around to enough meetings. I think the whole darned thing has gotten out of hand.

Some day, we are going to start at that one most important item, that is the limitation of the amount of money that can be spent in a campaign. If we do not get to that, all this other thing is just a bag of wash that does not mean anything.

Mr. HAYS. You would include in that, would you not, the limitation on the amounts that could be contributed by any one individual?

Mr. DENT. Absolutely, oh, absolutely. I think maybe we ought to make $100 bills, crisp, illegal in campaigns.

I thank you on my behalf at least, and I am sure on the behalf of the committee, for your presentation here this morning. It has given us another view.

Did you testify, did anyone from your organization testify in the Senate?

Mr. JENCKS. Frank Stanton testified before the Pastore committee in March, I believe.

Mr. DENT. Along the same lines?

Mr. JENCKS. On 372, yes. Of course the Anderson-Udall——

Mr. DENT. I wanted to know, because we would have to review it if there are any major differences in your testimony.

Mr. JENCKS. No. He did not testify with respect to the Anderson-Udall bill, which had not acquired as much steam then as it may have now.

Mr. DENT. As much what?

Mr. JENCKS. As much steam.

Mr. DENT. I fail to perceive it. There might be, somewhere around, some steam. Anybody have any other questions?

Mr. MATHIS. Steam is nothing but hot air, Mr. Chairman.

Mr. DENT. That is right. There is a little water in it, too, because you cannot make steam without the water.

Mr. HAYS. Maybe I should not tell this. I am sure my own fellow statesman, Frank Stanton, did not tell you, but I told him a story which he did not find very amusing. This was on the front page of the London Times.

There was an Englishman who had this very good shepherd dog, well-trained to keep the chickens out of the flower bed, trained to bring in the cattle, good watchdog and everything like that. The farmer got affluent enough to get a "telly" as they call it in England. Once he had it set up in his house, the dog refused to go after the cattle, refused to chase the chickens, refused to bark at strangers; it just sat and stared at the television, which says something about the theory prevalent in this country that television is aimed at the minds of 10-year-old children.

Mr. DENT. You do have to comment on that.

Mr. HAYS. Frank did not, either.

Mr. DENT. By the way, before you leave the stand, I want you to carry with you one self-evident thought, and that is that no incumbent was born into the Congress, he had to run sometime. So let's quit spanking incumbents.

Mr. JENCKS. I agree with that.

Mr. DENT. Our next witness, I am happy to say, is a gentleman whom many of us know and like to see around. His thoughts ought to be very interesting to some of us, at least on the left-hand side of this table; Joseph Cole, national finance chairman of the Democratic National Committee.

Mr. Cole, welcome to the committee. Thank you for having the patience to listen to all our meanderings.

STATEMENT OF JOSEPH COLE, NATIONAL FINANCE CHAIRMAN, DEMOCRATIC NATIONAL COMMITTEE, ACCOMPANIED BY TERENCE O'CONNELL

Mr. COLE. Very interesting, Mr. Chairman, although it has been such a fast morning I have not had a chance to read what I am supposed to say. So I will go through it briefly and then provide you with an opportunity to ask me some questions.

Mr. DENT. Yes, present it in any fashion that you wish.

Mr. COLE. Mr. Chairman and members of the committee, earlier this year I testified before the U.S. Senate Committee on Commerce, Subcommittee on Communications, concerning this legislation.

That hearing and this today I am glad to see are part of a continuing effort by the Members of Congress to enact legislation to protect the democratic election system, which I strongly support, am strongly fighting for, with almost complete emphasis on the restriction of campaign spending and campaign solicitation for campaign contributions, from which I have suffered painfully.

I would like to commend this committee for the bill that has been presented thus far and for your efforts, in sounding the warning long before the need of this kind of legislation became as apparent as it is today. I think it is a call for action that is being answered by the citi-

zens of this country and by businessmen like myself who have been and are now involved in financing of political campaigns.

In my testimony at the Senate, I was very specific and provide a number of specific proposals which are now part of the bill. So, naturally, I am strongly in favor of them. It is not necessary for me to repeat them. My comments at this point would be more of a general nature.

The Senate proposal I felt was a sound basis for improving the reform of the election process. They solicited opinions on further modifications and worked very diligently to effect a bill that would guarantee open and fair elections while involving the maximum freedom of operations possible for a candidate.

They were very much concerned with incumbents versus nonincumbents, limitations affecting States with large areas and small populations, and all manner of considerations were scrutinized. They called upon some of us who testified and others to amplify and comment on all of these ideas. As I said before, some of them have been accepted.

Now, in reading this bill over once, I must say that I am very much impressed with the depth and scope of the legislation that is now being considered.

The bill, S. 372, to my mind is a continuing effort to reform at the financial end of the system.

I think the intention of both Houses is sincere and critical. I think we are now providing leadership in this area which is very important. Because the bill is comprehensive, in my opinion there is very little additional suggestions that I need make at this time.

There are a few items, for example, on page 15, line 17, when we talk about organizations involved in servicing, we should add after "the Republican National Committee and/or the Democratic National Committee."

Section (b) page 18 is a matter on which there has been a great deal of dissension within the States regarding reporting who should be included in reporting, wives, children, members of the family, or just wives. This is a matter that I think you should carefully examine because it is necessary to bring about a reasonable guide in this situation.

I suggest as a possibility the fact that we could require reporting, in addition to the spouse of the candidate, any person or group to whom assets greater than $1,000 have been transferred by the candidate during a previous calendar year. The reason for this speaks for itself; because it eliminates another tool that somebody can use to create conduit financing and avoid reporting of the actual contributor.

There is talk in the bill on section 4, page 24, line 15, with regard to the appointment of a commission. I have serious question about whether a commission member who has a 7-year term should be reappointed, ever again. Possibly if they start out with odd terms and were appointed for 5 or 3, they could be appointed for an additional term. But a 7-year term is long enough for anything, particularly in this particular line of endeavor.

On page 72, line 25, I would add that members of uniformed services' income, I would include in that, or add to that, their income be determined by including the allowances they receive in addition to their regular income. This allowance is a thing that makes somebody affluent.

Mr. FRENZEL. What page was that on?

Mr. COLE. Page 72, line 25.

Now I really think it is critical at this time to work to restore the faith of our people in our government to preserve the independence at the same time of our leaders. We have in this committee excellent examples of independent leadership that has not been spoiled by the processes of financing elections as we have it today, such as the chairman of this subcommittee and the chairman from the great State of Ohio, chairman of the full committee.

I am sure all these people know, but in case you do not, they are outstanding examples of independence and the kind of things you have to preserve and can only preserve by finance reform. We have to get away from the idea prevalent today that all politicians are tools of special interest; and also with the idea that all businessmen are evil and selfish. Neither one is the case.

To restore confidence in our government, we have to overcome that feeling that exists today.

It is a statement of fact, businessmen and businesses, like everybody else under the Government, has a vested interest in the function of government. I spent many years, since 1958, just making an effort to get businessmen involved in government. So that instead of complaining about things, they can get involved in the parties, so they can make contributions to the development and the conduct and the direction of the parties.

Certainly in their relationship with the government and members of the Senate and Congress, they should maintain a high code of ethics which I think is done in most instances.

This legislation, I feel, would enable us to put the financial relationship between candidates and contributors on the table. I am sure we have nothing to hide. We can restore confidence; this restores confidence and also creates a decent and proper relationship between businessmen and their representatives.

I think that the Members of Congress and the President and the Vice President are representatives of all the people, and I think all the people are their constituents regardless of party, or race, or wealth, or affluence.

That ends my prepared remarks. If you would like to ask any questions I would be glad to answer them as long as my voice holds out.

Mr. DENT. I will yield to Mr. Jones first.

Mr. JONES. Thank you, Mr. Chairman.

I have no questions to ask Mr. Cole. I do want to thank you for being here and I appreciate very much your remarks.

Mr. DENT. Mr. Frenzel?

Mr. FRENZEL. Thank you, Mr. Chairman.

And thank you, Mr. Cole, for your testimony and thank you for your help in assisting the Senate to put together what is, I think, a useful beginning. I hope that the House will choose to modify some of this, but the Senate did it promptly and did its job rather well, I think, in what I would consider untypical style.

I would like to call your attention to page 51 of the bill. In a general election there is a maximum expenditure allowed for a Democrat Senator in a district which contains only one House seat for $175,000. The House Member serving the same constituency is allowed $90,000.

Does your endorsement of this bill imply that the Democratic Party values Senators at twice the rate of House Members?

Mr. DENT. Oh, more than that.

Mr. COLE. I am sure that was not the intention or the implication, however true it might be. I do not believe that they do. It says here from a State which is entitled to only one Representative.

Mr. FRENZEL. That is right. That means that the House Member runs in exactly the same size district as the Senate Member, but the Senate Member can spend twice as much.

Mr. COLE. No need for that.

Mr. HAYS. Would you yield to me?

Mr. FRENZEL. Surely.

Mr. HAYS. The language says just the opposite of that. It says:

"$175,000, if the Federal office sought is that of Senator, Delegate, Resident Commissioner, or Representative, from a State which is entitled to only one Representative, or

"$90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative."

But if it is one, for example, Wyoming, he can spend the same as the Senator, $175,000.

Mr. COLE. Congressman, this section was designed in that manner just to answer that.

Mr. FRENZEL. I have to take back that statement and I thank the Chairman for reading the bill for me correctly. I like your suggestions on page 24. I agree with you that a single term is plenty for any member of the Commission.

I note 2 years ago we had even longer terms for Commissioners. I think that that was an error and if we are to have a Commission, and I hope we will, I would certainly want to be supportive of the concept of one term being plenty on that particular Commission.

I also notice that you are interested in proving that politicians are not tools of special interests. But the Senate bill makes no limit or it does not limit pooled interest groups from making contributions, just the way political parties, which might expect to have broader interests, would make them or individuals would make them.

Do you think it is a good idea to have groups where hundreds of people may contribute money and one or two make the decision as to where the money goes, be permitted to operate in election contests and perhaps influence elections?

Mr. COLE. That is a very difficult problem, like a major labor organization.

Mr. FRENZEL. Sure, COPE would be, AMPAC would be one, BIPAC would be, NCEC.

Mr. DENT. NAM along with a few others.

Mr. COLE. My personal opinion, I have not given much thought to that, my personal opinion is there should be some limitation.

Mr. FRENZEL. They are limited as an individual is limited.

Mr. COLE. I think there should be some limitation.

Mr. FRENZEL. There is nothing in the bill to prevent them from putting $3,000 on the nose of every candidate.

Mr. COLE. Is the total limitation?

Mr. FRENZEL. Yes.

I would think it would be a good idea if we would have only individuals contributing to the campaigns and candidates, even if they

chose to contribute through pool groups, but that the individual would be required to designate in that instance the candidates.

I think what we are trying to do, what I think we ought to be trying to do is to stimulate individual participation and interest.

Mr. COLE. They do that.

Mr. FRENZEL. And when you pool your participation you sort of drain the interest.

Mr. COLE. Some of the large corporations are doing that, to a degree, in their contributions to a party; while the corporation may develop the mechanism in which employees and even executives could make contributions and report it properly and they indicate whether they want the Democratic Party or Republican Party, that is being done. Carrying that out to the candidates is a very difficult kind of thing to do, when you think of the thousands of small contributions that go into one of these major entities.

Mr. FRENZEL. OK.

I think it would be useful if we had only individuals and parties making contributions. I think it would stimulate a great deal of interest and I hope the House will take that on.

Let's get back to the $175,000——

Mr. HAYS. Would you yield to me right there?

Mr. FRENZEL. Yes.

Mr. HAYS. You would not have any devious motive in mind by that, knowing that most Republican contributors contribute in large amounts and most Democrats in dollars or $10, would you?

Mr. FRENZEL. Well, if I remember the figures correctly, the average Republican gift over the years has been slightly less than the average Democrat gift. I believe that has been Dr. Alexander's testimony, of the Citizens Research Foundation. I will say that probably it was before the last couple of elections.

Mr. COLE. Yes.

Mr. DENT. Now, Mr. Frenzel, you are thinking about COPE, which comes under fire—which is a nonpartisan—because they happen to be motivated by labor organizations. They give $1 apiece, maybe 1,000 members, and they spend more of that on what they call educational pamphlets and things than they do in direct contributions to members. I am considered a so-called labor man in Congress in my district and probably everywhere else. I would say in all my 42 years of campaigning that I have not received a total of direct labor contribution that was over $12,000, $13,000; and I have run a hell of a lot of times. They do not give you that much. I do not know about my Democratic colleagues. I never see fat envelopes coming from labor.

Mr. COLE. I have not seen it. I have heard a lot of campaign——

Mr. MATHIS. I have never seen one come from anywhere.

Mr. DENT. You are even worse than I am, worse off.

Mr. FRENZEL. I did not mean to differentiate anybody.

Mr. DENT. I know you did not.

Mr. FRENZEL. I picked up the thought because the witness mentioned these special-interest implications and because I am particularly interested in stimulating individual effort, I myself have been the recipient of pooled contributions from the Medical Association.

Mr. DENT. That is correct.

Mr. FRENZEL. And from BIPAC, which is the NAM Political Action Committee. I guess I would be happier if I knew who was giving them to me.

Mr. DENT. I agree with you.

Mr. FRENZEL. The individuals. I just think it is something that this committee ought to think about, and I hope it will. If I could then go back to this $175,000 in a single Member district, there are, of course, single Member districts which are quite a bit smaller than mine, and I guess Delaware would be a little larger, but it would be somewhat comparable. If I cannot get you on the Senate and House difference, then why do you let the Congressman running in Delaware spend twice as much as I can spend, or the guy in Alaska who probably has a big airplane bill, but he has a third as many people as I do?

How come he can spend twice as much or the guys in Nevada or North Dakota?

Mr. COLE. Because that is based on the number of people that he has to solicit.

Mr. FRENZEL. He has less people than I do, or John or anybody else.

Mr. DENT. I do not think there is any district in the country that has more than 475,000 plus 3 percent.

Mr. FRENZEL. Some of the small States have less than 2 Members and more than 1, there may be 6 or 7 now, but they are not twice as big.

Mr. DENT. Hawaii is one example.

Mr. FRENZEL. They have two.

Mr. COLE. You run into conflict of people versus area.

Mr. FRENZEL. Delaware does not have an awful lot of area, does it, or Vermont?

Mr. COLE. It has more than most. It depends on what districts.

Mr. HAYS. Would you yield to me again?

You remember the original bill that I introduced had kind a different provision in it. We finally compromised on $40,000, I guess. I think I introduced it at $30 for each Member of Congress. Then in a State where they had less than that for the Senate, we add so much times the population, or we finally compromised at $50,000, whichever is larger.

In other words, instead of pushing the House Member up we cut the Senate Member back in those kinds of States.

Mr. FRENZEL. I am for that.

Mr. DENT. I think you ought to read his formula. It was not too bad.

Mr. FRENZEL. If I can proceed.

Again, do you believe that the limits in the Senate bill which are, except for the exceptions that I have noted, $90,000 for a House race, are reasonable limits?

Mr. COLE. I believe they are high enough.

Mr. FRENZEL. They are high enough?

Mr. COLE. That is right.

Mr. FRENZEL. The chairman of this committee and this subcommittee I think would like to see them no more than half as high, but my personal feeling is they could be considerably higher; despite the chairman's objection, I still feel incumbents have a sizable advantage in various ways and that to meet an incumbent in most districts takes a litle dough. If we are going to impose these limitations, it is going to be very hard to beat him.

Maybe that is not so bad because we do not beat them very much anyway.

Mr. COLE. I think what you must look at, although an incumbent may have an advantage, you look at what an opponent can do with the money that he receives. If it is $175,000, that is enough money to put on any kind of campaign to expose yours.

Mr. FRENZEL. I think $175,000 is enough money to put on a campaign. I do not think $90,000 is.

Mr. COLE. Well, 90 might be because in a senatorial campaign, you are talking about an entire State; in a congressional campaign you are talking about a district.

Mr. FRENZEL. I would agree there are some House districts where 90 or 50 or 20 might be a good campaign amount. There are some House districts where it might take 150. We are going to pick up some arbitrary limit somewhere that we can get more than half the Members of the Congress to agree to.

Mr. DENT. Will you yield?

Mr. FRENZEL. Sure.

Mr. DENT. If you set $175,000, the incumbent can spend that too. Whatever other advantages he had are added to it. So if you reduce it down to a reasonable figure that ordinary citizens can reach, the incumbent still has those advantages but he cannot spend more than a certain figure and neither can a candidate that cannot raise that $175,000.

Mr. FRENZEL. I agree with you that the incumbent can spend the same amount. I also will agree he can raise money more easily than the challenger.

On the other hand, the money he spends does not do much for him, because you are buying, in a campaign, identity and recognition. The incumbent already has that. He can spend $90,000 or 50 or 175 and he is not going to raise his recognition factor very much. The challenger, however, unless he happens to be Jack Kemp or Ronald Reagan or anybody, is not as well known. What he is buying is identity and recognition, which he does not have.

I would like to have a witness here a little later on, I hope we will be able to get him, who has done an interesting study. His table shows that for a House race, the challenger has to spend about $10 to get the same result that an incumbent spends $1 to get.

Mr. HAYS. Could I intervene here?

I just want to put on the record before the time runs out that I disagree completely that somebody is buying recognition. I think what the people ought to be looking at is whether they are buying service or not. I do not think it is difficult to beat an incumbent if he has not been giving service to his constituents.

Mr. DENT. That is right.

Mr. HAYS. If he has and they are satisfied with him, it is very difficult to defeat him. That is the crux of the matter. Of the 25 highest spenders in the last campaign, 9 of them were incumbents who were defeated. So that must tell you something and I just do not think we ought to open this whole thing up to——

Mr. DENT. The highest bidder.

Mr. HAYS. I agree recognition has a lot to do with it. John Glenn ran for the Senate. He has not one single, solitary qualification on earth to be a Senator, but he got a lot of votes because he was on television a lot. You know, his only qualification is that he allowed himself to be put in a capsule and shot out into space, but he got a lot of television coverage. I do not think we ought to necessarily write this bill so the fellow who can buy the most slick ads on television is going to be the next Congressman or the next U.S. Senator.

I do not believe basically when you go out and talk to people they want it that way, either. As a matter of fact, most people I talked to across the country, and that is not confined to Ohio or my district—I get into some States as Mr. Jones knows. They think $50,000 is a lot of money to spend for a $42,000-a-year job. I think maybe they are right.

While we are at it, if I can ask one more question, Mr. Cole, what do you think about these organizations who are using outrageous techniques to raise money? What do you think about including them in here for public reporting?

I got a letter yesterday from my favorite outfit, Common Cause. On the outside of the envelope, it said, "Your Government is for sale, details inside." Now that is what it said on the outside of the envelope. All they wanted was for some sucker to send them $15, so old man Gardner can live in the lap of luxury and some more of his employees draw high salaries for doing God knows what.

I think that is as bad as anything the administration has been charged with.

Mr. COLE. Let me answer that and make another comment, both of which are very relevant.

In that area, Congressman, you are right; there are tremendous abuses in using media, newspapers, mass media, in which we are deeply involved, the attempt to create—I saw one like that recently—subterfuge, without explaining the story, and, whenever anybody gets an idea, they form a committee and they form an organization and they start raising money by that type of method. I think they should report how much money they raise.

You would be surprised when you see how much is sitting there and what they use it for. When a guy has a selfish—and it may be a proper and good—idea and wants to use it, but cannot put it across through the proper channels, he comes up with a new organization and they start a mail and solicitation campaign, they raise a lot of money. I think that is something that should be controlled, if possible.

On an overall basis, I cannot resist making a comment based on my own experience, 1964—I have been close to four or five Presidential campaigns and this you have to really believe in, and I am sure you do. I have sat next to the Presidential candidate, who was tired, who was weary and concerned with the issues and not able to handle them, not able to prepare, not able to think about them because he has to go downstairs at 7 in the morning to shake hands with a guy from whom he may get a large contribution.

It goes on all day long and all night long, and I was asked at the Senate hearings how much time do you think a Presidential candidate spends on fund-raising? And I said at least 70 percent of his time, and I think all of his waking hours. It is really demeaning, demeaning to go through it.

