

public support...an objective review of the Federal Elections Campaign Act will show that it is not the instrument of salvation. It is, however, a serious infringement upon the rights of our citizens, and an indirect assault

upon the diversity of American political thought. The House and Senate have an obligation to admit their mistake, and restore the freedoms they have cavalierly subverted in the name of justice.

The Origins Of The FEC — 15 Years Of Subversion

The history of the Federal Election Commission, voted into existence four days after the resignation of Richard Nixon, in August 1974, is not the story of an honest Federal agency gone bad. The creation and illegal deployment of the FEC is part of a larger campaign of subversion, waged intensively since approximately the beginning of the Kennedy Administration, by foundations and individuals such as the Twentieth Century Fund, Common Cause, and Ralph Nader — all acting on behalf of the Rockefeller and Rothschild financier groups.

The FEC was created to be used along with special operations by the Internal Revenue Service, the Justice Department and the Labor Department, to create bogus scandals around campaign funding, corporate contributions, union pension fund management, and similar issues. The aim of such coordinated dirty tricks has been to prevent any incipient pro-growth labor-industry alliance from wielding power in Congress or the Executive Branch in effective opposition to the extreme austerity measures which the monetarist interests have demanded for the United States — beginning with the 1957-58 recession and accelerating with the 1960s unraveling of the international monetary system.

Even the extremely limited and shortsighted pro-growth labor-industry cooperation on behalf of Nixon's 1972 campaign, based primarily in the construction, defense and transport industries, represented an intolerable potential threat to monetarists then planning in earnest to dismantle high-technology U.S. industry. They sought a way to eliminate this threat — permanently — by setting up a permanent plumbers unit of their own. The *New York Times* once called the establishment of the FEC "the most important development to come out of Watergate."

Founding Fathers

Overall, on the operational level, it was the old Franklin Roosevelt crew, the Americans for Democratic Action types, which gave America the FEC atrocity.

The story of the FEC actually begins in 1961, when advisors to President John F. Kennedy, anticipating strong congressional resistance to their counter-insurgency austerity policies, formed the President's Commission on Campaign Costs, to go after conservative political figures. The following year this commission called for the formation of a Federal Election Commission to scrutinize congressional campaign financing.

The members of the Kennedy Commission were to play critical roles in the later establishment of the FEC during the Nixon Administration. They were: Herbert

Alexander, Commission Executive Director and Director of the Princeton-based, Ford Foundation-funded Citizens Research Foundation; Neil O. Staebler, future vice-chairman of the Twentieth Century Fund 1970 campaign costs task force, a board member of National Training Laboratories, pioneers in small-group brainwashing techniques, and now an FEC Commissioner; and Paul Porter, founder of the Democratic Party's Arnold and Porter law firm, and a holder of many government posts under F.D.R., including the post of Deputy Director of the Office of Price Administration during World War II in which present FEC Commissioners Staebler and Thomas Harris were his underlings. The Kennedy Commission coordinated its investigations with Kennedy's Federal Communications Commission chairman Newton Minow, soon to be director of the Rand Corp. and subsequently chairman of the Twentieth Century Fund's 1968 campaign costs task force.

In 1968, the Justice Department under "ultra-liberal" Ramsey Clark, launched an investigation into corporate adherence to the 1925 Corrupt Practices Act, and the Twentieth Century Fund formed the first of two campaign costs task forces, chaired by Minow and including Ford Foundation trustee Alexander Heard. Meanwhile the *New York Times*, Herbert Alexander's Citizens Research Foundation and others loudly decried corporate funding of Nixon's 1968 Republican presidential campaign.

The monetarist agents were particularly concerned that labor-industry cooperation in defense of economic growth policies would interfere with their austerity drive. A Justice Department-instigated federal grand jury indicated officers of the St. Louis Pipefitters union for alleged illegal contributions under the 1925 Corrupt Practices Act. These indictments, clearly in violation of the Taft-Hartley Act's provisions for political committees, had only one purpose: keep the unions in line, keep them away from the conservatives.

The Republican Party responded to the campaign cost flap by charging that the Johnson Administration was forcing civil servants to contribute to Humphrey's presidential campaign. The Republicans foolishly backed a bill to set up an FEC, hoping it could be judoed against the Fabian Dems. The *New York Times* cheered, and after the Nixon victory, the Rockefeller-controlled Committee for Economic Development and the Fabian Center for the Study of Democratic Institutions both held planning conferences on how to use the campaign financing issue against the conservatives: their reports too

called for formation of an FEC. In the waning months of Ramsey Clark's tenure at the Justice Department, 100 congressional candidates from the 1968 race were threatened with prosecution for not filing reports under the 1925 Corrupt Practices Act.

