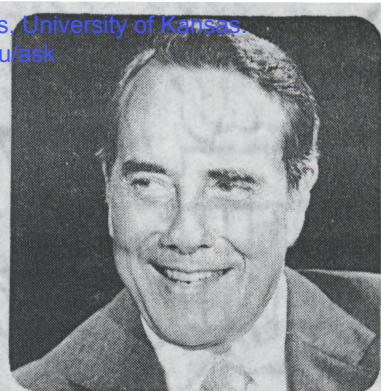


# BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE  
APRIL 19, 1990

CONTACT: WALT RIKER  
(202) 224-5358

## TIME TO TAKE HARD LINE ON SOFT MONEY; N.Y TIMES EDITORIAL FEEDS ON "SEWER MISINFORMATION"

LAST MONTH THE NEW YORK TIMES RAN AN EDITORIAL BLASTING THE SO-CALLED "SEWER MONEY" IN THE CAMPAIGN FINANCE SYSTEM. THE TIMES WROTE THAT CAMPAIGN FINANCE REFORM WILL BE "WHOLLY UNDERMINED" IF THE TIDE OF UNREPORTED "SEWER MONEY" CONTINUES TO FLOW UNABATED OVER THE POLITICAL LANDSCAPE.

### DEFINING THE PROBLEM

NOT SURPRISINGLY, THE TIMES EDITORIAL WAS HIGH ON RHETORIC -- HIGH ON SPOON-FED PARTISANSHIP -- BUT LOW ON CONTENT -- AND IT FAILED TO OFFER AN ACCURATE OR COMPREHENSIVE DEFINITION OF WHAT WE REALLY MEAN BY THE SEWER-MONEY -- OR SOFT-MONEY -- PROBLEM.

IT FOCUSED ALMOST EXCLUSIVELY ON PARTY SOFT MONEY, WHICH UNDER CURRENT LAW IS ALL DISCLOSED -- ALL REGULATED -- AT EITHER THE FEDERAL OR STATE LEVEL. AND IT IGNORED THE REAL SOFT-MONEY PROBLEM STEMMING FROM THE UNREPORTED, UNREGULATED SPECIAL-INTEREST ACTIVITIES OF CORPORATIONS, LABOR UNIONS, AND TRADE ASSOCIATIONS.

IN THE BROADEST TERMS, SOFT MONEY IS POLITICAL MONEY OUTSIDE OF THE SOURCE RESTRICTIONS, CONTRIBUTION LIMITS, AND DISCLOSURE REQUIREMENTS OF THE FEDERAL ELECTION CAMPAIGN ACT AND ITS REGULATIONS. THAT'S THE ACADEMIC DEFINITION, AND IT'S THE DEFINITION MOST WIDELY ACCEPTED BY THE CAMPAIGN FINANCE EXPERTS.

BUT THE REAL ABUSES OF SOFT MONEY COME TO LIFE ONLY WHEN YOU LOOK BEHIND THE ACADEMIC DEFINITION AND WHEN YOU SEE WHAT SOFT MONEY MEANS IN REAL-LIFE AND IN REAL-LIFE CAMPAIGNS.

### SOFT MONEY - WHAT IT IS!

- o SOFT MONEY IS THE \$850,000 IN CORPORATE CASH THAT CHARLES KEATING CONTRIBUTED TO A TAX-EXEMPT 501(C)(3) ORGANIZATION THAT WAS SUPPOSEDLY DEDICATED TO NON-PARTISAN VOTER REGISTRATION.
- o SOFT MONEY IS THE MILLIONS OF DOLLARS SPENT BY UNIONS, CORPORATIONS, AND TRADE ASSOCIATIONS ON THE SO-CALLED "ADMINISTRATIVE EXPENSES" OF THEIR SPECIAL-INTEREST POLITICAL ACTION COMMITTEES.
- o SOFT MONEY IS THE MILLIONS OF DOLLARS SPENT ON DOOR-TO-DOOR CANVASSING AND OTHER CAMPAIGN ACTIVITIES BY THE CITIZEN'S ACTION NETWORK, A SUPPOSEDLY NON-PARTISAN TAX-EXEMPT ORGANIZATION NOW UNDER INVESTIGATION BY THE FEDERAL ELECTION COMMISSION.
- o SOFT MONEY IS THE MILLIONS OF DOLLARS SPENT ON PHONE BANKS BY SPECIAL ECONOMIC INTERESTS DURING THE WANING DAYS OF A CAMPAIGN.
- o AND SOFT MONEY IS THE \$45 MILLION SPENT BY CORPORATIONS AND LABOR UNIONS ON VOTER REGISTRATION AND GET-OUT-THE-VOTE ACTIVITIES DURING THE 1988 PRESIDENTIAL PRIMARIES AND GENERAL ELECTION -- ACTIVITIES THAT OPERATED WITHOUT PUBLIC REPORTING AND AS A SOFT-MONEY SUBSTITUTE FOR WHAT THE POLITICAL PARTIES SHOULD BE DOING IN THE SUNLIGHT OF DISCLOSURE.