You gentlemen have to eliminate as part of the American scene, regardless of party—and I have seen the tribulations of trying to meet the expenses of a campaign. They do not have a chance really to discuss the issues, to think about them. I think that is a contribution that this committee and the Senate ought to make; you have to eliminate the duress of that candidate.

Mr. HAYS. One final question, Mr. Cole: Do you think $15 million is enough to run a Presidential campaign if both candidates are limited to that?

Mr. COLE. Congressman, alway, both candidates, it is an equalizer. It is only if you spend $40 or $50 million you have to waste a lot of money, we have seen that. I think $15 million is plenty to run a campaign, as long as the other guy only has $15 million to spend, you are on equal terms. And you could reduce the cost by making the television industry give them special rates for whatever time they do have to buy.

Mr. HAYS. That is one of the things I think we ought to do, limit that Presidential campaign to $15 million at the most, and $12 million would be even better, probably.

Mr. COLE. I also do not think it is necessary to try to do the entire ball game the first time around, to get an effective bill. I do not think it makes any difference whether it is $12 or $15 million, but you have to restrict it down in that area. It is a great equalizer, when both men have the same restrictions.

Mr. HAYS. The British limit their campaigns for Parliament to about 2 cents per citizen in the district.

Mr. DENT. That is right.

Mr. HAYS. Now, $12 million would be 6 cents times the population of the United States, roughly, which is how I came up with the figure. And the British seem to get by fairly well. They limit the amount of time they can campaign. They get a lot of incumbents defeated over there all the time.

Mr. COLE. And they have been doing it for a long time. We started out at—we were talking about 10 cents.

Mr. HAYS. They allow roughly $1,500 per constituency, period.

Mr. COLE. As far as I am concerned, Mr. Chairman, you cannot go too low. That is why I say anywhere you go from these levels, there is no risk on the down side.

Mr. DENT. The committee staff has been working on different formulae. We think at the right time we will have some alternatives to offer that, I think, personally, might be interesting, at least; and probably will be acceptable to a great number of Members of Congress, and I would think also to the national parties.

The very serious thing, that no one mentions in either bill or any bill yet, is causing our staff to do a great deal of work; that is the fact that there are organizations now that were never in existence before. There is no man voting in the Congress of the United States today that can vote right. He just cannot do it, because there are organizations within organizations and each one of them will have one little section of the bill they are against. So you get these reports going out from Common Cause, Americans for Democratic Action, labor organizations, business organizations, medical organizations, lawyers, real estate operations. Now they spend much money.

Mr. COLE. Yes; they do.

Mr. DENT. If we are ever going to straighten it out, they are going to have to make the same kinds of reports of sources, expenditure, that amount that they spend be counted toward the candidate they favor within the limitation, or you need not put a limitation on because all we will do is slough it on to special organizations to do the spending. There are some studies that say that if Mr. Nader's report would have gone out of his biographies or whatever you call them—what were they called?

Mr. MATHIS. Hatchets.

Mr. DENT. That is one word for them. If they had gone much more time before they did hit the districts, it might have changed the complexion of the whole Congress. Yet that was not considered a political issue or a political effort. These are the kinds of things that have an effect upon elections and cost money to the candidate to counteract.

I think they are as much a political organization as the Democratic National Committee, as the Republican National Committee, or anybody else; their whole purpose in being is to influence Congress.

Mr. COLE. That is right.

Mr. DENT. The easiest way to influence Congress is to be beneficially helpful to the candidate no matter who he is. I think this is the deep study this committee or some committee is going to have to make, what influences in an election of a special interest group, how did they get their money, how did they spend it? We never know.

Mr. COLE. Mr. Chairman, there are 2,500 such organizations engaged in this kind of activity today. I do not understand what anybody could have against complete disclosure of all their activities, all their finances.

Mr. DENT. They are pitting their judgment, each one of the committees, these 2,500, they are pitting their judgment against the judgment of the elected representative who has to face the public every 2 years in Congress to get a new lease on his position, and yet they do not have to run, they do not have to account for anything, and they can be devastating if they do not like somebody. They can do a very rough job, especially they only are interested in incumbents.

So the advantages we may have, as some say, of being incumbents are easily wiped out as disadvantages in the hands of others. I think the whole ball of action for the future has to be a reasonable limitation on the total amount of money spent and all spending must be done through one committee. I do not care whether there are 50 or 60 organizations, their contribution shall be in a measure of what they spend on special organizations divided up among the candidates they support.

I do not believe there is any other way you will ever get a limitation that is worthwhile.

Mr. COLE. And Mr. Chairman, that would be very attractive. That is the way it should go. When you talk about possibly $15 million limitation in a Presidential campaign, I want you to know that I believe that that can be collected in $5, $10, and $20 bills. That is what we are doing. We are being forced into that position anyhow, because you are unable to get a significant contribution in either party today from anybody. They do not want to be involved.

We are practically now solely surviving on mail campaign, mass media. It is a pleasure, you get $5's, $10's, $20's, you do not have to worry about a guy, what his problems are. It is like a load off a candidate's mind.

Mr. HAYS. Mr. Chairman?

Mr. DENT. Mr. Hays.

Mr. HAYS. I am glad to hear you say that. I notice you mention one other thing in there. I have one question and one statement actually.

You mention about election commission. What about having the GAO just do it, like they are now, and extend it to every race? They are set up. There is no question that they would be beholden to the

President who appoints them; there could be no pressure on them. What do you think about that?

Mr. COLE. I do not think the commission should be a commission that is appointed by the President.

Mr. HAYS. But the bill has it that way.

Mr. COLE. I thought the bill had it that——

Mr. HAYS. Well, he has to get names, but presumably if you read the bill, he has to get a list of names from the Speaker and then he can pick from that. You get a fair amount of——

Mr. COLE. The mechanism that the GAO has set up, they are overburdened. What they are suffering from today is not only being overburdened, but having a lack of direction, a lack of ability to understand the regulations as they are today. But from what I have seen of them, you know, it is a fine group.

Mr. HAYS. I do not think they have any lack of ability to understand the regulations. They wrote them.

Mr. DENT. No matter what the cost may be to enlarge, or if necessary, a special division of GAO to handle the campaigns for reporting and all of the other duties that they will have to perform, it would still be much less than naming an independent commission with 13 members, which will end up, if everything else is normal, in 10 years with about 10 to 13,000 employees. That is the way they work.

Mr. HAYS. I am glad to hear you say about these $10 and $20 contributions, Mr. Cole, because I would say offhand 90 percent of all of the money I have ever raised in the 25 years I have been here has been from a fundraiser at which the tickets are $25 each and which last year we paid the hotel $11 for food that the people consumed at the reception. So the committee had a net profit of roughly about $14 after a few small expenses, like printing tickets, were taken out. I have never really felt obligated to anybody since I have been here. It is a successful way of raising money. I usually spend about $20,000 in a campaign and we usually raise that much and sometimes have a little left over.

Mr. COLE. Right now the climate for this kind of legislation could not be better. You are really not giving up much, because people do not want to make major contributions any more.

We did organize a group of leading people from all over the country really insisting—people representative of every area in this country, insisting that the time is now to get this kind of bill and get it through.

I am telling you, the future of Presidential campaigns is mass contributions, like TV, like the telethon, by mail, you know, small dollar value fund raisings. That is the only way it can go and the only way it should go because that eliminates the real pressure.

Mr. HAYS. What do you think about another thing a lot of Members ask me to include in the bill if we can, the preemption of State reporting laws and substituting for that that a copy of whatever reports have to be made to what ever commission be sent to the election officer of the State, instead of having to report under one set of laws for the Federal and then another set of laws for the State, which gets very complicated?

In the case of Ohio, prior to this law it was much more severe. I reported much more in detail to Ohio than I had to under the old Corrupt Practices Act, which led to a lot of comment in the press that I sent one report to the State and another to the Federal.

Mr. COLE. I am sure they should be preempted because there is no uniformity and there really has to be because there is really no way to check, to know what is going on sometimes, particularly with regard to Federal offices.

Mr. DENT. Your State is like mine, it has a reporting law that we report to the county and the elections bureau, secretary of the Commonwealth, and in some instances we have a county law that is a little different than the State; as long as it meets the requirements of the State, they can add more to it. The peculiar thing is that your totals never sum up to the same amount, because you have to report a $10 contribution in one jurisdiction and you do not have to report anything under $100 in another jurisdiction. You get into the position where some people think that candidate is a liar, and is trying to just obey the various laws.

I think preemption, if we get a good sound law, preemption is vital to this legislation for the future as any other feature of the act.

Mr. COLE. And the States would welcome it.

Mr. HAYS. Ours would.

Mr. COLE. Either the commission or the GAO, they have to be responsive to the Congress.

Mr. FRENZEL. I think the States would enjoy preemption. Our secretary of State has so testified.

Mr. HAYS. As long as he gets a copy of your report.

Mr. FRENZEL. Right, that is all he wants.

Mr. DENT. I think you must, whatever else you do, put the penalty for violation and figure on violations because the biggest problem we have is an opponent running; for instance, in a particular case I was vitally interested in, the report that was to go in prior to the election, he sent a telegram to the clerk and said he lost the forms. So he lost the primary and he just lost interest. He never did report what he spent. But we know what he spent because we tallied the radio stations and so on and it was way over and above any allowance ever allowed in the laws.

So we are going to have to place the responsibility on candidates, not only on incumbents, but candidates, no matter who they are. I think that might be an interesting view. We can write the bill if we take long enough to do it.

Let's be very frank about it, if we write a bad bill, Lord knows when we will get to a good bill. We ought to take the time to do it and not be rushed into another mistake like the last one.

That is my humble opinion.

Mr. FRENZEL. I had a question of Mr. Cole. He was talking about the future of fundraising is in small amounts, by direct mail, and by telethon.

What is the retail value of Robert Goulet and Carole Lawrence for an evening of television?

Mr. DENT. Who?

Mr. COLE. Repeat your question.

Mr. DENT. They would not be worth much in mine.

Mr. HAYS. I can mention some names on the Women's Lib side that would be more valuable than Robert Goulet.

Mr. COLE. What do you mean, the retail value of watching the show?

Mr. FRENZEL. No.

I am saying if you wanted to buy Gertrude Lawrence and Robert Goulet for an evening on television, it would cost you many thousands of dollars, would it not?

Mr. COLE. For fundraising?

Mr. FRENZEL. Yes.

Mr. COLE. Well, Gertrude Lawrence, you would have a tough time. She is not living.

Mr. FRENZEL. All right, somebody else—Carol Lawrence.

Mr. COLE. Very expensive.

Mr. FRENZEL. And their time for these fundraisers comes free, does it not?

Mr. COLE. Generally, yes; almost all of it.

Mr. FRENZEL. So you are saying you are getting $20 contributions but, in effect, you are getting enormous contributions of personal time from people whose time comes very high.

Mr. DENT. That evens up; John Wayne goes on for your people.

Mr. COLE. You are getting time.

Mr. DENT. It does not matter.

Mr. FRENZEL. I am still trying to build a little base here, perhaps in a very clumsy way.

The Senate bill, which you are testifying in favor of, says that you can contribute no more than $3,000 to a House or Senate campaign, but if I get Robert Goulet or somebody else to come to my district and raise money for me, or if, in fact, I get a lawyer to give me a couple of hundred hours as my campaign manager, or an advertising man to volunteer his personal services to run my campaign, those people are going to give me 5, 10, 15, $20,000 worth of their personal time.

How can you, under our Constitution, in equity allow them to make that kind of contribution to me and tell the fellow who may be in a wheelchair or elderly that he can only give me $3,000.

Mr. COLE. You must separate, Congressman; you must separate dollars from time, effort, energy, and mind. You start getting into that area, you know, someone may be contributing their intelligence. Every citizen has the right to support a candidate in any manner that he wants, if he wants to support him with his time or his mind.

Mr. FRENZEL. But what is Robert Goulet's business, Mr. Cole?

Mr. COLE. Well, but he is giving of his spare time.

Mr. FRENZEL. He is giving his business, is he not?

Mr. DENT. He is giving popularity, his name.

Mr. COLE. It is a different kind of thing.

Mr. FRENZEL. What is a lawyer's business?

Mr. COLE. But a lawyer may spend 50 hours a week in his profession and spend an extra 10 hours in endeavors that he wants to give away to people to help a campaign. You cannot restrict the use of a person's talent and brain or time at the same time. You cannot count it.

Mr. FRENZEL. At the same time you can reduce the man's ability to contribute if he does not have the time or if he is not able to do the kind of things that uniquely happen to work in campaigns.

Mr. COLE. Yes. But you see, when you are contributing dollars, money, cash, that is where the evils and problems come from.

Mr. FRENZEL. Do you mean to tell me—just a moment—you mean to tell me if a guy gives me $5,000 in personal services, you do not listen to him, but I do if he gives me $5,000 in cash? What are you talking about?

You mean I am differently beholden?

Mr. COLE. There is a difference in the texture of the gift. You are in a very intangible psychological situation. I think there is a difference in the texture of a gift of giving a guy $5,000 which is hired money, versus giving him time, which I am able to give because I have 100 hours a week to use so I give 5 or 6 hours of this and 10 hours of that and you just do not look at it in the same way.

Mr. FRENZEL. You mean the time that I use to earn my money, because I translate it to money and give it to a candidate, makes it dirty?

Mr. COLE. No——

Mr. FRENZEL. But if I give the same amount of time, doing the same kind of services, I have been lifebuoyed or something?

Mr. COLE. Not in terms that you use, but that happens to be the facts of life.

Mr. FRENZEL. It is not the facts of life.

Mr. COLE. Sure it is.

Mr. DENT. Are you not doing another thing? You are talking about John Wayne; what is he worth on the air?

And a mechanic who works for me on Election Day?

Mr. FRENZEL. You are setting a double standard, for one man's labor against another man's labor.

Mr. COLE. You are setting a double standard only if you think someone's time means the same thing as dollars. It is also a double standard for which I cannot conceive any kind of cure.

Mr. FRENZEL. Just because you cannot cure it, do you think a double standard should exist, Mr. Cole?

Mr. COLE. I do not think—

Mr. FRENZEL. Is that your party position?

Mr. COLE. No, I do not think it is a double standard.

Mr. DENT. I might say it is not.

Mr. FRENZEL. You think a person can give as much of his time or as much value of his time or profession or his energy and at the same time somebody else should be limited in what he can give?

Mr. COLE. I sure do, because I think it is two different things entirely.

Mr. DENT. Will you yield?

Let's say like most of my campaigns have been run, having a large area to run in, I have hundreds of volunteers who go out and knock on doors, put posters up, hand out cards for me. Probably if you measure that they were $10 an hour workers and add it all up, it would be worth much more than what a movie star would be worth to you. I do not think that is the case.

If you can get some movie star that is a friend of yours to come in, he is giving his talent in that particular area to help you.

I have a fellow who is a good pole climber, good at putting up posters. He has given me his talent. We are not going to clutter up that bill with that kind of stuff.

Mr. FRENZEL. All I am saying is, you are placing one value on one man's time and another value on another man's time.

At the same retail value, you are telling one guy he is dirty and the other guy is clean.

Mr. DENT. But you cannot put that talent in your pocket if you do not spend it.

Mr. COLE. The man that gives $5,000—everybody gives of their time. A man gives you $5,000 and of his time at the same time; they are two different ingredients. The time is an intangible, it is worth a lot but you cannot price it the same way your price dollars.

Mr. DENT. The whole purpose of this act is to have people participate, to broaden the base of participation, of every citizen whether he is in a high place or low place.

I think it is just as important for the banker in a town to have an interest in the political situation as it is for a street cleaner. That is the basis of what we are trying to do, to make it possible for that very same street cleaner if he wants to to run for public office.

Mr. FRENZEL. Mr. Chairman, I endorse all street cleaners running for public office.

Mr. DENT. I do, too. If they can raise $175,000.

Mr. FRENZEL. I also think we ought to have reasonable limits on individual contributions. But I do believe that placing a $3,000 money limitation makes some of us unequal and I do not know which of us, but we are saying that some of us who can give legal talent or statistical talent or financial accounting talent or fundraising talent because of our celebrity status are going to be able to make larger contributions under that restriction than those who can only give money.

Mr. COLE. That would be true regardless of what the limit was.

Mr. FRENZEL. Not necessarily.

If you made the limit more reasonable in terms of money, you would come closer to equating them.

Mr. COLE. You cannot. If it was $10,000, someone else can still be giving you $50,000 worth of services. That does not change it.

Mr. DENT. Is it not true that the only reason you use your telethons or public meeting of any kind where you use a celebrity is not that he is going to influence the voters, it is because he can help draw a crowd for you to influence? It is a completely different aspect of legislation.

I do not know of a movie star who can get me 10 votes in my district.

Mr. FRENZEL. A movie star is the same as a billboard.

Mr. DENT. You can get all the billboards in my area and you cannot stand the number of people in front of them that you can stand in front of a movie star if she is pretty enough.

Mr. FRENZEL. I am all for pretty movie stars. We did get last year an exemption for personal services, and that should be maintained.

On the other hand, we certainly should try to balance the financial contributions with what might be a reasonable contribution of others in the campaigns. That is the point I am trying to make.

In my judgment, 3,000 bucks is not enough.

Mr. COLE. The question of $3,000 being enough or not enough I think is totally unrelated to the personal services.

Mr. FRENZEL. Do you think our salary is related to the amount that we should spend?

My beloved chairman always says he cannot see why we spend so much money for a job that is paying $85,000. If we were paid $150,000, should we spend more or if we were paid $40,000 should we spend less?

Mr. COLE. No; I do not think it has any relation.

Mr. DENT. The question of salary has to have some interest in the matter. You might be surprised if I told you I know Members of Congress who live on their salaries, and have all their lives. I know that to be true. They have no other profession.

Mr. FRENZEL. Sure, but they do not campaign on it.

Mr. DENT. No. But we must say you cannot make more money out of the campaign than you can in your jobs, and that happens to be the case in the minds of millions of American people, when they find you spend $200,000, they do not believe you are honest, and I for one do—I am not saying it about you as a person, I am using that as a coverall, because I know that is wrong and everybody else knows it is wrong.

I can understand a higher limitation for the U.S. Senator, I can understand the Presidential situation but, my gosh, when you are talking about a Member of Congress spending as much as half a million dollars—I was on this committee and handled a campaign contest between two candidates from New York and the one came in on the basis that his opponent had spent $300,000-some, when we got down to the meat of it he was campaigning because he had spent only $190,000. It was just ridiculous.

If the other fellow spends 10 cents more than you, he is cheating, although you can spend half a million dollars if you have it.

In the same way, a contest or campaign, if my good friend—I hope he is a good friend for another couple of years—Arnie Palmer, my next-door neighbor, if he agreed to run against me and me with all the money in the world, he would not have to spend money. All he needs is a hot putter.

Mr. FRENZEL. Can I ask one more question at the risk of wearing out my welcome?

Mr. DENT. No. I need your vote.

Go ahead.

Mr. FRENZEL. I do not know what we can agree on yet here.

Mr. Cole, with respect to your statement that it wears out candidates to ask for money, you used the statement something about demeaning to ask for money.

Do you think when a political candidate asks somebody to support him that he somehow lowers himself?

Do you not think we are pretty good products? Do you think we humiliate ourselves if we say, "I am a good man. I would like you to contribute"?

Mr. COLE. To a degree, fine; no, that is fine. But when a guy has to do it 15 hours a day, when he has to go back to the same guys, when he is desperate, when it gets beyond the ordinary needs, it is demeaning.

Mr. FRENZEL. Sure. But under the situation of the limits that you have imposed here, or even reasonable ones which would be a little higher, would not that exhaustion be eliminated?

Mr. COLE. It would, it would; that is why I favor that.

Mr. FRENZEL. I am sorry. I get upset when people say it is demeaning, I think being a politician is a very noble profession. I prize it very highly, myself. I call myself a politician, not a statesman, not a representative, I am a politician and I am proud to sell other politicians and to raise money in their behalf.

Mr. COLE. It is just because I feel that way and agree, I happen to think public service is the highest form of patriotism. I do not even want to go into the tremendous time and sacrifices in money I have spent trying to help people I think are qualified and decent and honorable people. That is why, when outstanding men like the men I have been around, running for President, after a while, due to the tremendous demands beyond all reason that are made for money and the use of money, they get to the point where they have to start practically begging the same people who have helped them over and over again, that is demeaning, demeaning for me to watch.