The Federal Election Campaign Act of 1971

Roosevelt-era operatives were brought back to threaten elected representatives if they did not go along with the push to limit campaign spending and weaken the conservatives. The National Committee for an Effective Congress (NCEC), founded in 1948 and still run by Sidney Scheuer, executive director of FDR's Foreign Economic Administration, drafted the bills and lobbied for their passage.

Early in 1969 the National Committee for an Effective Congress joined with Kennedy intimate Rep. Torbert MacDonald to draft a bill that would place ceilings on campaign spending for television and radio time, and force the networks to give discounts so Fabian candidates who could not command popular financed contributions could get on the airwaves. In their first task force report, the Twentieth Century Fund concurred. The National Committee for Causes and Prevention of Violence went so far as to demand public financing of candidates TV time "to prevent assassinations."

But Congress refused to act. In response, holdovers in the Justice Department from the Kennedy-Johnson era attacked the shipping industry and its unions for violations of the 1925 Corrupt Practices Act in early 1970. Officers of two California shipping companies and the Seafarers International Union were indicted for illegal contributions to conservative Democrats Sens. Magnuson and Reps. Garmatz, Boggs and Rivers and House Minority Leader Gerald Ford. Meanwhile, the Ford Foundation awarded the Citizens Research Foundation \$300,000 for campaign costs exposés while that organization produced a report that denounced Defense Department, Atomic Energy Commission, and NASA contractors for funding Republicans 6-to-1 over Democrats through perfectly legal political action committees. The New York Bar Association issued a report on congressional 'ethics' demanding creation of an FEC to police financing with full public disclosure. A second Twentieth Century Fund task force, chaired by Thomas Curtis, concurred.

The National Committee for an Effective Congress, whose executive director sat on the Twentieth Century Fund task force chaired by Curtis, re-drafted its legislation of the previous year for introduction by Democrats Sen. Pastore and Rep. Torbert MacDonald. This time, hit by the shipping industry scandal with promises of more to come, Congress passed the bill.

President Nixon vetoed it; the veto brought everything out of the woodwork.

First, the NCEC, the AFL-CIO, the United Auto Workers and Common Cause joined forces to work for an override of the veto. That failed. Six weeks later, the scandals broke again. Ford, who had organized support for Nixon's veto, was hit for receiving funds from BankPAC, the Political Action Committee of the American Bankers Association, representing regional banking

interests. Others smeared were: Sens. Muskie, Brock, and Griffin, and Reps. Boggs, Ashley, Brown, Moorhead, Blackburn, and Hanna. Rep. Tip O'Neill was chastised for not lining up votes to override the veto through an exposé of his unregulated Washington, D.C. political committee. A major story focused on how the American Medical Association was able, through certain accounting procedures, to protect the names of recipients of its contributions.

Common Cause and Ralph Nader's groups were mobilized. Common Cause announced a drive to establish an FEC and brought a class action suit against the Democratic and Republican National Committees and the New York Conservative Party to force them to disclose information on their contribution practices. The Ford Foundation-funded Citizens Research Foundation issued a four-volume study on campaign spending which focused on contributions by leaders of industry to Republican candidates. This was just the beginning.

A federal grand jury indicted United Mine Workers president Tony Boyle and officials of the UMW's Labor's Non-Partisan League for making illegal contributions and using union funds for that purpose. Contributions to Humphrey (\$30,000), and Rep. Wayne Hays were highlighted. Hays was chairman of the House Administration Committee which held jurisdiction over election matters. Ling-Temco-Vought, Olin Corp., McDonnell-Douglas, Northrop and Union Oil — all defense contractors — were threatened with prosecution for failure to file reports on contributions.

In response to this wave of attacks, the Nixon Administration began to move on Nixon's veto-message promise that it would come up with alternative legislation. Rep. Gerry Ford agreed to imposing limits on spending. Sen. George McGovern and Joseph Califano both called for 100 percent federal funding of presidential and congressional races through the U.S. Treasury — an open move to subvert the Constitution.