THE LABOR DEPARTMENT ESTIMATES THAT UNIONS COLLECT MORE THAN \$3.3 BILLION IN ANNUAL DUES FROM MEMBERS AND NON-MEMBERS ALIKE -- WHICH HAPPENS TO BE GREATER THAN THE GROSS NATIONAL PRODUCT OF MORE THAN 75 COUNTRIES. NEEDLESS TO SAY, ONLY A STATISTICS GENIUS -- OR PERHAPS A FORTUNETELLER OR DEMOCRATIC PARTY OPERATIVE -- CAN ACCURATELY ESTIMATE HOW MUCH OF THIS MONEY ACTUALLY GETS PUMPED INTO THE CAMPAIGN FINANCE PIPELINE EACH YEAR.

(MORE)

### THE SOLUTION

SO SOFT MONEY CAN MEAN A LOT OF THINGS, AND IT CAN HAVE MANY DIFFERENT FACES. BUT UNDER ANY DEFINITION, SOFT MONEY MEANS MONEY THAT'S UNREPORTED, UNREGULATED, "UNDER THE TABLE," AND UNQUESTIONABLY A KEY INGREDIENT OF THE SO-CALLED SPECIAL INTEREST PROBLEM THAT NOW PLAGUES CONGRESS AND BREEDS THE GROWING CYNICISM AMONG THE AMERICAN PUBLIC. SIXTEEN YEARS AGO, CONGRESS THOUGHT IT HAD CLEANED UP THE CAMPAIGN FINANCE MESS WHEN IT PASSED THE FEDERAL ELECTION CAMPAIGN ACT OF 1974. THE ACT HAS CERTAINLY DONE SOME GOOD, BUT ONE OF ITS MOST ENDURING LEGACIES IS THE GAPING LOOPHOLE THAT HAS LED TO THE CREATION OF THE SOFT-MONEY FRANKENSTEIN -- WHICH NOW OPERATES OUTSIDE THE SCOPE OF ANY FEDERAL OR STATE REGULATION.

WHEN CONGRESS CONSIDERS ANOTHER ROUND OF CAMPAIGN FINANCE REFORM -- PERHAPS AS EARLY AS NEXT WEEK -- THE SENATE CAN CLOSE THE SOFT-MONEY LOOPHOLE BY TAKING THE FOLLOWING STEPS.

ONE. CONGRESS SHOULD PROHIBIT ALL TAX-EXEMPT, 501(C) ORGANIZATIONS FROM ENGAGING IN ACTIVITIES DESIGNED TO INFLUENCE THE ELECTION OF A SPECIFIC FEDERAL CANDIDATE. IF YOU'RE TAX-EXEMPT, YOU SHOULDN'T BE PLAYING THE POLITICAL GAME.

TWO. CONGRESS SHOULD RESTRICT TAX-EXEMPT ORGANIZATIONS FROM ENGAGING IN VOTER REGISTRATION AND GET-OUT-THE-VOTE ACTIVITIES IF A CANDIDATE OR A MEMBER OF CONGRESS ACTIVELY SOLICITS MONEY FOR THE ORGANIZATION. WHEN THESE VOTER REGISTRATION OUTFITS ARE IDENTIFIED WITH A SPECIFIC POLITICAL FIGURE FROM A SPECIFIC POLITICAL PARTY, YOU DON'T HAVE TO BE SHERLOCK HOLMES TO REALIZE THAT NON-PARTISANSHIP IS NOT LIKELY TO BE ONE OF THE ORGANIZATION'S TOP PRIORITIES.

AND, THREE. CONGRESS SHOULD CODIFY THE SUPREME COURT'S BECK DECISION, WHICH STANDS FOR A VERY SIMPLE, BUT IMPORTANT, PROPOSITION: NO AMERICAN SHOULD BE COMPELLED -- AGAINST HIS OR HER OWN WILL -- TO GIVE UP A HARD-EARNED AND HEALTHY CHUNK OF THE WEEKLY PAY CHECK SIMPLY TO FINANCE SOMEONE'S POLITICAL CANDIDACY OR SOME ORGANIZATION'S POLITICAL AGENDA. THAT'S UNFAIR, AND CONGRESS SHOULD SAY SO.

IF CONGRESS COULD TAKE THESE THREE SIMPLE STEPS, WE WOULD GO A LONG WAY TOWARDS PUTTING THE SOFT-MONEY SPECIAL-INTEREST OPERATORS OUT-OF-BUSINESS FOR GOOD.