Mr. DENT. One of the most experienced candidates and one who has had his ups and downs and probably as many heartaches as any of our careers, candidate for President, candidate for Vice President, he said long before the publicity surrounding Watergate or anything else cropped up, I have heard him say on occasions for years, that the most difficult part of a campaign and the most demeaning, and that was the word he used, was the continued begging and imploring and searching for finances, and that was Hubert Humphrey, for whom I have a great respect.

I think he has devoted more time trying to raise money than anything else in his campaigns and he will tell you so. I think it is demeaning. Really I do.

Mr. FRENZEL. OK.

Mr. COLE. It gets to a point where there is no pleasure. It is a question of degree.

Mr. FRENZEL. I agree it is hard work, wearying, sometimes it diverts you from other things you would rather do during your campaign. But as far as being humiliating or demeaning——

Mr. COLE. Who do you go to first? You go to your friends. You have to go back to your friends who you know have done practically all they can and if you have to go back to them again, use whatever words you like, but it is not a good feeling to have to do it again, after a point.

Mr. FRENZEL. None of us like to sell our Christmas card list, but it happens to all of us.

On the other hand, the people that you ask for money, some of them have reached the age of majority and probably all of them have reached the age at which they can make decisions and they do not have to contribute, I guess, unless they believe in what you are trying to do.

Mr. DENT. I do not know how they ever elected Congress or how we got so far when campaigns used to cost, I remember not too many years ago, probably, I think I spent $400 to get elected to the State Senate of Pennsylvania, and served there for 22½ years. And I do not think much more than that has been spent in congressional campaigns.

I will tell you a story for the record.

I ran for the U.S. Senate and for Congress in the same election. I came within 1½ percent of winning the Senate race and I spent a total for both races of $67,000. There was a hell of a lot of districts I was not known in. Why?

I put the ingredients that I think honest, true politicians ought to put into campaigns, personal contact, work, an understanding of the problems at least to the best of your knowledge and the best of your ability in presenting them. You do not have to present them over TV,

because I think you get a bigger crowd at the Moose Hall than you do on TV.

I do not like to see the labor unions—they do not have an easy time getting a buck off to their people. The labor unions down in the rank and file, and I happen to have been a labor union member as well as an officer, they will tell you "Why the hell do I want to put money into a campaign for a candidate, politician? Let him go somewhere else."

If they could raise, you say $1 a month, if they got $1 a month, the labor unions would be able to raise, with their present membership, would raise $180 million a year.

Mr. FRENZEL. That is a lot of money.

Mr. DENT. Yes, it is a lot of money. And they could buy a lot of elections. If they are not buying them, what do you need the money for?

I am a hard-headed politician on this basis, I think the country is closing its door on a lot of potentially good representatives in every area of political life. They will be barred completely if we do not do something about the spending of money in the campaigns.

Mr. COLE. Congressman, what do you think? Do you think the limitation should be higher on individual contributions?

Mr. FRENZEL. Yes. I am satisfied with the $25,000 on Presidential. I would not want to make that any higher. In fact, I would not mind if somebody made that lower. But I think that $3,000 in a congressional or senatorial campaign is too low because it does not seem to equate in my judgment with personal services that somebody else can give.

So I am troubled about that from a constitutional standpoint.

Mr. COLE. Is there any way we can make the Presidential limitation retroactive to 1959 so I could get even?

Mr. FRENZEL. Mr. Cole, I wish I could help you out of that dilemma.

Mr. DENT. You would be surprised, one of the formulas we have been working on is one that takes the congressional district, because it is uniform in the United States and establishes a limit for a congressional district and then it allows the U.S. Senator to spend as much as the total number of districts within his senatorial jurisdiction times the amount that you allow for a Congressman.

Then it allows the Presidential and Vice-Presidential campaign, coupled as one, to allow them to spend as much as 100 times the 100 Members of the Senate times the amount of money that the Senators are allowed to spend in their jurisdictions. You come with somewhere 5 and 6 cents a vote. I do not think that is outlandish.

I think it can be reached, with small contributions, and many of them voluntary. Eighty percent of the contributions I got in my senatorial race were less than $50.

Mr. COLE. I just want to tell you one thing again, I am very interested, I think this finance reform is critical to the country today. If there is any way that I can help you in the future, in your deliberations, with information or suggestions, I am anxious to do that with any resources we can place at your level.

Mr. DENT. Let me tell you, if one of the major political parties would take the stand publicly on the basis if a reasonable spending, the

people will absorb it. They will take it, they will look at it and the other party will not be able to run against it.

Mr. COLE. I thought we took that stand.

Mr. FRENZEL. I think you have.

Mr. DENT. We can raise money. If we were in power we would have had the Watergate, what the hell?

Mr. FRENZEL. I would not wish that on you.

Mr. DENT. I do not think we would have had it that bad, but we would have had something. Sure, a party in power can raise an unlimited amount of money, that has been the history whether you are running for squire or county commissioner or anything else.

The people are just about fed up, because there are too many ways and means of spending money today that were never in existence before. No one would ever think of raising the kind of money some Members think they have to raise today because they found ways to spend it.

You take six television stations in the jurisdiction of a Congressman, he can spend half a million dollars and not get decent coverage. Some people say they have to have it, but if the other fellow cannot get it, if being an incumbent is bad, then that fellow should not run for office because he is only going to run for one term.

Mr. FRENZEL. I do not want to clean them all out—just your side.

Mr. DENT. That has been the history. You can win an election if you try and do a job and do it right. It is not easy to drive over 600 miles every weekend, but I do it and I have for some 40 years. I hate it. That is why I am going to quit, not because of anything else, but I am going to quit because I do not want to drive any more.

Mr. COLE. Get a driver.

Mr. DENT. I have a driver once in a while, but his time does not always agree with mine. He has problems.

I think your contributions here, Mr. Cole, just offhand observations, show that there is an awakening in the leadership of both parties, I think, to the necessity for a real honest reform. I do not know, but I think from your remarks that the basic reform must start from the limitation of spending and the limitation of contributions. Once we get those two agreed upon, the others will fall in line, I am sure.

Mr. COLE. Simple strategy, those two basic issues.

Mr. DENT. I think Frenzel, when he gets a few more terms under his belt, will realize incumbents are not that bad.

Mr. COLE. I think he appears to me to be a very attractive, intelligent Representative.

Mr. DENT. He can get elected out there without spending any money. He knows it.

Your personality will elect you. I am going to try to help you get elected by giving you a good bill to vote for.

Mr. FRENZEL. Just do not come out and say anything good about me.

Mr. DENT. I have a standing offer to any Member of Congress, I will go into their district and talk either way, good or bad.

Thank you very kindly.

Mr. FRENZEL. Thank you.

Mr. DENT. We appreciate your attendance and your very alert attention here this morning, because I think you are probably the answer to the whole thing, that is the interest of the people, and you are

the people of this Nation. Because if you want to save this democracy, do not leave it all up to us. You have to take part. She needs saving pretty bad, in my humble opinion.

Thank you very much.

The next meeting will be next Wednesday morning.

[Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene Wednesday, Oct. 10, 1973.]

FEDERAL ELECTION REFORM

WEDNESDAY, OCTOBER 10, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELECTIONS OF THE
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10:05 a.m., in room 2253, Rayburn House Office Building, Hon. John H. Dent (chairman of the subcommittee) presiding.

Present: Representatives Hays (chairman of the full committee), Dent (chairman of the subcommittee), Jones, Mollohan, Mathis, Dickinson, Frenzel, and Cleveland.

Also present: John T. Walker, staff director; John G. Blair, assistant to the staff director; Ralph Smith, minority counsel, Committee on House Administration; Richard Oleszewski, clerk, and Miss Barbara Lee Giaimo, assistant clerk, Subcommittee on Elections.

Mr. DENT. What we would like to do this morning is to open the hearings on S. 372 and all related legislation.

If we get a quorum during any point in the hearing, we will recess the hearings for a moment and go to executive session to try to move an important piece of legislation that is now before us and make a decision as to what the destiny of that legislation shall be.

At this moment we are glad to have with us the Honorable James V. Stanton, Congressman from Ohio, who will testify at this moment on the legislation before us, known as "Election Reform." Jim, it is good to have you with us.

STATEMENT OF THE HONORABLE JAMES V. STANTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO, ACCOMPANIED BY SANFORD WATZMAN, ADMINISTRATIVE ASSISTANT

Mr. STANTON. Thank you, Mr. Chairman. I am delighted to appear before your subcommittee. I would like to present to the subcommittee my administrative assistant, Sanford Watzman, who is not only my administrative assistant, but author of a book entitled "Conflicts of Interest" and who has spent many years studying not only from a public service standpoint, but also from a newspaper standpoint, the problems of campaign reform.

Mr. DENT. I am sure the committee is very pleased to have such a distinguished person with us this morning. You are very welcome.

Mr. STANTON. Mr. Chairman, I appreciate the opportunity to appear before you today on behalf of H.R. 10258, a bill aimed at creating a new institutional framework in Government for the regulation of political campaign financing—and also for dealing comprehen-

sively with conflicts of interest and other ethical problems in all three branches of Government. I regard the bill as more far-reaching and, in many respects, more stringent than the other proposals you have under consideration, including S. 372, which the Senate has approved, and H.R. 7612, the so-called Anderson-Udall bill.

Title I of my legislation sets up a Federal Board of Elections and Ethics (hereinafter called the Board). Title II establishes a Federal Elections Campaign Bank (hereinafter called the Bank), functioning as an arm of the Board. Title III assigns to the Board duties which clearly confer on it an institutional status as being the focal point in Government for dealing with all sorts of ethical problems in the three branches. These are problems going beyond the immediate concern with Watergate and campaign financing. But they are problems, such as conflicts of interest, which are nonetheless familiar because they generated serious political scandals earlier in our Nation's history—in fact, even recently—and, unless they are dealt with now, are likely to recur, causing more disillusionment and further undermining the confidence of Americans in their Government.

I offer H.R. 10218, then, as a bill addressing itself to three goals. The first is to give the people, through the Bank, a governmental mechanism aimed at drawing campaign contributions out of subterranean channels—to enforce the flow of political cash and credit to the surface, where the press and public can watch the currents and see who is riding with them. The second goal is to establish for the Bank (through the instrumentality of the Board) some self-starting, self-propelled, free-wheeling enforcement machinery. Those being policed would have no place in the driver's seat, with one exception that will be explained fully below.

The third goal is, over the long run, to localize in the Government, as it were, the primary responsibility for dealing with ethical problems that willy-nilly affect, and sometimes preoccupy, Federal officials in all three branches. The bill seeks to grant them relief from these concerns and to free them to conduct the much more important substantive business of government.

Of the three titles in H.R. 10218, I regard title I—the one establishing the Board and its enforcement powers—as the most important. But in the interest of a clearer exposition of what I seek to accomplish, I shall proceed, Mr. Chairman, by elaborating first on the duties and powers of the Bank, as contained in title II.

You have the statement I have before me. I will summarize the provisions of this rather lengthy statement because it is 10 pages long.

Mr. DENT. It will be made a part of the record at this point in its entirety.

[The complete statement follows:]

PREPARED STATEMENT OF CONGRESSMAN JAMES V. STANTON, ON BEHALF OF CAMPAIGN FINANCING REFORM LEGISLATION

Mr. Chairman and members of this distinguished panel, I appreciate this opportunity to appear before you on behalf of H.R. 10218, a bill aimed at creating a new institutional framework in government for the regulation of political campaign financing—and also for dealing comprehensively with conflicts of interest and other ethical problems in all three branches of government. I regard the bill as more far-reaching and, in many respects, more stringent than the other proposals you have under consideration, including S. 372, which the Senate has approved, and H.R. 7612, the so-called Anderson-Udall bill.

Title I of my legislation sets up a Federal Board of Elections and Ethics (hereinafter called the Board). Title II establishes a Federal Elections Campaign Bank (hereinafter called the Bank), functioning as an arm of the Board. Title III assigns to the Board duties which clearly confer on it an institutional status as being the focal point in government for dealing with all sorts of ethical problems in the three branches. These are problems going beyond the immediate concern with Watergate and campaign financing. But they are problems, such as conflicts of interest, which are nonetheless familiar because they generated serious political scandals earlier in our nation's history—in fact, even recently—and, unless they are dealt with now, are likely to recur causing more disillusionment and further undermining the confidence of Americans in their government.

I offer H.R. 10218, then, as a bill addressing itself to three goals. The first is to give the people, through the Bank, a governmental mechanism aimed at drawing campaign contributions out of subterranean channels—to force the flow of political cash and credit to the surface, where the press and public can watch the currents and see who is riding with them. The second goal is to establish for the Bank (through the instrumentality of the Board) some self-starting, self-propelled, free-wheeling enforcement machinery. Those being policed would have no place in the driver's seat, with one exception that will be explained fully below. The third goal is, over the long run, to localize in the government, as it were, the primary responsibility for dealing with ethical problems that willy-nilly affect, and sometimes preoccupy, federal officials in all three branches. The bill seeks to grant them relief from these concerns and to free them to conduct the much more important substantive business of government.

Of the three titles in H.R. 10218, I regard Title I—the one establishing the Board and its enforcement powers—as the most important. But in the interest of a clearer exposition of what I seek to accomplish, I shall proceed, Mr. Chairman, by elaborating first on the duties and powers of the Bank, as contained in Title II.

THE FEDERAL ELECTION CAMPAIGN BANK

A. General Authority of the Bank

The Bank would be an agency of the government, functioning as the sole and exclusive depository of all funds that finance campaigns for the Presidency, Vice-Presidency, the House of Representatives and the Senate. Also, it would be charged with certain other duties. The plan, in essence, would work this way:

All candidates for federal office in primary and general elections would be required to open accounts at the Bank. On receiving a campaign contribution, whether in the form of cash or a loan, the candidate without exception would have to deposit these receipts in his account at the Bank. There, a record of the contribution perforce would be made immediately, and it would be maintained thereafter for public scrutiny. This record would disclose the source of each contribution. In addition, the financial value of commercial services rendered to the candidate would have to be reported by him as contributions.

Moreover, it would be illegal to spend any campaign funds except by check drawn on these accounts. The Bank would be formally notified as to who is authorized to draw and sign these checks—the candidate and/or his agents. (There is a similar provision for checks and checking accounts in Section 311 of S. 372, a bill which, in lieu of a single Bank, authorizes a national network of campaign depositories, utilizing existing commercial banks).

Campaign expenditures too, then, perforce would become a matter of record, these transactions being reported as they occur. Armed with this information, the voters wouldn't have to wait until the election was over to learn where the candidate got his money and how he spent it. Under this system, it would be against the law for anyone running for federal office, or for his agents, to receive or spend any campaign contributions without having the exchange of money *recorded and cleared through the Bank.* (A separate provision is made in H.R. 10218, as a practical matter, for petty cash transactions).

In addition, organizations and groups supporting a candidate, or a group or slate of candidates, would have to open accounts of their own at the Bank, subject to the same rules and obligations that would be imposed on the candidates themselves. How these groups apportion their funds among the candidates, then, also would become a matter of public record. Such organizations would include, but would not be limited to, units and appendages of the national political parties and special-interest groups such as the AFL–CIO or the American Medical Association. They would be required to establish accounts at the Bank for that

portion of their budgets that they earmark for electioneering purposes. Through checks drawn on the Bank, it would be revealed to the public that these groups had directed the Bank, say, to pay out "x" amount to, or on behalf of, Candidate A, and "y" amount to, or on behalf of, Candidate B.

The Bank would have no authority to interfere in campaigns by vetoing contributions or expenditures. It would impose no ceilings on giving, receiving or spending—except that H.R. 10218 retains the limitations on broadcast expenditures and certain other restrictions that are part of the Federal Election Campaign Act of 1971 (Public Law 92–225). In my opinion, a persuasive case against general limitations on contributions and expenditures was made by witnesses appearing earlier this year in the Senate hearings. I myself believe that general limitations are not desirable. In most races they give an edge to the incumbent. However, should we decide later that limitations are in fact practical, and in the public interest, we would be armed through data developed by the Bank with the facts we must have if we are to establish ceilings at levels that are realistic. Right now, the public doesn't know how much a campaign costs—how much money is routed underground, sometimes surfacing, sometimes not. The Bank would bring this all out into the open. It would trace the flow for us. Similarly, although I am not myself an advocate of public financing of political campaigns, we ought to establish an agency like the Bank before we ever embark on such a program as a matter of public policy. For the Bank could give us a true accounting of the ratio of public funds to private funds in the candidate's campaign coffers, enabling us to see exactly how far we would like to go with public financing. If we were to adopt such a program, the public funds would be paid into the candidate's account at the Bank in the same way that private funds are received.

As I have indicated, Mr. Chairman, the Bank would maintain a record not only of contributions and expenditures, but also of debts incurred by the candidate or an electioneering organization. Both the amount and nature of the debts would be of interest. H.R. 10218 requires "continuous reporting of such debts after the election at such intervals as the (Bank) may require until such debts are repaid or otherwise extinguished, together with a statement as to the consideration for which any such debt is extingushed or a statement as to the circumstances and conditions under which any such debt is canceled." Obviously, the Bank itself would not be liable for any debts. If the candidate's checking account becomes overdrawn, he would be responsible for it in the same way, and under the same laws, as patrons of commercial banks are held liable.

B. Affirmative Action by the Bank

At this point, Mr. Chairman, I would like to call attention to a key provision of H.R. 10218 which, to my knowledge, does not occur in any of the proposals that Congress is considering. I refer to a section of my bill to assure that the disclosures of the Bank are meaningful and comprehensible to the public. This is a matter of over-riding importance because anyone who is familiar with operations under the 1971 campaign reform legislation knows that, in many respects, it is a sham in terms of providing the public with relevant information, in digestible form. Tons of paper are filed with the Clerk of House, the Secretary of the Senate and the Comptroller General (the latter with respect to the Presidential races). No effort is made by these officials—in fact, the law does not require them to make any effort—to cull from these forms facts that the public probably ought to know. No reports are routinely made to the public that relate one fact to another. The result is that, despite the voluminous disclosures mandated by the law, the public is no better informed than it used to be under the old Corrupt Practices Act.

The remedy is clear, Mr. Chairman. In relieving the aforementioned officials of the responsibility for receiving and disseminating this information, H.R. 10218 reassigns the duty, of course, to the Bank. But the bill carries this still one step further—an important step. It imposes on the Bank itself the affirmative obligation "to gather, analyze, and disseminate to the public at reasonable intervals" data determined by the Bank to be significant. Such information would include reports on "the uses of (campaign) contributions and the purposes of (campaign) expenditures." In other words, the Bank would violate its mandate if it were to merely dump into the public's lap several carloads of raw statistics and puzzling lists of names. Detailed information would continue to be available. But, in addition, the data would be summarized and correlated and then imparted to the public in an understandable format—for example, in the form of a press release or a concise fact sheet. The Bank would take the initiative in releasing this information.

Why is this so important? Because, Mr. Chairman, if we are to have public disclosure, then the voters ought to be given the facts in a form enabling them to make intelligent and timely use of the data. How is the public served if it is told only that Mr. "A" contributed to a candidate's campaign, without also being apprised of who Mr. "A" is, or of the additional facts that the candidates, besides receiving the contribution from Mr. "A", was also the recipient of a contribution from Mrs. "B," whose husband is a business associate of "A," and from Mr. "C" and Mr. "D," who are identified with the same industry?

At present, the only time a voter is made aware of such facts is when an enterprising newspaperman with lots of time on his hands, and much acuity and an abundance of patience, discovers these facts for the voter by closely perusing available data. But the truth is that most newspapermen are not so endowed, or so motivated. And, besides, most of the newspapers in the nation do not have Washington correspondents. Consequently, information that the voters really ought to have, and which actually is available to them, goes unreported. The disclosure statements in the offices of the Clerk, the Secretary and the Comptroller General merely gather dust, costing the taxpayers money for storage.