Of all the bills introduced the most important was that of Republican Sen. Hugh Scott. His bill incorporated the 1970 legislation and called for creation of the FEC. When this passed the Senate, the NCEC called it a "stunning victory" and the *New York Times* was delighted with the FEC provision. Thanks to the more intelligent actions of Wayne Hays, however, the FEC provision was dropped from the final bill, and other legislation to fund campaigns with tax revenue was delayed to go into effect in 1976.

With Republicans again foolishly supporting it, the bill minus the FEC was passed in early 1972, with a compromise turning enforcement power over to the General Accounting Office. Three days later, Ralph Nader charged in a suit against the Nixon Administration that it had raised the Federal support price for milk in return for contributions to various Republican political committees from the dairy industry. Nixon signed the bill two weeks later; it was to go into effect April 7, 1972. The G.A.O hired the Citizens Research Foundation's director Alexander to advise them on enforcement.

Paving the Way to the FEC

The main problem for the FEC backers now became how to use the new law to bust up the labor-industry

support forming around Nixon. The AFL-CIO had refused to endorse the Democratic Presidential candidate and organizations such as "Hardhats for Nixon" sprung up everywhere. The Teamsters, the Building Trades unions, the Seafarer's International and others all mobilized to support the President. With the resounding Nixon victory in November, the FEC advocates saw that they needed a major political crisis to break the alliance. The 1972 Watergate break-in scandal began to escalate.

Meanwhile, Common Cause opened a campaign for a citizens mobilization to discover and publicize violations of the new law. Nader's public citizen litigation council sued the Justice Department for non-enforcement of the 1925 Corrupt Practices Act. The *New York Times* charged that Nixon campaign chief Maurice Stans had urged industrialists to contribute before April 7, 1972 when the new law went into effect. In March, 1972, Common Cause demanded a Federal court to freeze Democrat and Republican National Committee funds for non-adherence to the 1925 law, and a few weeks later Common Cause filed a suit against TRW, Inc. and 91 complaints against candidates for Congress.

Nader and the National Committee for an Effective Congress also filed a petition with the Securities and Exchange Commission urging it to investigate corporate political funds; scandals evolved out of these investigations in 1974-76. Nader demanded as well an Internal Revenue Service investigation into whether big contributors were paying "gift taxes." Throughout the spring and summer, the UMW case was in court until Tony Boyle and other officials were convicted and sent to jail. Stories about Maurice Stans, Nixon's Lincoln Club, etc., covered the press. Senators McIntyre, Sparkman, and Tower were charged with getting illegal contributions from the National Home Builders Assoc.

In 1973, the Justice Department kicked off the buildup towards new federal laws by working with state attorneys in Maryland to prosecute Vice-President Spiro T. Agnew for alleged illegal actions while Governor of Maryland. Agnew was charged with using his control over state construction contracts to obtain contributions from contractors. This same operation was used against then-Maryland Governor Marvin Mandel, a leader of conservative Democratic machine politics in the state. Mandel's campaign manager headed Maryland Democrats for Nixon in 1972 and Mandel became in effect an activist for the conservative coalition concept, especially among governors, in the same period. The "Mandel-scandal" dragged on for years until Mandel resigned from office in May, 1977, after a heart attack.

With the opening of Congress in 1974, the push for legislation that would enable public funding of congressional and presidential elections and create the FEC was mounted anew. All covert networks gave way to the leadership of Common Cause, chaired by Rockefeller Bros. Fund trustee John W. Gardner. To the tune set by Common Cause that "vested interests" were "buying" congressmen, all other Fabian organizations marched. Another Rockefeller group, the Committee on Economic Development charged in a report published in January that Congress is "a weak and wasteful arm of government."

Common Cause opened the 1974 congressional session

with a 'multitude of reports and newspaper ads. Rockefeller in-law Sen. Charles Percy echoed their pronouncements. Organizations rose up overnight funded by the major foundations: "Project on Corporate Responsibility," "National Information Center on Political Finance," etc.

Early in the year, Nixon attorney Herbert Kalmbach pleaded guilty to "trading ambassadorships for contributions." George Steinbrenner, chairman of American Ship Bldg. was indicted for illegal contributions to congressional races and was later charged by the Securities and Exchange Commission for contributions to Nixon, and Sens. Inouye and Hartke. Nixon appointee John Connally was charged with pocketing milk producers funds.

Eight trustees of the International Union of Operating Engineers pension and welfare fund were forced to resign, pay fines, and turn over money that its members had wanted them to contribute. The Maritime Engineers Benevolent Association and the Seafarers International Union were focused on for legal contributions to Sen. Russell Long. New York's United Federation of Teachers was threatened with prosecution for failure to file reports on contributions. The *New York Times* designated the teachers "the best financed special interest group."