#### PARTY-BUILDING ACTIVITIES

I KNOW SOME SOFT-MONEY CRITICS ARE CONCERNED ABOUT PARTY-BUILDING ACTIVITIES LIKE VOTER REGISTRATION AND GET-OUT-THE-VOTE THAT ARE CONDUCTED ON BEHALF OF A PARTY'S ENTIRE SLATE OF FEDERAL AND STATE CANDIDATES. THEY ARE CONCERNED ABOUT WEALTHY CONTRIBUTORS WHO INDIRECTLY BENEFIT FEDERAL CANDIDATES THROUGH THEIR CONTRIBUTIONS TO THE STATE PARTIES. AND THEY CLAIM -- CORRECTLY -- THAT THESE "SOFT" STATE DOLLARS -- ALTHOUGH TOTALLY LEGAL UNDER STATE LAW -- ARE BEING USED AS AN INDIRECT SUPPLEMENT TO THE CAMPAIGN COFFERS OF FEDERAL CANDIDATES.

TAKE A QUICK LOOK AT THE 1988 PRESIDENTIAL ELECTION AND YOU WILL SEE THAT THESE CONCERNS ARE JUSTIFIED. AND, NO DOUBT ABOUT IT, THEY SHOULD BE ADDRESSED IN ANY SERIOUS CAMPAIGN FINANCE REFORM PROPOSAL. IF A CAMPAIGN CONTRIBUTION ENDS UP HELPING A FEDERAL CANDIDATE -- WHETHER OR NOT IT'S ORIGINALLY MADE TO A STATE PARTY -- THIS CONTRIBUTION SHOULD BE REPORTED AND REGULATED AT THE FEDERAL LEVEL TO THE GREATEST EXTENT POSSIBLE.

TO ACCOMPLISH THIS GOAL, ALL PARTY COMMITTEES -- BOTH NATIONAL AND STATE -- SHOULD BE REQUIRED TO MAINTAIN SEPARATE FEDERAL AND STATE ACCOUNTS IF THEY ARE PARTICIPATING IN FEDERAL AND STATE ELECTIONS. THIS IS BASICALLY CURRENT LAW, BUT SOME REFINEMENTS ARE IN ORDER.

NATIONAL AND STATE PARTY COMMITTEES SHOULD ALSO BE REQUIRED TO REPORT ALL OF THEIR ACCOUNTS WITH THE FEDERAL ELECTION COMMISSION. THIS MEANS FULL DISCLOSURE OF THE FEDERAL ACCOUNT, FULL DISCLOSURE OF THE STATE ACCOUNT, AND FULL DISCLOSURE OF THE BUILDING FUNDS ACCOUNT. NO EXCEPTIONS. AND NO LOOPHOLES.

I AM PLEASED TO SAY THAT THESE WERE TWO OF THE KEY SOFT-MONEY RECOMMENDATIONS MADE BY THE BIPARTISAN CAMPAIGN FINANCE REFORM PANEL, WHICH WAS COMMISSIONED LAST FEBRUARY BY MYSELF AND BY THE DISTINGUISHED MAJORITY LEADER, SENATOR MITCHELL.

IN ADDITION, THE PARTY COMMITTEES SHOULD BE REQUIRED BY LAW TO FINANCE -- WITH FEDERAL FUNDS -- AN ESTABLISHED PERCENTAGE OF ANY OVERHEAD AND PARTY-BUILDING PROGRAM THAT BENEFITS BOTH FEDERAL AND STATE CANDIDATES. THIS WOULD ENSURE THAT FEDERAL CANDIDATES ARE FINANCED WITH "HARD" REPORTED AND REGULATED FEDERAL DOLLARS. IT WOULD ALSO ENSURE THAT THE LEGITIMATE PARTY-BUILDING ACTIVITIES OF THE NATIONAL PARTY COMMITTEES ARE NOT UNNECESSARILY RESTRICTED.

(MORE)

CONCLUSION

MR PRESIDENT, IF WE'RE REALLY CONCERNED ABOUT CLEANING-UP THE CAMPAIGN SEWER MONEY, THEN IT'S ABOUT TIME TO SPRAY THE SEWER STENCH WITH A BIG CAN OF LEGISLATIVE LYSOL.

AND WHEN THE SENATE FINALLY DOES CONSIDER CAMPAIGN FINANCE REFORM, IT'S OUR DUTY TO SAY "NO" TO THE SOFT-MONEY OPERATORS WHO HIDE BEHIND THEIR TAX-EXEMPT STATUS. IT'S OUR DUTY TO SAY "NO" TO THE MILLIONS OF DOLLARS IN COERCED UNION DUES THAT NOW RUN AMOK IN THE CAMPAIGN FINANCE PIPELINE. AND IT'S OUR DUTY TO SAY "NO" TO THE MILLIONS OF DOLLARS SPENT BY CORPORATIONS AND TRADE ASSOCIATIONS ON PAC ADMINISTRATIVE EXPENSES AND ON OTHER UNREPORTED CAMPAIGN ACTIVITIES.

###