H.R. 10218 says that anyone who violates its provisions would be fined not more than $5,000 or imprisoned not more than five years, or both—penalties drawn from the 1971 law. The bill, if approved by the Congress and signed by the President, would become effective for the Presidential race in 1976. Obviously, it is too late to implement such a plan in time for next year's Congressional primaries and elections. With experience gained from concentrating their efforts on the 1976 Presidential contest, the Bank officials then would be equipped to deal with the multitudinous House and Senate races. Therefore, H.R. 10218 proposes that campaigns for Congress not be covered until the 1978 elections.

THE BOARD OF ELECTIONS AND ETHICS

A. Structure of the Board

Mr. Chairman, I said at the beginning of this presentation that I regard the enforcement machinery which H.R. 10218 seeks to establish as the most important feature of the bill. Obviously, a law that is not enforced—that really is unlikely to be enforced because it is out of touch with political reality—is worthless, perhaps worse than having no law at all. This was the case with the Corrupt Practices Act of the 1920's, and I'm afraid it's true, as well, of the 1971 law which replaced it. The fact is that too much attention is being given right now to what I consider secondary issues—such as slapping a limit on contributions and having the campaigns financed in part out of the U.S. Treasury. It seems to me that, if a case can be made for these additional reforms, including those proposed in H.R. 10218, then we would have all the more reason to want to assure strict enforcement. But, if Congress fails to be persuaded of the need for any of these changes, we ought still to give consideration to amending the existing statute in such a way as to enhance the prospect that politicians will at least comply with the laws we already have, whatever they provide.

The problem, then, that confronts us immediately as we examine the proposition for a Bank is: Who will be in charge of it? I am assuming, of course, that we no longer want a system under which the politicians police themselves—with Members of the House and Senate "bowing" to their own employees, and with the President calling the shots for himself and others by having his own Attorney General sit in judgment on him.

Traditionally, when Congress wants to take politics out of an issue, it resorts to the device of setting up a so-called independent, bipartisan, nonpolitical board or commission. As a matter of fact, this has been proposed in the area of campaign finance reform, and the Senate bought the idea when it approved S. 372. But the trouble with these new governmental entities is that they quickly become non-entities so far as the public is concerned; they fade into the bureaucratic jungle, settling into a status of obscurity on a level with that of dozens of other boards and commissions. These agencies have low visibility to begin with, as their members usually are appointees who lack name recognition and a popular base in the electorate. Since the public doesn't know these people, it has no particular reason to have confidence in them. In time, as has been shown in instance after instance, these so-called independent agencies tend to forget the public interest, anyway, and to begin perceiving their true role as one of servicing the groups they are supposed to be regulating. When this happens, the voters don't know where to turn. If they blame the President or their Senator or Congress-

man, they are reminded by these officials that responsibility had been vested in a presumably impartial panel that now is beyond their reach. So it is said.

Mr. Chairman, I appear to be posing a dilemma here. If we refuse to let the politicians police themselves and if, in addition, we refuse to entrust this task to the usual nondescript "independent" agency, then to whom do we turn? I submit that the answer lies in a new concept—establishing an agency that combines true independence with visibility and accountability, structuring the agency in a way that ties it in—perceptibly—with the highest level of government. We can accomplish this by putting the Bank under the control of a Board of Elections and Ethics, with the President of the United States serving by statute as Chairman of the Board, and with its four other members, appointed by the President and confirmed by the Senate, holding life tenure, as federal judges do.

H.R. 10218 spells out how the President, or a surrogate designated by him as his alter ego on the Board, would interact with the other Board members, under a system of checks and balances that would keep both in line—yet out front where the people can see them.

I realize, of course, that in this era of Watergate it would seem to be insensitive, and lacking wisdom, to repose such authority in the President—authority not only to apparently be his own policeman, but also to police Members of Congress. As I will show in a few moments, however, his authority really would be limited. But first I would like to cite some reasons for putting the President, nominally, in charge at the Bank.

The main reason for doing this is that it provides a focal point for responsibility and, in doing so, it follows and preserves the lines of authority set forth in the Constitution. The President is, after all, the government's chief enforcement officer and, in normal circumstances, he is expected to provide moral leadership as well. With Watergate behind us, we might hope for a return to this state of affairs. The fact that the Board's actions would be taken in the President's name would preclude diffusion of authority and responsibility, as seen from the vantage point of the voters, and it would provide them with a proper—and effective—point of reference. Also, the President's seat at the helm of the Board would give this agency prestige and clout, keeping it in the public eye.

Besides having the President himself as chairman, the Board would be distinguishable from other so-called independent agencies in that its four regular members would serve for life, subject to removal only by impeachment. Lifetime tenure would assure true independence for the Board members (who would be inherited, as it were, by any new President on his inaugural). There would be no reason for them to feel inhibited about prodding the President and seeing to it that he does his job. They would not be as vulnerable as members of other governmental boards, who are appointed to fixed terms and who could be confronted with the need to make particularly sensitive decision on the brink of the expiration of their terms. In such cases the member sometimes votes, or is suspected of voting, in a way to best assure his reappointment by the President. Having no concern about who is elected President, or who is elected or re-elected to Congress, since the Board members' jobs would not depend on such decisions by the electorate, the Board would have maximum and assured freedom from outside influence.

H.R. 10218 would further enhance the actual power of the Board vis-a-vis the largely nominal authority of the President. The bill says that no more than two of the appointed members may belong to the same political party. There is a further requirement that at least four members constitute a quorum. This would prevent what might at some time be a faction of the Board, acting with or without Presidenial leadership, from making important decisions at a rump session. Moreover, the bill asserts that the President may vote as a member of the Board only under two sets of circumstances—first, to join in a unanimous decision of the Board or, second, to break a tie. Should it ever become necessary for the President to cast a tie-breaking vote, a great deal of public attention would be focused on him and he would have to answer for his action. But in most cases, as is evident, the President would have little actual control because he would not be participating in Board actions as a voting member, even though the Board would have the advantage of functioning in his name. It is at this level where we should want the Board to operate, because nothing is so vital to the functioning our democracy than assuring the integrity of its electoral processes.

B. Operations of the Board

H.R. 10218 confers extraordinary powers on the Board, as does S. 372 on the independent agency which that particular bill would establish. The Board would

have authority to issue subpoenas, conduct hearings, seek injunctions in civil proceedings and to go to the grand jury and then to court to prosecute its own cases in criminal proceedings. In other words, the Board would operate independently of the President's Justice Department. As you know, Mr. Chairman, there is precedent for this. In 1971 we vested similar powers in the Equal Employment Opportunities Commission, albeit for different reasons. As our colleagues in the Senate have discerned, no board set up to police the President and Members of Congress could have true independence, or be effective, unless it were able not only to investigate complaints, and to launch investigations on its own initiative, but also to follow through without depending on the usual enforcement agencies of government which might be under the influence of someone about to be prosecuted. To this end, the Board would of course have its own staff, headed by an executive director and general counsel, appointed by and serving at the pleasure of the Board, plus a cadre of professional civil servants.

I would like to call attention, Mr. Chairman, to one additional power that the Board would have under H.R. 10218—a grant of authority that, so far as I am concerned, would give it one of its key weapons. The bill mandates the Board "to engage in random sampling of election campaigns conducted by all candidates for particular Federal offices in order to insure compliance with Federal laws in such campaigns, and to disseminate information to the public, before the elections to which such campaigns relate, regarding results of such sampling."

What this means, Mr. Chairman, is that the Board would not sit in Washington waiting for tips or complaints. Instead, it would send investigators into the field. The potency of this weapon is assured by the phrase "random sampling of election campaigns." In other words, the Board, would act unpredictably in its monitoring operations, its investigators showing up, unexpectedly, in one or two states around the country to look into races for the Senate, in a few Congressional districts to examine campaigns for the House of Representatives and in certain cities or counties and states to audit the Presidential contest in those areas. The fact that it would not be known in advance where the investigators might appear would create a powerful incentive for candidates and campaign committees everywhere to comply with the law.

The risk of adverse publicity in the midst of a campaign—of criticism from impartial, wholly independent governmental investigators—would be too great for most candidates to choose to ignore. Moreover, this system of operation—in essence, what the Internal Revenue Service does when it spot-checks income tax returns—would solve the overwhelming logistical problems that the Bank and the Board would have if it were to attempt to do the impossible—that is, to monitor every single race for the House and Senate, and the Presidential race in every geographical jurisdiction in the country. The random sampling tactic would of course supplement, and in no way diminish, the ordinary disclosure operations of the Bank and Board, in which data would be supplied to the public on the flow of campaign funds in every election contest.

H.R. 10218 also provides that, in any area randomly selected by the Board for a field investigation, Bank officials must audit the races of all the candidates in that particular contest. This would protect the Board from accusations of prejudice—charges that it had monitored, say, the Republican candidate while neglecting to investigate the operations of his Democratic rival.

OTHER DUTIES OF THE BOARD

In addition to its authority with respect to federal elections, the Board would have other responsibilities, as provided by H.R. 10218. One such area of concern would be conflicts of interest. For all we know, as I pointed out earlier, Mr. Chairman, the next major scandal in government—as have some earlier ones—might revolve around a conflict-of-interest situation, rather than election campaign financing. Therefore, the time to do something preemptive is now.

All of us know about the confusion and varying standards in this area. Sanford Waltzman, my Administrative Assistant, summed it up admirably in a book he wrote in 1971 entitled "Conflicts of Interest: Politics and the Money Game," a volume from which many of the concepts in H.R. 10218 are drawn. Mr. Watzman wrote:

> In the judiciary, conflict-of-interest rules are promulgated by a Judicial conference with dubious enforcement powers; some judges of the lower courts reject its authority, and the Conference itself acknowledges it has no jurisdiction over the nine Justices of the Supreme Court. In Congress,

there is one code for the Senate and another for the House, each relying heavily on the "honor" system for enforcement. In the Executive Branch, the situation hasn't changed much since the New York Bar Association reviewed in 1960. Its report concluded: "Regardless of the administration in office, the Presidency has not provided central leadership for the executive branch as a whole . . . Administration of conflict-of-interest restraints can be observed only on a fragmented basis—department by department, agency by agency."

In fairness to public officials in all three branches, Mr. Chairman, isn't there a single, clear standard that we can adopt to identify conflicts of interest when they occur, and to enact a law that will prevent them from occuring? Several solutions have been suggested, but each has failings as well. Some of these are disclosure, divestiture, trusteeship, abstention from participation in certain government action when one's financial interest might appear to be at stake, and so forth. I propose in H.R. 10218, Mr. Chairman, to have the Board study this problem and then recommend to Congress appropriate legislation that would establish a uniform government-wide test of what constitutes an illegal conflict of interest, and a single set of rules for preventing and erasing such conflicts in all three branches.

The Board would also make a study of how it might "monitor and review fund-raising and other financial activities of persons holding public office." If legislation resulted from such a study, it would put the Bank in business between elections, as well as during elections. It is no secret, Mr. Chairman, that the ordinary expenses of holding public office—I am thinking of Congress particularly—are not adequately covered by existing governmental expense allowances. For example, many of us find it necessary to make many more trips home per year than the government reimburses us for. To this end, some Members maintain a special fund. I happen to think that the public ought to know where the money for these funds comes from, and how it is spent—since we are speaking here, after all, about what might properly be seen as official activities of the Congressman. Perhaps such a study would pave the way for our adopting more realistic expense allowances for ourselves and other governmental officials; perhaps it would result in legislation calling merely for a public accounting of such funds.

The Board would also be that agency of the government that would, as H.R. 10218 provides, function in a general advisory capacity for officials in all three branches of the government with respect to ethical problems of whatever kind.

And it would also make a study of "the establishment and maintenance of uniform accounting systems with respect to contributions and expenditures on behalf of candidates for Federal office and political committees, with a view toward insuring an effective monitoring of such contributions and expenditures."

This is a broad and ambitious proposal, Mr. Chairman. I hope it is a practical and desirable one, and I would welcome any questions you might have, now or at any subsequent time.

Mr. STANTON. The Bank would be an agency of the Government. It would be the sole and exclusive depository of all funds of candidates for the Presidency, Vice Presidency, the House of Representatives and the Senate. Also it would have other specific duties that it would be charged with. All candidates would be required to open up accounts at the bank and, upon receiving a campaign contribution, whether in the form of cash or a loan, the contributions would be recorded through the bank, just as transactions are recorded in your own account at your own local bank.

There would be a record of the contribution and it would be made immediately and would be maintained thereafter for public scrutiny. This record would disclose the source of all contributions. It would also disclose the financial value of commercial services rendered to the candidate, which have to be reported as contributions under the bill.

It would also make it illegal for anyone to make contributions outside of the bank mechanism. Candidates would have to give authorization to the bank as to who can sign checks on behalf of the candidates.

You must put through the bank all cash contributions, loans, and reports of financial services rendered.

All expenditures paid out of the candidate's account would be by checks drawn on the account at the bank, so if one were to be paying his campaign debts, he would have to pay them through the account at the bank.

The bank would maintain a record showing how the debts were extinguished, the consideration for it, and whether there were any debts still outstanding. There would be no ceiling or contributions on the expenditures or the amount given in the campaign. I think that we realize, as people in political life, that financial limits in a campaign are extremely unrealistic for enforcement purposes.

Better than limitation is exposure, which the bank would give you. I think it is important to point out that voters can make a judgment. If $400,000 is given by ITT to a Presidential candidate, or $200,000 is given by an individual to a Presidential candidate, disclosure of that fact before the election can have more weight and effect than any limitation that we could impose in a legislative act.

One of the primary factors is that the bank would have affirmative duties. This would involve taking all of the paperwork we now have under the 1971 act and making it meaningful and condensing it down into a digestible form so that it reaches the public before the election, relating what has been done, who has made contributions, and the relationship between the candidate and the people who have made the contribution. It has been a practice in the past to show a contribution from J. Stanton, who might give his address as 1500 Investment Plaza, which happens to be my law office in Cleveland, Ohio. There might be another contribution from James V. Stanton, 10041 Carmelita Drive, Potomac, Md., which is my home address. These different types of addresses and contributions have to be brought together and disseminated to the public if the voters are to make a judgment, because I think the important fact is that the public wants to know who is contributing to whose campaign and why.

This bill assigns disclosure duties to the bank, and carries this one step further.

It imposes upon the bank an obligation to gather, analyze, and disseminate information to the public not just after election, but at reasonable intervals during the course of the campaign. Hopefully, this would be an important fact in the voter making a judgment as to the candidacy of an individual.

I think in terms of the Board itself, it is important not to have a Board that is just another Federal agency which gets lost in the bureaucratic shuffle. For that purpose, we put the President on the Board with four citizens, hopefully distinguished Americans, who would serve for life. The reason for that is they would serve unfettered and without obligation.

The Chairman of the Board, the President, would have duties that don't call for any affirmative action on his part unless the Board becomes deadlocked.

I think, if Congress wants to take the step of taking the problems of campaign financing out of the framework that we have today, then we have to deal through an independent agency.

I do not believe that we have effectively governed ourselves; I do not believe that the executive branch can govern us; and I believe that

the Board, as structured in the bill, would establish a policing operation in which the public could have confidence.

I think that is what all of us are seeking.

I think it is important to understand that the operation of this Board would be like a national board of elections; that it would have subpena power, that it could conduct hearings, that it could prosecute its own cases in court, and that it could conduct field investigations through a random sampling technique.

I think it is important that there be accountability in the elective process.

To date, the only accountability that we have really had has been through the newspapers, and it has been inadequate and spotty at best. Most districts in the United States don't have newspaper correspondents in Washington, and they don't get a clear and precise picture of the Senate and House Members with respect to the particular contributions they receive, and the people that support the incumbents.

I think it is clearly important that the Board have these functions. This would be no different from functions we have already given to other governmental boards in the past.

I would like to point out that we seek here in 1973 to put together a bill that means something in terms of campaign reform. The 1971 act did not achieve any real, meaningful reform. It achieved putting a lot of people under the gun.

I think that our bill, which we offer here today, is a realistic bill. I do not believe you will get a realistic bill if you try and put an arbitrary limit of dollars upon campaigns because I think certain people will find subterranean ways of financing elections, as they have in the past.

I would hope that this bill, as outlined to you this morning, would receive your consideration, and while we take pride of authorship, we would also hope that if you do not accept all the provisions of the bill, that you might consider any of the provisions that might strengthen campaign reform.

Thank you, Mr. Chairman.

Mr. DENT. Thank you very kindly, Jim.

At this time, the chairman of the full committee has to leave for another appointment. Mr. Hays, do you have any questions or remarks?

Mr. HAYS. Yes. Thank you, Mr. Chairman.

Mr. Stanton, I am glad you came before the committee. I think you have thrown out some ideas that certainly are new. I know you have had a long career of public service in Ohio and that you are knowledgeable in the political arena.

I also know your administrative assistant's experience in this field, but I can't help but wonder if you or he or whoever wrote this first position on this Board, really worked through the implications of it.

Suppose this had been a law 2 years ago. You would have had the President. You would probably have had Mr. Haldeman and maybe Mr. Ehrlichman and John Connally, who was then a Democrat, and Mills Godwin, who was then a Democrat. That is the possible Board you would have had. Now, would you have trusted any of those?

Mr. STANTON. Well, Mr. Chairman, I would point out to you we provide in the bill that the four members of the Board have to be approved by the Senate.

Mr. HAYS. Yes, but, Mr. Stanton, you and I like political arguments and you and I know this is on a friendly basis, but if you can think back and clear out of your mind all that has transpired in the last 2 years, those four men probably would have been confirmed by the Senate at that time, or some four like them. Maybe not Haldeman and Ehrlichman, maybe just one of the two.

Mr. STANTON. Mr. Chairman, I would have to operate from the premise that any law can be subverted. We know in the course of our history that laws have been subverted by many people.

I operate from the premise that public officials are going to act in the interests of the public. I offer this bill in that light. I am not naive, but at the same time I have to put my confidence somewhere and I really believe that by limiting the function of the President vis-a-vis the Board, we also get the advantage of his presence on the Board.

I also believe that the Senate, in the aftermath of Watergate would want that Board to be composed of people of unquestionable character and integrity, to the point that it wouldn't smack of political partisanship.

Mr. HAYS. I am sure that your motives are good, but I happen to try to think of all the potential contingencies when we write something in the law.

Take the four members of the Supreme Court Mr. Nixon has appointed. The Senate confirmed them, and I am not criticizing the Senate; I probably would have voted to confirm those particular four myself. But they have formed a bloc. I believe it was Time or Newsweek had a profile on all of them this week and they vote as a bloc 75 percent of the time and they reflect the thinking of the man who appointed them pretty much.

That is something built into the system.

Don't you think it would be better if you are going to have a board to have one the President did not appoint totally? I mean have a couple of them appointed by the President of the Senate, the President pro tem, one of each political party and a couple appointed perhaps by the Speaker and perhaps a couple by the President, so that no man has a chance to put people of a total philosophy exactly like his own on this very important board.

Mr. STANTON. I would think that could be considered and obviously that is a different approach; one that is obviously acceptable. I would point out that the Senate had the wisdom to reject Haynsworth and Carswell and from that standpoint showed good judgment in my viewpoint.

I also believe that the history of the Supreme Court is such that justices appointed by Presidents sometimes reflect the viewpoint and philosophy of Presidents themselves and the four gentlemen who were appointed, while they are not of my particular philosophy or belief, are men of unquestionable integrity and character and to the extent that they may vote in a pattern, I think their individual judgments reflect the philosophy that Mr. Nixon has had all his life.

Mr. HAYS. I think that is true and I think we could go further if we wanted to get into a philosophical debate about the Court, which I

don't think we do; that they don't always follow the philosophy of the man who appoints them. Take for example "Whizzer" White, who voted with the Republicans 95 percent of the time. Yet he was appointed by probably one of the most liberal Presidents we ever had.

It doesn't always follow but in a thing of this kind it seems to me if you had a Board totally appointed by the President before Watergate, who was running this thing, you never would have had Watergate exposed; they would have swept it under the rug. That is what bothers me.

Mr. STANTON. That could well be, but we are dealing with the time after Watergate.

Mr. HAYS. I understand that, but I don't want to vote for anything that is going to permit one man to have total control of the Board. That is the thing that bothers me.

Mr. STANTON. Mr. Chairman, I don't underestimate the task of this subcommittee. It has a real tough task. It is a real job to put together all the divergent opinions on how campaign reform should be enacted and it is no easy task.