Northrup Corp. admitted "guilt," as did 3-M Co. and Ashland Oil, for contributions to Humphrey, Sens. Tower and Nunn and the Democratic National Committee.

The man behind all this — Attorney General Edward Levi, whom Ralph Nader swore in congressional testimony was the source of his information on corporate contributions.

In Congress, the Senate quickly passed the Federal Elections Campaign Act of 1974. The only fight occurred when Wayne Hays forced the Senate to drop public financing of congressional elections, in exchange for allowing the FEC to be established.

In August, while the House was deliberating, Nixon resigned, and the milk producers and Steinbrenner pleaded guilty. President Ford signed the new law Oct. 16. Common Cause rejoiced that its work resulted in more contributions to Democrats than to the G.O.P. in the 1974 congressional elections.

The FEC vs. The American People

With the FEC established, the scandals continued to keep pressure on Congress and conservative forces generally. The SEC charged Philips Petroleum, Gulf, Northrup and several other firms with keeping private political funds illegally.

With the FEC's formation in April 1975, began a fight over its authority that lasted almost a full year and ended in the Elizabeth Ray-Wayne Hays scandal. The FEC had six member commissioners, including Thomas Harris and Neil O. Staebler, and Thomas Curtis, FEC chairman, member of the Committee for Economic Development and collaborator with the Twentieth Century Fund.

Early in 1975, the FEC ruled:

- 1) that advance loans or loan guarantees are contributions and must be included in spending limits;
- 2) that "constituents' service funds" maintained by congressmen for providing services to constituents

would be counted as political funds and included in spending limits;

3) that the \$1,000 individual contribution limit applied to business partnerships as well as individuals; and

4) That fees candidates pay to lawyers and accountants hired to prepare their FEC report came within spending limits imposed by law.

The law was so vague that the FEC in effect was empowered to make policy decisions. The new rulings set off tremendous congressional opposition to the FEC.

Furthermore, under the one-house veto provision of the law, either house of congress could vote against an FEC resolution and make it null and void. As the Supreme Court promised a full review of constitutional issue, the Senate voted to overturn the FEC's constituents' service funds, and the House later rejected the FEC proposal for congressmen to file campaign reports with the commission rather than the Clerk of the House or the Secretary of the Senate. The general counsel of the Ford campaign committee announced that the FEC had no power to issue such rules as it had. The FEC began to back down, and the issues were not resolved.

With the opening of Congress in 1976, Wayne Hays, chairman of the House Administration Committee, blasted the FEC for investigating an unsigned, handwritten complaint against an Indiana congressman. When brought before the committee FEC chairman Curtis was unable to explain how the investigation could have been started and said that his staff seemed to be acting autonomously. Hays then blasted the FEC, stating that he hoped the Supreme Court would wipe it out of

existence, and that he would block its appropriations if it didn't allow congressional staff members to campaign for candidates.

Days later the FEC was declared unconstitutional by the Supreme Court, but the Court ruling allowed it to be reconstituted as an independent executive agency to which Congress could not make appointments. Sen. Edward Kennedy subsequently introduced new legislation to reconstitute the FEC.

Congress refused to act on the legislation, and allowed the FEC to go out of existence. In response, Rockefeller lawyer John J. McCloy broke the Gulf scandal again, by forcing Gulf to send letters to congressmen who had received Gulf contributions demanding they return the funds. Some of the Senators named were: Hugh Scott, Howard Baker, Henry Jackson, Bill Brock, Hatfield, Russell Long, Humphrey, John Heinz and Daniel Inouye. Meanwhile a Gulf lobbyist was prosecuted for his role in making alleged payments to Inouye. Ramsey Clark and Nader sued to overturn the one-house veto provision.

As a result of McCloy's action the FEC was reconstituted on May 11, after new legislation passed. Ford reappointed the 5 remaining commissioners and one other.

On May 22, 1976 the *Washington Post* ran a front-page sex scandal story on Elizabeth Ray and Hays. Hays resigned from Congress later in the year.

Then, as the 1976 presidential campaign opened up in earnest, the FEC turned its attentions to U.S. Labor Party presidential candidate Lyndon LaRouche, who was campaigning actively for a labor-industrial alliance on behalf of progress to stop Jimmy Carter.