I believe that you have a major problem on your hands and the House is depending largely on this subcommittee to handle it.

Mr. HAYS. Thank you.

Thank you, Mr. Chairman.

Mr. DENT. Thank you, Chairman Hays.

Mr. Frenzel.

Mr. FRENZEL. Mr. Stanton, thank you for contributing some new thoughts to our discussions here. I think there are some interesting concepts in your bill.

Like our chairman, I would perhaps like a little different alinement of members of a board, whatever kind of board it is. But I think you have given us a good start and some good ideas.

I notice on page 152 you explain the lack of spending limitations in the bill with the statement, "I, myself, believe general limitations are not desirable in most races and they give an edge to the incumbent."

That was your sole thinking for not laying on the limitations in this bill?

Mr. STANTON. No, I think it is enforcement of limitations that bothers me more than anything else. It has been my experience in public life that I have watched candidates who get labor contributions and contributions, for example, through ad agencies, and they are not disclosed contributions. They are indirect contributions. I have watched it so much that I am sort of cynical about effective limitations, financially, upon campaigns.

Mr. FRENZEL. I thank you. I think that is kind of an interesting statement. We don't get a lot like that up here and I thank you for it.

I also notice on page 154 you indicated that you believe it is too late now to pass a bill which will be effective in next year's congressional elections.

My hope has been that we would have a bill that would be effective. I wonder if you could tell me on what you base that statement. Do you really believe we can't get a bill out?

Mr. STANTON. I think you can get a bill out, but I don't think you could get this bill out with concepts that are new to be effective for next year. That is why I tried to emphasize that it was this bill and not any particular campaign bill.

I think if you are just going to make amendments to the present bill, you could make that effective, but this bill involves setting up a whole new enforcement process. You would really have to gear up for the Presidential campaign of 1976 and follow then with the congressional campaign after you had had the experience.

Mr. FRENZEL. I see that. On the other hand, it is not much different from the three supervisory agencies that are operating now. Say they would be amalgamated and given some new powers. The concept isn't all that radical.

Mr. STANTON. The Board would have depository power; it would have enforcement powers; it would have have subpoena powers. All of these are new powers conferred on it by my bill. The Board would have to adjust to them. It would take a little time, frankly. I wouldn't want to rush into it, like the 1971 bill which I think was rushed into.

Mr. FRENZEL. Thank you. I notice you don't dictate the style of reports or the nature of them; you leave that to the Board.

Mr. STANTON. That is correct.

Mr. FRENZEL. Presumably you would make sweeping changes in the reports that are required now?

Mr. STANTON. Obviously, because we give the Board the power to digest, analyze and report out the reports or statements given to it.

Mr. FRENZEL. Right now candidates file with the Clerk and with the Secretary of State in their home State. The newspapers apparently have this material available to them, if not in Washington, at least in the State capitals.

The situations with which I am familiar usually result in the press reporting all the contributions over $500 or $1,000, and reporting all the candidates in the area at the same time, and the public kind of yawns.

What would your Board do that would be better than what is being done now?

Mr. STANTON. I think that is a good point. I think what the Board would do, for example, it would show the relationship of contributions, for example. If you and I and Chairman Dent were partners in a law firm and each of us had contributed $1,500, then it would show not only that each of us contributed $1,500 to "A's" campaign, but we were partners in a law firm. Or, if there were 15 of us, executives of a corporation who contributed $1,500 each, it would also reflect that fact which currently the law does not do, and newspapers——

Mr. FRENZEL. Some do.

Mr. STANTON. Very few do.

Mr. FRENZEL. Opposing candidates do.

Mr. STANTON. Very few opposing candidates have the sophistication that you have when you are down in Washington for a couple of years and you have seen the processing and you know how the House of Representatives operates. Very few people have that insight.

What we all ought to do is, we ought to make it even for everybody. We ought to give everybody an opportunity to get a clear view of who supports candidate "A."

Mr. FRENZEL. I wish I had your optimism about the ability of the press to report and the public to be enthused over this information. However, I think you have given us some good ideas and I greatly appreciate the testimony in the bill.

Mr. STANTON. Thank you.

Mr. FRENZEL. Thank you, Mr. Chairman.

Mr. MATHIS. Mr. Jones?

Mr. JONES. Thank you, Mr. Chairman.

I want to thank our good friend, Jim Stanton, for bringing new concepts and ideas before the subcommittee this morning. I think whatever I would say would reflect comments made by Mr. Hays of Ohio and Mr. Frenzel.

Jim, I think you did a real good job and have given us some good, new ideas.

That is all, Mr. Chairman.

Mr. MATHIS. Mr. Mollohan?

Mr. MOLLOHAN. The thing that concerns me here is we seem to be attempting to legislate in such a fashion as anticipating no violation of any law we have passed currently.

Why do we have any reason to believe here that these sections placed in here and these ideas you have come up with will be complied with in the fuller sense of the word any more than those we passed and that were a part of the campaign reform bill of 2 years ago?

Of course, right in the face of that, immediately, the first thing that starts to develop are ways and means to evade the law. You will remember the $200,000 Vesco contribution. They said they didn't report it because it had been "substantially received" I believe was the language, prior to April 7, which was the effective date of the 1971 reporting law.

Why do we believe here if you appoint the President as the real custodian of this law, that it will be more fully complied with than the law of 2 years ago? Actually there wasn't anything necessarily wrong with the law before except nobody complied with it.

Mr. STANTON. Let me say this: I think if the Board is truly an independent Board, which I would hope it would be, the four members who serve on that Board with the President would have enforcement powers under the bill that would cause an investigation into things such as the Vesco contribution or the ITT contribution. They would take affirmative action to stop what occurred there. We have Pat Jennings, the Clerk of the House, investigating us. Pat is a fine clerk and he is a very decent guy and everything else, but it is unrealistic to think that he is going to really investigate the House of Representatives in terms of campaign reporting.

Mr. MOLLOHAN. This violation procedure, if it were carried on, what we are talking about here, last year it was done by the people who were truly in charge of the reelection campaign of the President and here we have that person, the President, wanting to be the man who really controls the operations of this law.

Mr. STANTON. If the Senate were to perform its duties in examination of the four individuals who would run the Board, setting up the policy, then these individuals likely would have the character to appoint people on an investigative staff that would uncover such acts as the Attorney General was involved in.

You know you are always going to have a situation where somebody in the Government might try to violate the law, or might think he is above the law.

Mr. MOLLOHAN. Is there not some other group you can visualize being more in the position of neutrality and who would maybe be more

objective in analyzing the various expenditures and programs and solicitation programs of any committee, any political committee? Such as the GAO?

Mr. STANTON. I have no quarrel with the appointment of GAO as an independent agency. What we were really trying to do was to highlight the visibility of the Board. You know, the person who runs GAO is not a really visible public official. It is questionable whether the public would really have any great confidence in his activities, his actions.

When you go to the American people they don't know who the GAO is and the reason for trying to build up the Board with the President as a sort of honorary chairman of it, in having four distinguished Americans on it, is so that the public would have confidence in that Board.

Mr. MOLLOHAN. Well, Congressman, what do you think would be the reaction today if we would pass this legislation, this bill, just as you have it here, H.R. 10218, and turn over to the President of the United States the responsibility for being a member and ex officio chairman of this custodial committee and the authority to appoint the other four members? And we do it here in the face of the fact that we have a President of the United States today who just a few months ago enjoyed a poll rating of 68 percent and is now down to 31 or 32 and in the face of this and what has happened in the last 2 years, we give to him sole authority for the policing and control of this important piece of legislation. What do you think the national response would be to that?

Mr. STANTON. I think that first of all the provisions of this title shall apply for the election to the Offices of President and Vice President held after the close of December 31, 1975.

Mr. MOLLOHAN. You want to remember we are doing this in the face of a situation today that would suggest that, if we want to instill credibility—and I think this is the objective of every one of us, to restore, if that is the right word, and instill, if that is the right word, credibility in the Government and confidence and faith of our people in the Government.

Mr. STANTON. It would be the next President who would——

Mr. MOLLOHAN. I know that, but we are talking about the President of the United States, whether his name is Nixon, Jones, or Smith.

Mr. STANTON. I think we should take these steps to rehabilitate the President, along with other public officials, by reposing confidence in him.

I can't say that the Congress of the United States is going to continue not to give duties and obligations to the President. We do it every day legislatively. We repose confidence in him.

Mr. MOLLOHAN. I think this is true, but this is a very sensitive area, as I know you are very, very aware of. At the moment I can see no more foolhardy act of ourselves than to, at this point in time, and in this environment, to pass this legislation and give to the President of the United States the authority to create the commission, appoint the commission and serve as ex officio member of it.

Mr. STANTON. Well, he appoints it with the consent of the Senate.

Mr. MOLLOHAN. I realize that, but you know it is in relatively few circumstances and situations that the Senate fails to approve the ap-

pointee of the President. It has to be something highly significant which makes the appointment undesirable before that appointee is turned down.

Mr. STANTON. We can discuss it back and forth as to the form but——

Mr. MOLLOHAN. Thank you very much, Mr. Chairman.

Mr. DENT. Mr. Mathis?

Mr. MATHIS. First of all, let me commend you for very fine testimony.

If I recall correctly, you said the 1971 act put a lot of people under the gun in your oral testimony before the committee. In what way did the 1971 act put a lot of people under the gun?

Mr. STANTON. There was an attempt by many people in the administration to get campaign contributions prior to the date that the law would go into effect. That date was related rather closely to the date—within a period of months—that the legislative act was passed. I think that created an incentive for them to try and skirt the law. I think that had a very damaging effect. The list of major contributors of $100,000 or more, prior to April 7, was a rather large and long list and involved millions of dollars of contributions, for which much illegal—many illegal acts were performed.

For example, in order to get that much cash, corporation executives went out and took money out of the corporate till in a number of instances that have been cited in the newspapers.

Mr. MATHIS. If your legislation had been passed by the House at the same time the 1971 act was passed, would it not also have put a lot of people under the gun?

Mr. STANTON. That is the reason I asked that this bill, if it were adopted in the form that it is, not take effect until the 1976 election, because it would give time to gear up under the act in order to implement the provisions of it, so that people could adjust to it and so that the enforcement machinery could be set up and organized.

Mr. MATHIS. You don't envision then that a lot of people are still under the gun as a result of the 1971 act? It was a one-time, one-shot statement that you had reference to?

Mr. STANTON. Yes; that was a one-time, one-shot statement. I think in the next campaign you will find a lot of people extremely reluctant to give you anything because so many contributors have been burned.

Mr. MATHIS. Under the provisions of your bill, don't you think those same people would also be reluctant to make contributions knowing that the Board had the authority to gather, analyze and disseminate?

Mr. STANTON. I think it might be healthy. One of the goals of this bill, frankly, one of the goals is to try and limit the amount of contributions. If a person knows he is going to be held publicly accountable and his name will be on a list and he has to do it out in the open, he might be reluctant to give you $10,000 or $5,000 or $2,000. He might only give you $100.

I think the whole amount of campaign money would be brought down so that we wouldn't be talking about $60 million for a Presidential campaign. Or if somebody tries to seek office in my home State of Ohio, or in the chairman's home State of Pennsylvania, he has to spend a million for the U.S. Senate.

Mr. DENT. How much?

Mr. STANTON. A million dollars.

Mr. DENT. It won't get you out of three counties.

Mr. STANTON. The point is, we have got to bring the amount of money flowing into these campaigns to a realistic figure. I don't think limitations work but I think exposure of contributors and dealing out in the open does work. I think that is a helpful, healthy sign.

Mr. MATHIS. Why do you say that you think limitations do not work?

Mr. STANTON. I think you develop a limitation of dollars to a campaign, then people try to find a way through services or other areas in which to contribute.

I think, frankly, it is unrealistic.

I have dealt in campaigns for a long time and I think it is more realistic to make people contribute out in the open.

We have a law in Ohio, for example, that if you fail to file your statement of expenditures, you are barred from the ballot for 5 years. It is a very tough law, and the fact of the matter is, a former member of this body has been barred from the ballot in Ohio for 5 years because he failed to file.

I think that the enforcement provisions have got to be tough but I think that a limitation on contributions is unrealistic.

Mr. MATHIS. Do you think that Ohio law that bars the name of the candidate from a ballot is effective and would you support that kind of law for Federal elections?

Mr. STANTON. Yes, I would, but I am realistic enough to know that it would have very little chance. At least I think it would have very little chance.

I think that failure to file expense accounts and statements in this area ought to encounter tough sanctions and I think failure to report campaign contributions ought to be governed by very tough sanctions.

Mr. MATHIS. Do you deal in your bill—and I apologize for not having read it previous to this meeting, but do you deal in your bill with the question of the frank and mailing activities?

Mr. STANTON. No, we don't deal with that particular problem in this bill.

Mr. MATHIS. Do you think that is something that should be addressed prior to the time we report your bill if your bill should be reported?

Mr. STANTON. I would think it might be realistic to have a limitation of 30 days, but I don't think that is a great problem. I have never seen, for example, in the districts surrounding my congressional district, any great abuse of franking privilege, 30 or 60 days before election. I use the franking privilege as a vehicle to inform my people via a newsletter. I do it regularly four times a year on an annual basis and it has very popular reception in my district.

Mr. MATHIS. You would consider it a very valuable political tool as well?

Mr. STANTON. Yes, I would. I think it is one of the great advantages of an incumbent. I often wonder how I got here after I saw all the tools my opponent had.

Mr. DENT. You will find you can get out, too, with all those tools.

Mr. MATHIS. You don't think that the kind of advantage an incumbent might have, such as the frank, should be reported through the Bank?

Mr. STANTON. We make no provision for that. I don't think that is necessary. I think we ought to confine this bill to the campaign financing provisions.

Mr. MATHIS. Thank you very much, Mr. Chairman.

Mr. CLEVELAND. I have no questions but I have a brief comment. I am not sure I approve of this proposal, but I approve of the obvious time and effort that went into this. I notice several months ago you said you were going to go to work on this problem and I was interested when you came out then with this proposal. Whether or not the committee will approve it in whole or in part remains to be seen, but there is unquestionably a great deal of research and work that went into this. I think the gentleman from Ohio deserves commendation for his efforts in this area.

Mr. STANTON. Most of the ideas frankly are those of my administrative assistant, Mr. Watzman, and I am not telling you anything you don't know.

Mr. DICKINSON. You are putting it on the record?

Mr. STANTON. He is author of a book called "Conflict of Interest" and the Bank concept was originally his concept and is a part of that book.

Mr. CLEVELAND. I would like to ask either you or your ammunition handler if you have any comment to make on a proposal that has been made, not too widely, but this would be to have all contributions turned over to the Post Office or some Federal agency and then in return there would be issued scrip and you would have to finance your campaign entirely with scrip and, of course, in the process of turning cash or checks over to the Post Office you have a recording feature.

Are you familiar with that?

Mr. STANTON. I am not familiar with it.

Mr. WATZMAN. I would like to say at the start while I appreciate the credit Congressman Stanton gave me, the bill as it finally came out is dosed up pretty heavily with political realism that wasn't a part of my original proposal. Those portions of the bill are attributable to him.

I have heard of that proposal, Congressman. Congressman Stanton and I discussed this and we think this is a better way of handling it because you are dealing with real money. People are used to dealing with real money and the scrip idea sounds like play money or a "Monopoly" game.

Elections are serious business.

Mr. CLEVELAND. The advantage of scrip is it would be handled through the post offices and you would avoid setting up another Federal agency.

Mr. STANTON. I think when one looks at the fact, you know, that the Defense Department spends $50 million a year just to try to create an image, that whatever we spend in this area is minute in comparison, in terms of the benefits to American society.

Mr. CLEVELAND. Thank you.

Mr. DICKINSON. No questions.

Mr. DENT. I have asked no questions but I would like to thank the gentleman for putting in a great deal of time and effort to try to help resolve a very touchy and critical situation in which we find ourselves.

I am worried and disturbed over a few things, where everyone seems to have a central goal in mind, and that is to get the incumbent. Per-

haps the only way to resolve it would be to make it illegal for anybody to run more than once for Congress.

Mr. CLEVELAND. Lifetime tenure, Mr. Chairman.

Mr. DENT. Run only once. Not only do they not have any confidence in the Congress as such, or the individuals, but they don't have any confidence in the people of the United States.

You know, there is one thing that in the end determines whether a man is in or out of Congress, and that is the people out there voting. If it wasn't for the people voting, you wouldn't have the changes in Congress.

If every Member has the same advantage as an incumbent, why are so many defeated throughout the years, with all of the attributes that the other has—personality and whatever goes into politics?

I am very definitely opposed to the wide-open election moneywise, because that will rule out the greater percentage of the citizens of this country from ever obtaining office. You can't rule out advantages. You can't rule out the advantage of a fellow like Johnny Heinz or a Joe DiMaggio, who was a baseball player. He had built-in appeal that you can't get away from.

Mr. STANTON. You are not suggesting you can take that away?

Mr. DENT. No; you can't take that away, but what you are suggesting is that the things people have gone into politics for in the first place, in the main is because they wanted to participate in the governmental process.

I don't believe the 435 Members of Congress run because they have a chance to run in a campaign and pick up a lot of side money, as it were. I disbelieve that. There are some that do, yes. A lot of them do, yes, but we can't let one incident, bad as it is, distort our thinking in this matter.

The Constitution makes the Congress the sole judge of its membership, and it certainly ought to be the judge of how they got in to be a Member of Congress. Policing the elections. Policing as we have over the years.

If you were chairman of this committee, you would know that over the years, we have contests galore. There has never been any criticism yet that I have ever read of how we settled the contest, because we are realists, as every man must be. Because if we don't allow the little fellow back home to run for office, because we allow the man that has the most money—and that is what it has become; it has become a bidding contest. Anybody in Congress can be defeated if somebody spends enough money.

Mr. STANTON. Mr. Chairman, you wouldn't suggest that we have ever had proper enforcement of the election laws, would you?

Mr. DENT. From the constable up to the Presidency, you have never had it and you never will have it. There is no way that you can do it. Vesco gave $200,000 and it was given in cash and who took it?

Mr. DICKINSON. He missed me.

Mr. DENT. Highly responsible, nonelected people.

How are you going to police the John Mitchells and the Stanses and the rest of them and their counterparts here? You can't police them. All you are doing is policing the Member.

Mr. STANTON. But having an independent agency such as the agency proposed in this bill, which is not accountable to the Attorney General, would be a way to get at the problem.

Mr. DENT. I am going to tell you something about independent agencies. I wish you would take some day and pick up the catalog of the Federal agencies. Then you just strike off every one that you find independent, from their historical performances.

The Federal Reserve bank serves the bankers; it was supposed to serve the people. The Utilities Commission serves the utilities; it was supposed to serve the people.

There is no such thing as an unbiased person anywhere in the world. If he is unbiased, he is at the bottom of his class. I am serious.

Mr. STANTON. We are seeking four individuals to be confirmed by the Senate.

Mr. DENT. You say the Senate confirms. They confirmed Mitchell, didn't they? They confirmed Stans? They confirmed Kleindienst. If they had the chance, they would have confirmed Ehrlichman or anybody else.

You must understand Congress has to be its own police and is condemned for not being its own police. I am not going to be responsible for Vesco or somebody making my campaign.

Mr. STANTON. I am not a defender of the Republican administration.

Mr. DENT. I am. I want them there.

Mr. STANTON. I can think of illegal Democratic administrations in the past.

Mr. DENT. What?

Mr. STANTON. I would suggest to you that there have been some illegal acts performed by Democratic administrations in the past, but they were not subject to the 1971 financing law. What I am indicating to you is we have to deal realistically with the problem.

Mr. DENT. Did you look at the law before the 1971 bill passed?

Mr. STANTON. The most unenforceable law in the world, the Corrupt Practices Act. It never was enforced.

Mr. DENT. But reporting was——

Mr. STANTON. It never was enforced. There wasn't ever a prosecution under it.

Mr. DENT. Jim, it isn't the fault of the law.

Mr. STANTON. Well, that is why you need an independent agency.

Mr. DENT. If you don't trust Congress, I think what you ought to do is get an independent agency to pick 435 persons to represent the people.

Mr. STANTON. No. It isn't a question of trusting Congress.

Mr. DENT. Isn't it?

Mr. STANTON. It is a question of policing action by an independent agency.

Mr. DENT. Oh, we have the police action within our hands, and then we go to the independent agency, the courts of the land. They are supposed to be independent.

Now, there is a real independent agency. Named by the President and the circuit court judges, and confirmed by the Senate.

Mr. STANTON. Somebody has to spread out the information and prosecute the cases, and nobody has done it to date.

Mr. DENT. That doesn't mean—even the act today—very frankly—I have looked at these acts and read them A to Z—there isn't a proposal as good as what we have today. If you enforced the law you have today there would be no problem.

Mr. STANTON. I hope you will read mine thoroughly because I think it is much better.

Mr. DENT. I will read it, don't you worry. I have read it and I will read it again. If I can find something good in it I am going to tell you on the floor.

Mr. MOLLOHAN. Mr. Chairman, may I ask one question?

There are two questions here. One is compliance and the second is enforcement. Your complaint just now about the corrupt practices law is that it was never enforced?

Mr. STANTON. That is correct.

Mr. MOLLOHAN. The problem here is this is a responsibility of those who are charged with giving the authority and responsibility to enforce. They broke down and did not do their job according to what you just said.

The thing that concerns me here is you seem to feel you have a higher level of expectancy of compliance with this law than with the 1971 law. Upon what do you predicate that?

Mr. STANTON. I predicate it on the fact that all the transactions have to be out in the open; that they have to be recorded through the bank, which is not a factor now.

Mr. MOLLOHAN. Before it goes into that bank it has to surface.

Mr. STANTON. That is right.

Mr. MOLLOHAN. A great amount of the money that we did not have before us in this last election—I agree with what you said about both parties, nobody is Simon-pure in this question, but much of the moneys we are talking about are just surfacing now. It was received but never reported under the law.

Now, how can we get this into the bank unless it is acknowledged as having been received, and therefore your bank is not a vehicle for actually helping to prove this law to be completely effective and do the job that we want it to do, until the money goes into the bank.

Mr. STANTON. That is why we make provisions in the bill for random field investigations and sampling of campaigns, hopefully to disclose that type of fact.

You have got to understand that April 6 was the date most of that money was contributed and the law went into effect April 7. They thought they were complying with the law.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. DENT. I just might observe it would be interesting to check with the Chief Clerk of the House as a matter of his performing his duties. I understand that he has already certified 5,000 violations. So evidently the House can police itself through its elected officials and through its House agencies. We can police ourselves, but when it gets into the area of enforcement in the hands of the courts, where I think it belongs, then it is a different problem.

Mr. STANTON. That is why we would provide enforcement provisions under this law within the Board structure itself.

Mr. DENT. I think that is why you are finding a great many men who were in my opinion great public servants of great character—I have never heard any scandal about any I have in mind—yet this year two outstanding Members of the Senate are walking away from the jobs; and they are doing so because they cannot act in the freedom of their own consciences because they always have seated before them

at least one representative of some of the 2,500 oversight committees that have selected themselves to monitor Congress.

Therefore, they cannot act in good conscience.

Mr. STANTON. I am not a fan of John Gardner and I am not asking that he monitor the campaigns. I am asking that this Board monitor the campaign.

Mr. DENT. You know he was named to a Federal office and confirmed by the Senate. I have nothing against John Gardner. I have some admiration for him in some areas. I think he is one of the best money raisers I have ever known. I don't hesitate to say it. I think he has delivered. I think there is where you ought to concentrate if you want exposure—expose those who spend money behind the curtain of nonprofit public service organizations.

Mr. STANTON. Common Cause would have to file under this bill.

Mr. DENT. Six times a year.

Mr. STANTON. Yes.

Mr. DENT. That is what you have us filing.

Mr. STANTON. Yes. Thank you very much, Mr. Chairman.

Mr. DENT. This committee delves a little deeply and sometimes rubs a citizen the wrong way, but that is the way we can scratch and get the blood where we have to feel it. People feel very strongly about this subject.

Mr. STANTON. Thank you, Mr. Chairman.

Mr. DENT. At this moment we have Congressman Samuel Young as the next witness. You are welcome to the subcommittee.

STATEMENT OF SAMUEL H. YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. YOUNG. Mr. Chairman and members of the subcommittee, I am interested in making a contribution of thought and effort in improving our electoral process. I have submitted H.R. 10463, which is directed toward improving the Federal Election Campaign Act of 1971 and providing for significant limitations on campaign contributions and campaign expenditures.

My views are based on 25 years of active political experience, including service as a precinct committeeman, township committeeman, State president of the Young Republicans of Illinois, fund-raising for the party as a member of the board of governors of the United Republican Fund, assisting in raising funds for individual candidates, as a contributor to the party and to candidates and, of course, as a candidate for public office in two primaries and one general election.

Let us keep in mind that the essential reason for political campaigns is to educate the voters about issues and candidates. The bulk of money spent in campaigns is for the following: newspaper, radio and television advertising; pamphlets, brochures and mailing material; telephone, personnel and office expenses; loud speaker and recording expenses; and precinct money for election workers on election day.

Presently, most funds are raised directly by the candidates. Party financing provides less than 25 percent of the cost of most congressional campaigns.

Costs of campaigning in urban and suburban areas are generally greater than the cost of campaigning in rural areas. The cost of cam-

paigning in a district almost equally divided between the two parties is more expensive than campaigning in a district which is heavily weighted in favor of one party or the other.

There are many persons in the United States who have benefited a great deal from the political system and who respect it highly, and who have ample means to contribute to political elections. There is even a greater number of persons in the same position and with the same financial capacity who do not donate to political elections. Limitations on contributions must be reasonable, and should permit somewhat generous giving by those who are sufficiently interested. Disclosure of the names, addresses and businesses of such donors provides a certain measure of protection to the public. Campaign financing can be an issue should the candidates wish to make it an issue.

While most people recognize that it would be desirable to cut down on the time spent for election campaigns, this is a sensitive area to limit. A candidate with little means but with much vigor and enthusiasm may, through a long campaign effort, overcome an opponent with greater funds. We should not seek to prevent such enthusiasm and effort.

H.R. 10463 provides for the establishment of a six-man commission to be appointed by the President, with staggered terms of 2 years. It might be more bi-partisan if the members were appointed two each by the President, Speaker of the House, and President of the Senate. The important thing is to have a commission to administer the Federal elections law and with the power to enforce it. These powers are provided.

The bill also provides for a central campaign committee whereby the reports of various political committees can be centralized for ease of review by the public. Anyone who has taken the opportunity to try to review the records in the Clerk's office can testify as to the difficulty in consolidating the information pertaining to a particular candidate. A central campaign committee and a central campaign depository will assist in providing complete and accurate information about total campaign contributions and spending by a candidate.

I would continue the present requirement that contributions in "excess of $100" be reported. This will greatly simplify the already voluminous reporting requirements.

I think if you go $100 and below you are needlessly making the reporting requirement voluminous. They are already voluminous. So I would suggest that the committee continue that present provision of the law.

While my bill does not so provide, I would recommend that an exemption from the reporting requirements, not the registration requirements, be made for local, county and township organizations of the major parties which spend less than $15,000 annually, provided that such sum is spent generally in support of the majority of candidates of such major party. At the present time, it is my information that most of our Democratic and Republican county organizations are in violation of the Federal Campaign Act for failure to make appropriate reports. County organizations which spend more than $15,000 annually can presumably have the office staff to make appropriate reports. There is also a difficulty here, however, since many of the expenditures are difficult to allocate between local candidates, State candidates, and Federal candidates. Serious attention should be given to this problem.

In my own area they do spend money for the entire ticket. They are not filing these reports and they are technically in violation of the law.

My suggestion of the $15,000 is arbitrary. You can increase it or decrease it. I picked the figure of $15,000 because I thought if they can spend that much money, they would have a big enough staff to make appropriate reports.

LIMITATIONS ON EXPENDITURES

My bill proposes a $50,000 limitation on primary spending for a Congressman. This is a reasonable amount. In few cases will any such amounts be spent.

Twenty-five cents per voter of voting age population is an adequate limitation for primary expenses of a Senator.

I provide for no limitations on spending for a Presidential candidate in a primary. Competition and limitations on fund raising through private sources should be an ample limiting factor.

For general elections, I propose a limitation on expenditures of $175,000 for an incumbent Congressman and $190,000 for a challenger. The additional spending for a challenger recognizes that there is some advantage to being an incumbent.

Mr. DENT. Have you made any estimate of how many persons in the United States could come up with that kind of money to be a candidate for Congress? You are talking about $225,000 in a 2-year election.

Mr. YOUNG. Not very many, but there are some. If you look at the reports that came in, you will find some candidates spent over $300,000 for election.

Mr. DENT. You are not giving that much less.

Mr. YOUNG. For a general election, Mr. Chairman.

Mr. DENT. My honest opinion is that you would really strike out of the political arena the vast majority of Americans. They would not be able to come up with that money. There is always someone in the district that can come up with $225,000.

Mr. MATHIS. $240,000 for a challenger.

Mr. DENT. Yes.

Mr. YOUNG. Where are you getting these figures?

Mr. DENT. These are your figures: $175,000 for an incumbent in a general election, and $50,000 in a primary.

Mr. YOUNG. That is right.

Mr. DENT. If it is your opinion, that is all right.

Mr. YOUNG. In my own primary I spent around $35,000. In the general election I spent $200,000. My opponent spent $212,000. He was an incumbent.

Mr. DENT. How many before you spent anywhere near that amount in the same office?

Mr. YOUNG. The point I am making is that you provide a bill that would provide for this type of election contest where you have a very close election and you have the necessity of being able to pay for the newspaper advertising. We got no free television or radio in a metropolitan area, which is one of the things I know you are familiar with, you cannot afford to buy television. You have to spend money on staff, pamphlets, mailing costs.

In my opinion, I spent $200,000, and I am putting a figure of $175,000 for the incumbent and $190,000 for the challenger, giving him an extra $15,000 because of some of the advantages that the incumbent has. You have to draw a line big enough to take care of the special situations. You cannot draw a line in the middle because you will be unfair to the expensive campaign areas I mentioned, particularly where you have a very close differentiation between Republicans and Democrats, for example in a 50–50 district.

You have a high cost area because in the suburban area of a metro area, where you don't get free radio and television, you have to have a fairly adequate figure.

Mr. FRENZEL. Mr. Chairman, as long as we have digressed at this point, may I say that I think we ought to put the statute of Mr. Young in the back of every church in the country. He beat an incumbent himself. He knows how much it cost. He is the first guy to put in bill form a differential between incumbent and challenger and to recognize the great differences that exist.

I understand that about 20 candidates spent more than $150,000 in the last House general elections. There were several who spent more than 50 in the primaries.

Mr. YOUNG. I think of the top 10 spenders, 8 were Democrats and 2 Republicans. They were all over $212,000 in spending.

Mr. FRENZEL. I would not want the gentleman to think he did not have support on the subcommittee.

Mr. DENT. I would like to look at the returns to see where the money came from.

Mr. YOUNG. It is in the record and I have looked them over.

Mr. CLEVELAND. I agree with Mr. Frenzel. I am very interested in your proposal and some of us in the last session did make proposals—Anderson-Udall is the code name for it—to recognize the advantages of the incumbent. We have not gone back to that.

You said in the statement that presently of most of the funds that are raised party funds comprise 5 percent. What is your source?

Mr. YOUNG. My own campaign. I got $10,000. I spent $200,000 and that is 5 percent. I looked at most of the rest. It is about the same. My opponent got $15,000 from the Democratic Party and he spent $219,000. He got a little more from the Democratic Party.

Mr. CLEVELAND. Has that statement you made been researched so it can be stated factually?

Mr. YOUNG. Yes.

Based on my knowledge of what the Republican Party did for congressional candidates, it ranged from nothing up to a maximum of $10,000. I got the most they said that they gave out to any candidates.

Mr. CLEVELAND. Was that the congressional committee here or the local Republican committee?

Mr. YOUNG. That is your congressional campaign committee that allocates the fund.

Mr. CLEVELAND. I do not want to digress too much, Mr. Chairman, but I have been told—and I would like to pursue this with you at a later time, Congressman Young—that in some areas of the country the party assumes almost the entire cost of the mechanism of election.

Mr. YOUNG. Not in the State of Illinois that I am familiar with, and I doubt that is true in any other place.

Since they did not pay more than $10,000 for any candidate you could not run a very significant campaign effort.

Mr. CLEVELAND. Excuse me, I am talking about the local Republican or Democratic funds.

Mr. YOUNG. In my State you don't get any support from the local organizations.

Mr. DENT. No financial support?

Mr. YOUNG. No direct financial support.

Mr. DENT. You say you beat an incumbent and he spent more money than you?

Mr. YOUNG. That is right.

Mr. DENT. What was wrong with the incumbent?

Mr. YOUNG. He is a very able fellow. His views did not meet my constituents'.

Mr. DENT. With all the advantages he has as an incumbent, how did he beat him?

Mr. FRENZEL. He didn't live in the district.

Mr. DENT. He didn't have to spend the money.

Mr. YOUNG. He was an incumbent in a different district. He was an incumbent but he didn't live in my district at the time he was an incumbent.

Mr. FRENZEL. He had only part of the ordinary advantages of an incumbent.

Mr. DENT. I still take it from what you all said that you start from the same scratch: You want to allow the challenger more money than the other fellow, but not unrealistic figures. I do not believe the people of America as a general rule believe you would want to be a Congressman and spend that kind of money unless you get a salary of $85,000.

Mr. YOUNG. It is ridiculous, I grant, but on the other hand, you are competing with another person who is spending that kind of money——

Mr. DENT. If he cannot spend it either, aren't you even?

Mr. YOUNG. He got much more publicity than I did out of the general news circulation and television because he was an incumbent.

Mr. DENT. Just being known doesn't elect you. In fact, too much publicity hurts you. Very frankly, your record is what counts. If a fellow has a bad record he should be beaten and will be beaten. If he doesn't have a bad record, he should not be beaten. That is where you get your Government. Either that or pass a law and say you have to serve one 4-year or 10-year term.

We had that in the State of Pennsylvania for the Governor and the people changed the constitution to give the Governor a chance to run again.

Mr. YOUNG. The studies have shown that in most of the congressional districts, still less than 50 percent of the voters know who their Congressman is.

Mr. DENT. Then what is the advantage? Most of the Members of Congress have been in public life, State legislators or county commissioners, et cetera. The greater portion of Members of Congress have past political experience.

Mr. FRENZEL. Mr. Chairman, you said if an incumbent had a bad record he would be defeated. That means we must have wonderful records.

Mr. DENT. You know it has been so since the beginning of our democracy.

Mr. FRENZEL. Most of the people make a good choice the first time.

Mr. DENT. No; they don't make a good choice the first time, but they do defeat incumbents when they are bad.

Would you name the ones in Congress who ought to be defeated?

Mr. FRENZEL. No.

Mr. DENT. You name the ones you think should be defeated. How do you think you will be judged the next time—by what you spend or what you do?

Mr. FRENZEL. I hope it is what I do.

Mr. DENT. That is the only record you can have. As long as you can buy the election, you don't care how you vote. You can vote against children, the minimum wage, or anything if you don't have to spend the money.

Mr. YOUNG. It is my own opinion based on my own experience that $175,000 is ample, though large, but is still almost $200,000 or at least $150,000 less than has been spent by some candidates individually, as shown by the record.

Mr. DENT. Twenty persons out of 435.

Mr. YOUNG. Ten.

Mr. DENT. Ten with $150,000 but some spent over $100,000.

Mr. MATHIS. Mr. Chairman, the record prepared by the Office of the Clerk illustrates that 21 Members out of a total of 1,070 candidates spent more than $175,000 in the last election.

Mr. DENT. How many of those got elected?

Mr. MATHIS. I guess 12 of the 21 lost. So nine won.

Mr. DENT. Very frankly, that had been party action, too.

Mr. MATHIS. The listing that was prepared by the Office of the Clerk lists the top 25 spenders. Of these 25, only 7 were incumbents.

Mr. DENT. When you set these limits—I am very serious about this. I have experience in this field for many years—one of the things that creates the breeding ground for the Watergate type of thing is the candidates who do not need 1 cent in their district, because you have this legitimacy to receive contributions up to many thousands of dollars.

Many contributors know that candidates do not need 1 cent, who are wealthy on their own part, or most of them.

You will see one of the wealthiest men in Congress got more contributions than he spent, and he spent enough.

Seriously it gives these organizations an opportunity to come in and hand you money, or me or anybody else, not because we need it in our district, although maybe in some cases you do. In the main what we are doing with that kind of unrealistic limitations is opening the door to contributions for the simple purpose of controlling your position in Congress on certain legislation. That is all there is to it.

Mr. YOUNG. Mr. Chairman, I think the point you are referring to is a good one, but I think you control the point by the next limitation I testify to which is limitation on contributions.

Mr. DENT. I am for that.

Mr. YOUNG. Section 614(c)(2) of my bill should be amended to require "knowledge and consent" by a candidate for expenditures made on his behalf.

It is my opinion that $175,000 and $190,000 should provide sufficient funds to contact the voters of a congressional district with a population of approximately 470,000.

A limitation on general election expenditures of a Senator is 50 cents per voter of voting age population. This is ample and the amount will expand and contract according to the size of the State.

I have not provided for any limitation on expenditures for candidates seeking the office of President. Here again, limitations on ability to raise funds will act as a practical limiting factor.

LIMITATION ON CONTRIBUTIONS

It seems to me that limitations on contributions are desirable and that they should be of sufficient size to permit reasonably large contributions, but not so large that they will be the conclusive factor in an election.

Limitations of $3,000 on contributions for primary for congressional candidates seem reasonable. Limitations of $6,000 on contributions for a general election for congressional candidates appear to be approximately adequate.

For the office of President or Vice President, a limitation of $100,000 should be permitted. This $100,000 limitation applies to both the primary and the general election for Presidential and Vice-Presidential candidates.

CURRENCY CONTRIBUTIONS

I provide a limit of currency contributions of $50. Other contributions must be by check, money order, cashier's check, or similar instrument.

"GOOD GOVERNMENT" FUNDS

Most of us are aware that many unions and many corporations have set up funds with various names and often called "good government" funds. Solicitations are made by employees of the corporations or by the major unions to other employees of the same corporation or union. The fund is usually administered by an employee of the same corporation or the same union. Inherently, in these situations, there is a certain amount of "coercion." The present law prohibits contributions by corporations and unions to Federal election campaigns. It also prohibits coercion in the raising of political funds.

My proposal in section 617, page 22, is unique. It would prohibit these types of "good government" funds when the solicitation of contributions and the administration of the fund are all conducted by the same corporation or the same union. This section does not prevent the solicitation by an employee of a corporation or a union of other employees of the same corporation or union, provided that the contributions are made to a political fund which is administered by a third party. If any employee or member of the corporation or union has any connection with the administration of the political fund, then section 617 would come into play. Otherwise, it does not interfere with political fundraising.

PUBLIC FINANCING

As stated earlier, I oppose direct public financing of congressional political campaigns. I think this is an area that peculiarly should be

supported by the public. If financing of congressional political campaigns is provided by the Government, the Government will also have to provide limitations and controls on such financing to avoid abuses. Further, financing of political campaigns of Congressmen, is sufficiently unique to each district that broad categorical funding would be highly undesirable. For some districts, for example, a proposed $90,000 funding amount would be more than adequate. In other districts, it would be much less than adequate. In either event, taxpayers should not have to pay for congressional campaign financing.

I do favor the providing of television time without charge to our major party candidates for President. My bill provides for five one-half hour programs for the candidate of each major party between Labor Day and election day. Broadcasts are simultaneous on all networks. There are at least three alternative ways to pay for this time: (1) Television stations would be required to furnish the time as a public service without charge. (2) In my bill, television stations would certify their bills for television time, to be provided as required by law, to the U.S. Treasurer, and receive payment from the Federal Government. (3) The networks would be given the right to solicit corporate sponsors. Those sponsors would have their names appropriately identified at the start and close of the programs for each party. Moneys received would be applied equally between both major parties.

H.R. 10463 also provides for free television time to Senators. These would be simultaneous broadcasts of one-half hour duration three times during the period from Labor Day to election day.

For Members of the House of Representatives, I have provided for free television time for two one-half hour programs during the same time period. These broadcasts would not be simultaneous. Such time could be divided by the television stations serving the same congressional area. For example, in Chicago we have four major TV stations with approximately 16 Congressmen who would be affected. These four stations could divide the furnishing of the "free" time between themselves.

The major importance of free television time would be to reduce the cost of campaign spending and the need for raising large funds.

Nationwide simultaneous broadcasts should save our major parties $12 to $15 million or more each. Such money not needed by the major parties would be available to other Federal candidates and to State and local candidates. This, in turn, will ease the pressures for fundraising all the way down the line.

Likewise, the television exposure to Senators and Congressmen will assist them in getting their viewpoints on issues to the public and reduce their need for funds.

In short, I am emphasizing the affect on campaign financing that these free television proposals provide.

TAX INCENTIVES

I also think that we should broaden the incentive to contribute to political candidates. At present, there is a maximum deduction of $50 per person. I would increase this to an aggregate deduction of $500 with a limitation of not more than $100 to any one candidate.

This provision would encourage broader and greater public participation in the private financing of political campaigns.

Mr. YOUNG. Mr. Chairman, I appreciate this opportunity to be here and if there are any questions about these matters, I would be pleased to try to answer them.

Mr. DENT. I do appreciate your testimony. You are new in the field here, and you come with an outlook of recent experience. I would suggest that all of the sponsors of these bills be compelled to come to these subcommittee meetings, so they would see there is a contradiction in what anyone wants in legislation.

Basically, it is my humble opinion we are going further away from what used to be considered representation by the people, because we get into contributions paid by taxpayers which immediately takes away from the independence of the candidate, regardless of how you spell it out.

In the first place, I don't believe that citizens relish the idea of paying taxes and giving it to persons who want public office. Public office is not supposed to be an honorary job, except in school boards. Why anybody ever runs for the school board, I will never know. But these jobs should pay sufficient that if you were in any other occupation you would expect that kind of money for the responsibility you have. But so long as you have a situation where Congress has to practically vote itself a raise and only raises its pay in periods of 10, 15, or 16 years, you put the person in public office in a straightjacket, as it were, if he has to live on his income. The minute you cannot live on your income, as a Member of Congress you have wiped out the vast majority of Americans who may seek office. That is why I am up tight about the kind of limitations we put on and the kind of allowances we permit for spending.

As I have said many times, no matter what you do it would not affect me, because I have reached the end of the road and not the beginning. But I see down that road maybe a grandson of mine or just a neighbor's boy who is just a machinist or truck driver. You bar him forever from public office if you do not raise the pay of Congress. Cabinet officers had the same salary we had just 6 years, but now they are drawing $60,000. If a man was in Congress and moves from there to a Cabinet office, it was considered uniquely the same as far as prestige is concerned. But now in these United States it is the size of your paycheck that puts you on a certain level of society. Income establishes your position in the social stratum. The further Congressmen are reduced in comparison to the Chief Clerk of the House—nice job, $40,000, within $2,500 of a man who runs for office, and as you say no matter how much donation it is still an expensive proposition in time and effort and money—the more I believe this legislation has the caliber of a person who has such divergent views that every phase of the election campaign will be gone into rather thoroughly.

I refuse to be stampeded by eager beavers because we are at the point because of the stampede last year.

Did you know that there was not 2 percent of the House who actually knew what was in the legislation? We studied it for 2½ years in this committee and we went to the floor and a complete substitute was offered. Nobody knew what was in it except the man who engineered the whole deal from the top. Now he is screaming the loudest to get this bill out fast, hoping to make another mistake.

I personally cannot—though the majority of the committee will rule—allowing unrealistic figures. For instance, you talk about the

urban, the big metro candidates needing more money than somebody else in a rural area. He has a concentration of people.

Mr. YOUNG. Except his office rent, his telephone expenses.

Mr. DENT. This is our business. We should do that. Don't worry about that. This House Administration Committee has not done its duty in that area.

There you have to have more money. I can get a room for $4 a square foot with air-conditioning and maid service and everything else. In the city you pay $12 and $13. Many times you have to provide your own janitorial cleanup service. I don't think you can write a fast dollar on that. We have it now under consideration. When we go on the floor, you cannot derive where the opposition comes from.

Mr. YOUNG. Many of my colleagues and your colleagues, who come from rural areas—when I say rural areas, I don't mean there are not some cities there—they will get a large amount of television exposure for free every day in their television stations. In Peoria, Champaign, or Lincoln, Congressmen get frequent free exposure. In the metro area we do not get any free television at all of any magnitude. Our problems of communicating with the voters are much greater even though we may be in a smaller area.

Mr. DENT. I am in a metro area, yet one-third of my people are farmers. I serve the county of Allegheny.

Mr. YOUNG. We have to rely on newspaper advertising to get our message because television is prohibitively expensive for anybody to buy in the Chicago area. You have to buy the whole market and you only want a small segment.

The problems are different in these different areas and that is the reason the figures I have selected are reasonable in view of that. They are high, admittedly, but you have to have the high amounts to take care of the exceptional districts that require a greater amount of spending than the others.

Mr. MATHIS. If you are going to set the limitation that high, why do you need limitations at all? You have only affected 21 people who ran in the last election.

Mr. YOUNG. Just as the chairman stated, the public does have a lot of skepticism of someone spending $200,000 or $300,000 for a $40,000 job.

It doesn't make sense. I think we ought to curb the competition at some reasonable level and I think the campaign that I just experienced is a reasonable level in the sense that I am putting figures that are below those levels we spent.

Mr. MATHIS. With all due respect to your provision, I think to set a limitation at $240,000, which in essence is what we are doing, would do very little to relieve the skepticism of most members of the public.

Mr. YOUNG. It is a step in the right direction, as compared to $350,000 or $400,000 which was spent by one of the candidates.

Mr. DENT. You cannot measure by money. I inherited a brand new district. It is metro. I was not known in that district. My opponent spent $180,000 without filing. He said he lost the papers or the forms. I got the receipts. Yet I beat him in that brand new district pretty near 2 to 1. But I went around and got acquainted. I went to every place I could go. I even went to a church that I didn't belong to. I think nothing takes the place of campaigning. That is true in my experience for 40 years.

Mr. YOUNG. You heard of the fellow who visited all the churches in his district and lost the election. He found he forgot the sinners.

Mr. DENT. So I am going to church too often. The elections roll on many, many wheels.

For instance, you are talking about an incumbent. If you put it up for grabs—suppose a district like my district where probably I am not going to be a candidate—2 fellows or 4 fellows or 40 fellows would run. If the salary being paid has no inducement because a fellow cannot raise that kind of money and he has to live on it, you limit it down to the campaign will be run in my district, and there won't be anybody under a millionaire running. I can almost name two of them. You can't run it in a district like mine and raise $200,000, I don't care who you are, if you are a workingman. I don't think we ought to really wipe out the working body of men and women in this country. That is exactly what we are doing with these limitations. I don't think that anybody who looks at it realistically can say we are doing anything else, because that man has to live on his salary.

Mr. YOUNG. Mr. Chairman, I recognize what you are saying with respect to many districts.

There are, of course, quite a few districts around the country where you have the problems that I have mentioned and, as I say, in setting limits you would have to set them at the upper limits because you are circumscribing everybody's activities and in most congressional districts I think there would be few where the maximum possible would be spent but I think there should be a ceiling. I said $175,000 and suggest $190,000 for the challenger, but I do believe I am going to have an advantage over who would try to challenge me in the next election because I will have my newsletters out. I will have exposure on the local press, some news reporting and TV exposiure, and it is difficult for the challenger to overcome some of this.

I think he should have an adequate amount of spending to be able to try to do that. I picked these figures. I would be hard put to say that $150,000 and $175,000 might not be the correct ones, but I don't think it should be any less than about the areas we are talking about because you have to take into consideration the problem areas and not the general areas.

Mr. DENT. Would you say Florida, as a whole, would be pretty much of a problem area for candidates with money? That you would have to have a lot of money to run for U.S. Senator in Florida?

Mr. YOUNG. I am putting limitations on the amount any individual could contribute.

Mr. DENT. Normally the way it is today a man would have to spend $3 million in Florida very easily, would he not?

Wasn't it a strange thing that one Member of the U.S. Senate walked his way through the State and spent so little money that no one believes it to this day and he won? You have to figure this.

Frankly it is not a miracle. I came within 1½ percent of winning the U.S. Senate and spent $67,000 for Congress and Senate and didn't have 1 minute of radio or TV time. But I walked it. They didn't know me in Shamoykin; you can bet your life they didn't. And the man was in 12 years already that I came close to beating and he spent a lot of money.

It depends on whether you want the job for the job itself; whether you want the job for the job itself. Do you really want it?

Mr. YOUNG. Of course, the free television time in my bill and other bills would be helpful in giving you exposure and overcoming the problem—helping the system——

Mr. DENT. Would you have to have free television time if you are allowed $175,000 or $150,000? That, I think, is kind of cheap.

Mr. YOUNG. Even with that kind of budget, I am talking about, Mr. Chairman, in my area you still don't have any money for television.

Mr. DENT. But you won without it?

Mr. YOUNG. True, but——

Mr. DENT. Did your opponent use television?

Mr. YOUNG. No; neither one of us could afford television.

Mr. DENT. There isn't any limit to set if you run in New York City. The metropolitan candidates in New York City couldn't possibly finance television.

Mr. YOUNG. Not unless you can get free television time you can't finance any television time for congressional candidates in the metropolitan area.

Mr. MATHIS. We have one of the witnesses I know you want to hear from, but the provision that you have in your bill provides for 961 hours and 30 minutes free television time.

Mr. YOUNG. It is a problem.

Mr. MATHIS. I assume too that you intended your testimony to mean candidates for the House other than Senators and Representatives the way you presented it to the committee. You did mean candidates?

Mr. YOUNG. Candidates for both offices.

Mr. DENT. How about independent candidates?

Mr. YOUNG. There is provision in my bill, but I don't think many would qualify.

Mr. DENT. That is the point. Again, we shut out a number of people.

Mr. YOUNG. They have to make a certain showing to be able to show they are entitled to it. There are certain people who run for public office, I guess for the exercise, and they aren't really what most of us would consider to be legitimate candidates.

Mr. DENT. When I first entered politics, I couldn't make up my mind whether to be a Democrat or Republican. The community at that time, the district, was entirely Republican at that moment. I decided to run as an Independent. I probably would have never been in Congress, much to the delight of many people, but I probably wouldn't have been in Congress at all.

Mr. YOUNG. I wouldn't agree with that, Mr. Chairman. You showed because of your merit and ability you were able to get elected. There are no limitations on minimums.

Mr. DENT. They happened to find out about me after I got elected. They didn't know about me at all.

Very seriously, I say I will never support any legislation that in any way builds any kind of a barrier against the candidacy of any American.

Mr. YOUNG. My bill does not build a barrier.

Mr. DENT. You do when you set up free time and allocate it on a different basis because of the different party structure. That is what happened to the Senate bill. It is so unrealistic that a person could never qualify as a minor party candidate to get any of the free time.

Mr. YOUNG. Mr. Chairman, could I suggest this: I would recommend very seriously that you give the Presidential candidate the free time.

Mr. DENT. I don't think there is any question about that.

Mr. YOUNG. That will loosen up the whole finance structure.

Mr. FRENZEL. You don't have to do that by law.

Mr. DENT. You don't have to worry about that because all the President has to do is say, "Look, fellows, your license is up next year." Don't worry about that. They will get free time.

Mr. YOUNG. They should give the free time to both major parties, an equal amount, and that will take the pressure off those major parties in raising the money that has to go to pay for those television programs.

Mr. DENT. Don't you think Wallace is deserving of equal time, or that he was last year? He was a major candidate in some areas.

Mr. YOUNG. As I recall he withdrew though. Wasn't he shot before the——

Mr. MATHIS. He is speaking of the 1968 election.

Mr. DENT. That is correct. I meant the 1968 election.

Mr. MATHIS. He might very well have qualified.

Mr. DENT. He never would have.

Mr. FRENZEL. Your bill is 15 percent and he didn't draw 15 percent?

Mr. DENT. He drew 11 percent. Even in that big effort he made he only drew 11 percent.

Mr. FRENZEL. Mr. Chairman, could I comment on one other aspect?

First, I agree with the chairman that sometimes it is not how expensive it is to get to be a Congressman, it is how expensive it is to be one and live on the salary with other expenses and I share the chairman's thoughts on public financing which are consistent with your own.

I think the thing that is different about your bill is that you have attempted to attack the pool contribution, which has bothered all of us. We don't know how to deal with it and I think you have given us another good thought. The other gentleman from Ohio, Mr. Brown, and I have a similar kind of attack on this thing where we have tried to say you could give through pools, but the individual must designate personally to whom the money is going.

It is a thorny problem and I think you deserve great credit for having taken it on. I am really pleased to see the new Members of Congress, Mr. Chairman, contributing in this field so well and I thank you for your testimony.

Mr. YOUNG. Thank you, gentlemen. I appreciate your courtesy.

STATEMENT OF THE HONORABLE RALPH S. REGULA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. REGULA. Thanks, Mr. Chairman. I will highlight my testimony because you have it for the record.

Mr. DENT. It will be made a part of the record following your remarks.

Mr. REGULA. To highlight the points contained in the bill I have introduced it is designed to not only stimulate action at the Federal level, but also to recognize the importance of some type of control

at the local level, and also some type of encouragement for contributions at the local level.

This flows from the fact that revenue sharing is the direction that legislation is taking in the Congress and, as a result, the role of the State and local governments will become increasingly important.

Because of this it is important that as we move responsibility for government to the local arena we also be concerned about stimulating campaign contributions to worthy candidates at the State and local levels as well as at the Federal level.

As a practical matter, local government offices have been and will increasingly become incubators of potential candidates for Federal office.

For example, in this Congress, 47 percent of the Senate and 44 percent of the House at some time served in either State or local government offices.

The thrust of the bill—and some of the features—I won't get into all of them because I am sure they are covered in other bills, but in my particular proposal I have attempted to make it more attractive for the small contributor to contribute to Federal elections and unlike other proposals also to State and local elections. By the same token, I have limited the amounts that can be contributed to any one candidate and have strengthened what I believe to be the intent of the 1971 Federal Elections Campaign Act, that is accountability, by providing that only one committee may be authorized to make expenditures on behalf of and receive contributions for any one candidate.

I won't discuss this, because it will be in the record, but I have provided a procedure whereby a candidate for State or local office may, for the purpose of complying with the Internal Revenue Code, designate a single political committee which would then be bound by the Campaign Act provisions.

I think Internal Revenue regulations are going to have an increasingly important impact on campaign contributions and there is language in the bill that I proposed that would enable candidates for local office, if they would designate a single committee, to thereby comply with any regulations, but they at that point would become bound by the Campaign Act provisions.

Also, to encourage many people to contribute to candidates of their choice, the allowable tax credit would be increased from $12.50 to $250 and the tax deduction from $50 to $500. However, the aggregate contributions by a taxpayer to any committee or candidate could not exceed either $25 for tax credit treatment or $50 for deduction treatment in any one year.

In other words, this emphasizes again the need to contribute not only to Federal campaigns, but also to State and local campaigns.

This would mean that a person would have to contribute to more than one candidate or committee—in fact, 10—to take full advantage of the tax credit or deduction. Obviously the objective of this proposal would be to get a broad range of participation by the interested citizen in not only Federal elections, but State and local elections by saying in effect, you can get the tax credit but you have to spread it around over many candidates rather than to any one candidate if you are to maximize the availability of the tax credit mechanism.

I asked the Department of the Treasury what effect this proposal would have and I have been told that at the time the Revenue Act of

1971 was under consideration, existing tax credit and deductions were estimated to cost the Treasury $100 million in a Presidential election year; that total campaign contributions were estimated at $300 million with 12 million taxpayers participating; that in a congressional campaign year the estimates would be halved; and that in an off year they would be only one-quarter as large.

The Treasury does not yet have reliable data on the actual utilization of the existing tax credit and deduction provisions, but has stated that a small sample of returns indicates substantially fewer taxpayers claimed deductions or credits than anticipated. At 1972 levels of contributions, the Treasury estimates that the revenue loss for my proposal would be $140 million as compared to $100 million under the 1971 act, an increase of only $40 million.

This would mean an increase of only $40 million if we were to up the limits from the present level.

I think this offers a reasonable alternative to Federal financing of campaigns and it has an added advantage of directly involving people in the political process.

Thank you, Mr. Chairman, for the privilege of coming here.

Mr. DENT. Thank you. I think you have touched on important points. Most of the other fellows have introduced this. I am amazed at the number of the younger Members of Congress who are interested in this subject.

Mr. REGULA. This is probably because we have been through it and probably because we were initiated into the impact of the 1971 act immediately. Most of us have had the experience of running in State and local elections where we had the State provisions for accounting, which were substantially less stringent than the Federal.

Mr. DENT. I know Ohio has one of the toughest laws.

Up in Oregon you are not allowed to give anything of value away no matter what, even a box of paper matches. It limits the amount of space you can put into a newspaper. You have to have approval of the type of ad you are offering to the newspapers. They don't have to raise large sums of money up there.

I sort of agree with your view—I think I know your view—that there has to be some limitation to the spending. I agree wholeheartedly with you on the responsibility being placed directly at the door of the candidate by having only one committee disburse money. I am not so sure that you could have only one committee solicit money.

If you have a far-flung operation, miles and miles, 190 miles one way and 200 another, with your larger cities at different corners of the area, you have to have some committees to help you out.

I still believe that then the person who is responsible for the money has to be the candidate. No collection committee shall ever be permitted to slough it off. I am very serious. That would be the No. 1 reform we ought to keep in mind. I am happy that you have recommended it.

As you say, you recommend it from a State that has very stiff reporting laws too and limitations.

What would you think would be a reasonable limitation on total spending a candidate could make in a calendar year?

Mr. REGULA. Mr. Chairman, I think this varies, depending on the type of district that you are running in. For example, a rather compact

district that did not have television would not require nearly the expenditure to do an effective job as would a large district—or a compact district that did have local TV.

In my particular district we didn't have a lot of TV available in the sense that the major stations were not in the district, therefore I didn't expend very much in that area, but had I had TV it would have undoubtedly increased the expenditures.

Mr. DENT. That is one of the reasons—and I have not closed the door in my own mind, in any way—if we can contribute something to this new law in a way of giving an opportunity to a candidate who does have this expensive media within his district, where it is available to the one who does have one and it is not available to the one who doesn't have one.

There should be some kind of free time. That is one area where we could spend, if necessary public funds. But it wouldn't necessarily be an exorbitant amount of time.

You have a television station in your area, Mr. Frenzel. I have six of them. They are all on the outside of my district.

Mr. REGULA. The more important thrust of my proposal is the limitation on the individual contributions to a candidate and, second, to get a lot of people to contribute. If a candidate can attract 10,000 to give him $25, this is great because that is public participation. The thrust of the bill that I have introduced here is to get more people involved in this process by saying, "We will give you a tax deduction but only a limited amount for any one candidate," hoping that they will be supporting a number of candidates, not only Federal but State and local.

Mr. DENT. As a matter of public record, what did you spend in your campaign?

Mr. REGULA. I spent approximately $10,000 in the primary and $70,000 in the general. This was in Congressman Sow's district and he had vacated it therefore it was an open race.

Mr. DENT. Your opponent spent with you or over you?

Mr. REGULA. I don't know what he spent because his committee didn't file in the general.

Mr. DENT. That is one of the disadvantages an incumbent has. He has to file.

Mr. FRENZEL. Only the winners file.

I think you have made a great contribution here. It is a view completely opposite to the previous sponsor of legislation.

Somewhere in between we are going to find some answer, I hope. That is the legislative practice.

Mr. FRENZEL. Mr. Chairman, I want to congratulate the witness too. I think he has done a good job and he has pointed out the single committee need. If there is anything this subcommittee agrees with, that is the first point that we agree on, that there has to be a single accounting and a single dispensing and money-raising unit or somebody who is accountable for it. They may have branch offices, but somebody has to accumulate it all.

The other thing is the increase in the tax credit, where you try to channel some money back to local candidates. That dawns as a new idea on the committee and I don't know what we will do with it, but we are grateful for having it.

Mr. REGULA. I don't think we can overlook the impact of what we do in terms of State and local elections. With revenue sharing we are saying in effect local and State government has a much greater role.

Mr. FRENZEL. Our problem is we have to put up a "next window" sign and send you over to Mr. Ullman.

Mr. DENT. Being burned once, I am afraid of every stove. I am not about to give Mr. Ullman something that gives him some theoretical right.

Mr. MATHIS. I am interested in one of the things Mr. Stanton pointed out to us and that was a provision that I understand you have in Ohio law which says if a candidate does not file proper reports he is barred from seeking——

Mr. REGULA. The candidate must file within 40 days after election.

Mr. MATHIS. He is barred from seeking public office for 5 years.

Mr. REGULA. We have one statewide candidate who has been caught in that.

Mr. MATHIS. I wonder if you could furnish the committee copies of that legislation?

Mr. REGULA. Certainly.

Mr. DENT. It is on file. The chairman has it upstairs. In fact he patterned the Hays bill after the Ohio bill. He said it wasn't liberal enough for the liberals.

[The complete prepared statement of Mr. Regula follows:]

STATEMENT OF THE HONORABLE RALPH S. REGULA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

I consider it a privilege to be here today to submit my testimony on a modest proposal, an alternative to public financing of Federal elections.

A lot has been said about proposals that recognize a need for reform and answer that need by injecting the Treasury of the Federal Government into the breach.

I have no quarrel with laudable proposals that recognize that moderate federal support for contributions from the private sector can provide an important and healthy avenue for citizens to participate in the electoral process.

Indeed, a candidate's right to funds ought to be measured by his ability to obtain grass root support—and that includes support from small contributors—not only at the Federal level but at the grass root election level as well.

Revenue sharing is the direction that legislation is taking the Congress. As a result, the role of the State and local governments is becoming increasingly important.

I think, therefore, that it is very important as we move responsibility for government to the local arena, that we be concerned about stimulating campaign contributions to worthy candidates at the State and local levels as well as at the Federal level.

As a practical matter, local government offices have been and will increasingly become incubators of potential candidates for Federal office. In this Congress forty-seven percent of the Senate and forty-four percent of the House at some time served in either State or local government offices.

I recently polled the constituents of my district, and one of the ten questions I asked was, "Should Federal tax dollars be used to finance election campaigns?"

The response I received was overwhelmingly in the negative. 71.4 percent responded in the negative.

I therefore reject proposals to federally subsidize our time honored free elections procedures. I believe we can achieve the necessary reform as well as greater citizen participation by providing for a greater tax credit or deduction, at the election of the contributor, for his contribution to individual candidates.

I have, therefore, drafted and introduced a bill in the House of Representatives, H.R. 9983, that I believe offers a reasonable alternative to both those that say our present system of elections favors "those that have or can get it" and those that advocate a Federal subsidy of potential politicians. Perhaps more importantly, my bill provides incentive for increased local participation in the election process.

My bill contains many of the recommendations of the President of the United States and some of the best provisions of the various bills introduced in this and the other body to date.

I would provide a permanent Commission on Elections that is wholly independent, charged with implementing the Federal Elections Campaign Act of 1971, and studying and recommending such changes to that Act as may be necessary.

I have attempted to make it more attractive for the small contributor to contribute to Federal elections and, unlike other proposals, to State and local elections.

By the same token, I have limited the amounts that can be contributed to any one candidate, and have strengthened what I believe to be the intent of the 1971 Federal Elections Campaign Act; that is, accountability, by providing that only one Committee may be authorized to make expenditures on behalf of and receive contributions for any one candidate.

The Commission is given administrative and investigatory powers and is charged to report its recommendations to the Congress and the President by December 1, 1974.

The bill makes it unlawful for any person other than a candidate, an official national party committee, or any official Congressional or State campaign committee, to make directly or indirectly contributions or expenditures on behalf of any candidate, including the authorized committee of that candidate, in any calendar year any amount in excess of $2,500 in case of a Presidential or Vice Presidential election, and $1,000 in the case of congressional elections.

What I mean by the official national committee of a candidate or his authorized committee is that committee that is certified by the Federal Elections Commission under the 1971 Act, as amended, and I limit the number of such committees to one and only one.

Every candidate for Federal office is required to appoint a single committee to handle his campaign financing. I prohibit inter-committee transfers of money.

In addition, I have provided procedures whereby a candidate for State and local office, may, for the purposes of complying with the Internal Revenue code, designate a single political committee which would then be bound by the Campaign Act provisions.

To encourage many people to contribute to the candidates of their choice, the allowable tax credit would be increased from $12.50 to $250, and the tax deduction from $50 to $500. However, the aggregate contributions by a taxpayer to any committee or candidate could not exceed either $25 for tax credit treatment or $50 for deduction treatment in any one year.

This would mean that a person would have to contribute to more than one candidate or committee, in fact ten, to take full advantage of the tax credit or deduction.

The objective of this proposal would be to get a broad range of participation by the interested citizen in not only Federal elections but State and local elections by saying in effect, you can get the tax credit, but you have to spread it around over many candidates rather than to any one candidate if you are to maximize the availability of the tax credit mechanism.

I asked the Department of the Treasury what effect my proposal would have. I have been told that at the time the Revenue Act of 1971 was under consideration, existing tax credit and deductions were estimated to cost the Treasury $100 million in a Presidential election year; that total campaign contributions were estimated at $300 million with 12 million taxpayers participating; that in a Congressional campaign year the estimates would be halved; and that in an off year, they would be only one quarter as large.

The Treasury does not yet have reliable data on the actual utilization of the existing tax credit and deduction provisions, but has stated that a small sample of returns indicates substantially fewer taxpayers claimed deductions or credits than anticipated. At 1972 levels of contributions, the Treasury estimates that the revenue loss from my proposal would be $140 million as compared to $100 million under the 1971 Act. An increase of only $40 million.

I think this offers a reasonable alternative to Federal financing of campaigns. It has the added advantage of directly involving people in the political process.

I believe this bill would lessen the possibility of gross misuse of money in election campaigns. It broadens the base of campaign financing while assuring that no one has undue influence on a candidate as a result of a large contribution.

Thank you for the privilege of appearing here.

Mr. DENT. Thank you, gentlemen.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]

FEDERAL ELECTION REFORM

TUESDAY, OCTOBER 16, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELECTIONS OF THE
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C.

The subcommittee met, pursuant to other business, in room 2253, Rayburn House Office Building, Hon. John H. Dent (chairman of the subcommittee) presiding.

Present: Representatives Hays (chairman of the full committee), Dent (chairman of the subcommittee), Jones, Mollohan, Mathis, and Frenzel.

Also present: John T. Walker, staff director; John G. Blair, assistant to the staff director; Ralph Smith, minority counsel, Committee on House Administration, Richard Oleszewski, clerk, and Miss Barbara Lee Giaimo, assistant clerk, Subcommittee on Elections.

Mr. DENT. At this time we are privileged to have with us the distinguished gentleman from Illinois who will discuss the reform of the election laws. You may cover any of the bills before the committee at this time. I am sure as you cover the points of the major bill it will be very important for us to pay attention to the testimony of the Honorable John B. Anderson.

Welcome to the committee, John.

STATEMENT OF HON. JOHN B. ANDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. ANDERSON. Thank you very much, Mr. Chairman and members of the distinguished subcommittee. I have a prepared statement I would ask permission of the committee to insert in the record. I will consult it but will try to save your time as much as I can.

Mr. DENT. Without objection, it will be made a part of the record at this point.

[The statement referred to appears on page 219 of this hearing:]

Mr. ANDERSON. Mr. Chairman, it is a great pleasure for me to appear again before your Subcommittee on Elections.

It seems to me that the events of the past week probably have given more impetus to the importance and, I think, the timeliness and the urgency of the work that is being performed by this committee. I want to add my commendation to those that you have already received for scheduling this very important series of hearings.

I think we have had so much emphasis on the President's low estate as far as the public opinion polls are concerned, and now more re-

cently of course the downfall of the Vice President, that we sometimes tend to forget that the very same polls that show those things indicate an even lower level of confidence in the Congress itself. You have all heard the ranking that politicians were just above used car salesmen in public esteem.

It seems to me that if we really want to do our job of restoring public confidence in our political process, if we want to avoid being swept from the scene ourselves in a wave of public backlash against the "in's," then the matter of campaign reform is a matter of immediate importance to all of us.

I would hope that the opportunity to make some obvious and long overdue changes will be recognized and acted upon by this committee.

Let me preface the three or four points I would like to make by saying, as one who has been interested in this topic and has introduced a bill cosponsored by my colleague, Mr. Udall, Democrat of Arizona, a bill now cosponsored by more than 140 of our colleagues on both sides of the aisle, I think that bill addresses itself to the four basic policy issues which I would like to discuss in this statement.

First of all is the need to develop a more independent and credible means of monitoring and enforcing our existing disclosure law; second, is the question of whether overall spending limits are desirable; third, is the necessity to reduce as much as we can the influence of big money in campaign for Federal office—whether from wealthy individuals or interest groups, business or labor, or liberal or conservative organizations; and finally, we need to decide whether the time has come to establish at least a partial form of public financing.

I have a rather lengthy section in my prepared statement on the subject of an independent elections commission. I have the feeling you have already heard so much about this that I am going to skip over this and make this comment only: Our bill recognizes the argument that some Members have made that this should not be a Presidential appointed commission, that this puts too much power in the hands of the President. So we would provide for two of the appointments to the independent commission to be made by the Speaker of the House of Representatives, two by the President Pro Tem of the Senate, and two by the President. These would be for staggered terms, and this would be a wholly bipartisan commission, three from each major party.

The second aspect of campaign reform to which I would like to call your attention briefly is the question of overall expenditure ceilings. Nobody has to belabor the point that the 1972 campaign showed that excessive spending was a problem. Candidates in the Presidential race alone spent almost $100 million, I believe, and Common Cause has indicated that congressional candidates spent almost an equal sum. When you include the total expenditures for State and local races, some experts, such as Herb Alexander, of the Citizens Research Foundation, believe that total spending for all elections came close to $1.5 billion in 1972.

Now I recognize that a very considerable portion of these funds were spent for purposes that probably did very little to illuminate the issues or underscore the differing qualities and capabilities of the competing candidates. Moreover, as the cost of elections continues to mount, it most certainly has the effect of foreclosing public office to

those of modest means and of enlarging the role of the wealthy and special interests in the election process. But before we jump to the conclusion that rigid expenditure ceilings are the quick and ready solution to that problem, I believe we need to very carefully consider the likely impact of such limits.

With the assistance of the raw data on the last election compiled by Common Cause, we have been able to develop some very dramatic figures which I believe clearly illustrate the danger of excessively low and inflexible overall expenditure limits. Stated simply, I think enactment of low expenditure limits would in most instances be tantamount to a guaranteed incumbent reelection security system.

I have a table that appears on page 221 of my prepared statement that indicates that expenditures by candidates for the House during the last election varied enormously—from an average of $15,700 in the case of challenging candidates in races against heavily entrenched incumbent to $106,300 in the case of winning candidates in open districts or contests in which no incumbent was on the ballot and where both people were running for the first time.

Specifically, the top and bottom lines of the chart show that truly competitive elections are costly for both candidates involved. Indeed, I would point out that, although challengers succeeded in raising an equal amount of funds relative to incumbents in the 54 races represented by the first line, less than a dozen were actually successful at the polls. Those that were successful in beating incumbents spent an average of $126,000, as opposed to the $82,000 figure given for all challengers in this category.

So I am talking about those with a winning margin of 55.9 percent or less. There the incumbents spent $84,000 on the average and the challengers spent 98 percent of that amount.

You get down to the so-called safe districts—I guess supersafe districts—where the incumbent won by more than 70 percent, and you have a figure there of $33,997 representing the spending by incumbents and only 46 percent of that amount was spent by challengers. They only spent $15,702.

While those of us who enjoy continued tenure in public office do not like to stress this aspect of campaign reform, I think it is, nevertheless, vitally important.

The fact that more than 90 percent of House Members who stand for reelection are consistently successful suggests that our elections are not really as competitive and open to genuine voter choice as they should be. In almost half of all races in the last election, the incumbent was reelected by a margin of 62 percent or more, and in 12 percent of all House districts, an opposition candidate was not even slated.

Yet if we were to establish low overall expenditure limits, perhaps in the range of $50,000 to $75,000 as many have suggested, would that not further reinforce the pro-incumbent bias of the system. That is already demonstrable in the present system.

Mr. HAYS. Why do you use the term "pro-incumbent bias"? Did it ever occur to you that maybe the incumbent is doing a good job and the people want him back for that reason alone?

Mr. ANDERSON. I don't suggest for a moment that there is anything wrong with an incumbent seeking reelection or the fact he wins in some instances, as we indicated on the chart, by 70 percent or more

of the vote. It is indicative of the fact that he is a good man and should have been reelected and that things came out right in the public interest.

Mr. HAYS. The whole thrust of what I understood you to say, and I have been listening very carefully, has been that, somehow or another, there ought not to be so many incumbents reelected and, somehow or other, we have got to get rid of more incumbents. I understood that was your thrust whether you intended it or not.

Mr. ANDERSON. I am grateful for your question because I don't want to leave that impression. What I want to do is try to insure a more competitive electoral process, one where the people can feel that we have not, because of the kind of overall expenditure ceilings we have imposed, stacked the deck so that the well-known incumbent, whose name is a household word as I know yours is in your district and I hope mine is in my district, will not, by virtue of that fact alone, be so strong that the challenger is put at an initial disadvantage because he cannot use the media and he cannot get the necessary exposure to maybe make that a more even kind of contest that would be fair, I think, under a competitive system.

I don't want to leave the impression that I am running down the incumbent in the Congress or that I am not for giving them an equal chance to stand on their record for reelection.

Mr. HAYS. Mr. Chairman, I hope you will pardon my interruption but I want to make the point and I have to leave soon.

Mr. DENT. If the witness doesn't mind, I certainly don't.

Mr. ANDERSON. Certainly not.

Mr. HAYS. I have made a little study of this myself and 18 of the top 25 spenders last year were not incumbents, which doesn't jibe with all of the arguments you hear that the top spenders are always incumbents because they can raise the money.

Thirteen of the 25 lost the election. Only seven of the 25 were incumbents. Some of them lost the election.

So I suppose you can take any set of statistics you want to and, depending on the way you break them down and the way you analyze them and the way you interpret them, you can prove about anything you want to.

But in the district where it is open—and you talked about open districts—it seems to me that an overall limitation would be just as fair for John Doe as for John Dokes, given the fact that neither has run before.

Mr. ANDERSON. I agree. I think in that type of specialized situation that would probably be true. The problem is, of course, in drafting legislation whether you would have constitutional problems, and whether on the grounds of simple equity you would be able to draft a statute that would provide one standard for the so-called open district and another standard for the district held by an incumbent.

Mr. HAYS. I don't think the courts would let that stand for a minute, nor do I think the courts would let stand this business of providing disparate sum of public money for candidates, nor do I think they would let stand any limitation on candidates. So if you are going to have public financing in the primary and you have 1,000 people file, I think you are going to have to finance all 1,000 people equally. You

can bet if there is $50,000 of public financing, there will be 1,000 people file in most districts.

As I said the other day, 990 of them will find out some way to rip off most of that money for themselves.

Mr. ANDERSON. I couldn't be more in agreement, Mr. Chairman. I am not in favor of total public financing or in favor of a system that puts a flat sum out on the stump for a candidate to come out and run. Mr. Udall and I do have some provisions in the bill we introduced that sets up what is called the Federal Matching Entitlement Fund that would say to the candidate, "If you can go out and demonstrate your capacity and your ability to raise a minimum amount"—and the bill would suggest $1,000 for House candidates, $5,000 for Senate candidates and another figure for Presidential candidates. But that is just for purposes of discussion, really. There would have to be a minimum, obviously, they would have to raise. But only after they had demonstrated that capacity to raise a fixed amount themselves in small contributions of under $50 or $100, would they get any money, and then only on a matching basis. So what we are proposing is a mixed system. I don't want to do away with private gifts.

Mr. HAYS. You are saying, as I gather, the law we have now is inadequate?

Mr. ANDERSON. I have to say that; yes.

Mr. HAYS. You are aware that law is almost totally the Anderson-Udall substitute which was offered on the floor with the exception of the commission, are you not?

Mr. ANDERSON. Sir, of course, I think that was a significant deletion, but I think that what you have said is true. The results of the last election, the unhappy experience that the American people had. I think as they go back and look at what happened in that 1972 campaign do in my humble judgment dictate the need for strengthening amendments.

Mr. HAYS. You are not proposing strengthening them in my judgment. You are proposing we open the thing up further and have more expenditures. If I can figure out anything at all, is there was too much money spent. That is what everybody back home says—why don't you clamp a ceiling on how much money they can throw around?

You talk about the repudiation. I think you read polls too much. We had a dinner Saturday night in my county, and for the first time for a fundraising dinner for the party and the first time in my lifetime people were scalping tickets.

Mr. ANDERSON. Unfortunately this was a Democratic dinner.

Mr. HAYS. That is right. We had a seating capacity for 550 people and the dinner cost $10. It was worth about 75 cents. I should have been catering it out of the cafeteria. But people were actually paying $20 apiece for the tickets because they wanted to be there, apparently wanted to be seen there. We don't have an election this fall of any significance. I don't think people have turned their back on officeholders and incumbents and political figures generally.

Mr. ANDERSON. I agree, Mr. Chairman. I don't think they have. I think what they have turned their backs on is the spectacle of laundered money in suitcases being flown around the country in vast sums.

Mr. HAYS. I agree with you on that.

Mr. ANDERSON. Of $50,000 and $100,000 and $1 million contributions. I think this is almost obscene.

Mr. HAYS. I propose to put an amendment in the bill, if I have anything to do with writing it, that no one can contribute more than $500.

Mr. ANDERSON. I totally agree with that, and one section of our bill relates to limits on those contributions. I think this is a large part of the problem. There has been too much big money, too many financial fat cats.

I couldn't be happier with what you have just told me about scalping $10 tickets for $20 at a dinner. This is the kind of grassroots participation we ought to have.

Mr. HAYS. We are having another dinner, a 10th-Districtwide dinner.

Mr. ANDERSON. I don't want to wish you too much success.

Mr. HAYS. We already have people angry because they want to get tickets at $25. I don't think they are turning their backs on the political officeholder at all.

Mr. ANDERSON. Not per se.

Mr. HAYS. They are saying, especially Common Cause, that we now have built-in security and we have no limits. Somewhere along the line someone is at fault in this thinking. If no limits are going to give security and high limits are going to give security, the thinking must be sour at some point.

Mr. ANDERSON. Let me say, Mr. Chairman, I think if you have an incumbent who is doing a credible job, a good job, in the public office that he holds, there is always going to be some built-in advantage for that incumbent. I don't propose to eliminate that. I think that is the kind of advantage he ought to have. If you have a good record, you are entitled to the advantage.

I merely suggest that if you have an overall ceiling which is relatively low, that it will not differentiate between incumbents with good records and others. Instead it is going to protect against a good stiff competitive challenge of the incumbent who is just sitting there and hanging on for dear life by virtue of the fact he has been in office for 10 or 20 or 30 years. So the ceiling makes no distinction as far as what kind of incumbent, and that is what bothers me about the ceiling.

Mr. DENT. I can name you a set of circumstances in a dozen instances in the campaigns I have participated in, with other Members, not my own. I can name you an outstanding Member of Congress who was here quite a while and made a great contribution, and he was beaten only because a great sports figure ran against him.

Here is one thing you must understand in my book: I learned early in my days a long time ago that the combination of low salaries for legislative bodies and unlimited expenditures for campaign are the means of controlling legislative bodies. That has been true in all 50 of the States. I served 22 years in the State senate and 18 here in Congress, and it is true in every legislative body in the entire country today and it is true in Congress. It is not realistic, and the recommendation was made the other day we set a limit of $225,000 for a congressional campaign for the incumbent and $240,000 for a nonincumbent, and that was even attacked as being too low in this subcommittee. It is not realistic.

In my mind, if I were an ordinary citizen, and I know a lot of them very well, they can't believe that any man spending $200,000 or