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WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/26/89 **ACTION/CONCURRENCE/COMMENT DUE BY:** -----

SUBJECT: PRESIDENTIAL DECISIONS ON CAMPAIGN FINANCE REFORM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☑	MCCLURE	☐	☑
SUNUNU	☑	☐	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☐	☑
DARMAN	☐	☑	STUDDERT	☐	☐
BATES	☐	☐	UNTERMEYER	☐	☐
BREEDEN	☐	☐	WRAY	☐	☑
CARD	☐	☑	_____	☐	☐
CICCONI	☐	☑	_____	☐	☐
DEMAREST	☐	☑	_____	☐	☐
FITZWATER	☐	☑	_____	☐	☐
GRAY	☑	☐	_____	☐	☐
HAGIN	☐	☐	_____	☐	☐

REMARKS:

CLOSE HOLD

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	C. Boyden Gray to POTUS, Re: Campaign Finance Reform Package. (15 pp.)	06/23/89	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Davis, Mark William
Subseries: Subject File
WHORM Cat.:
File Location: Library of Congress/ PACS 6/89 [2]

Open on Expiration of PRA
(Document Follows)
By CAP (NLGB) on 1/19/09

Date Closed:	12/13/2004	**OA/ID Number:**	13872-015
FOIA/SYS Case #:	S	**Appeal Case #:**	
Re-review Case #:	2005-0481-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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(b)(9) Release would disclose geological or geophysical information

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

June 23, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY
COUNSEL TO THE PRESIDENT
WHITE HOUSE CAMPAIGN FINANCE REFORM WORKING GROUP

SUBJECT: CAMPAIGN FINANCE REFORM PACKAGE

ACTION-FORCING EVENT

In your April 12 address to the American Society of Newspaper Editors, you announced that you had instructed your staff to perform a comprehensive review of campaign finance reform. This memorandum is a product of such a review by a White House working group which included representatives from the Offices of Counsel to the President, Political Affairs, Policy Development, Legislative Affairs, and the Republican National Committee (the "Working Group"). The Working Group has met periodically over the past two months, both on its own to consider various proposals, and with representatives from the Senate, the House, corporate and trade association PACs, ideological groups, and Republican political professionals.

The meetings with the various constituency groups produced a consensus from Republican partisans that the President's package should be an innovative measure which breaks through the Republican "fat cat" stereotype and takes cutting edge positions on specific issues for which there may not yet be a consensus on the Hill because of the self-interests of various Members.

Our starting point for the proposals outlined below was the four points articulated in your April 12 speech. First, you announced that the Administration's ethics bill which went to the Hill that day would include a prohibition against converting congressional campaign funds to personal or office use. Second, you stressed the need to strengthen political parties. Third, you stated that, "I believe we should eliminate contributions to candidates by political action committees, and I'll be consulting with

Congress about that." In that context, you noted that, "PACs weaken the parties, restrain competition, and deaden the political debate." Finally, you opposed public financing of Congressional elections. The Working Group has attempted to develop a comprehensive campaign finance reform package which is consistent with your bold proposal on PACs and the general themes of strengthening parties, increasing competition and fairness in elections, and curtailing special interests.

Part of the backdrop for these deliberations is the burgeoning ethics crisis in the House which demonstrates the inherent dangers of a Congress too long dominated by one party. This crisis follows the 1988 elections in which 99.2% of the incumbents in the House who sought re-election were re-elected under a campaign finance system where 62% of PAC contributions went to Democrats and 76% went to incumbents. In elections between incumbent House Democrats and Republican challengers, the numbers are even more striking: Democrat incumbents received $54.3 million in PAC contributions compared to the $2.4 million for Republican challengers.

The Working Group has divided its proposals into four broad areas: (I) Contribution Limits by PACs, Political Parties and Individuals; (II) the Incumbency Advantage, including the use of excess campaign funds, the political advantages of holding office, and perpetuation of incumbency through redistricting; (III) Soft Money and the need for full disclosure, and (IV) Banning Honoraria.

I. CONTRIBUTION LIMITS

A. PACs

1. ANALYSIS

In your April 12 speech, you stated your belief that PAC contributions to candidates should be eliminated. Under current law, there are two general categories of PACs: those which are sponsored by, or affiliated with, corporations, unions and trade associations, and those which are not sponsored or affiliated, the so-called "non-connected" or "ideological" PACs. The bulk of PAC contributions come from corporate, union and trade association PACs: they accounted for nearly 90% of total PAC giving in 1988.

Because of freedom of association and freedom of expression guarantees found in the First Amendment, it may be impossible to ban all contributions to candidates from non-connected PACs.

Our proposal is to ban corporate, union, and trade association PACs, which essentially would return the law to its pre-Federal

Election Campaign Act of 1971 status. In addition, we would reduce the contribution limit for the remaining non-connected PACs from $5,000 to $1,000 per candidate per election. (A second option would be to reduce the limit to $2,500. This is consistent with some congressional proposals and is preferred by some of the conservative ideological groups.) This proposal would sharply reduce overall PAC giving. Using 1988 PAC contribution figures, the effect of this proposal would have been to eliminate at least $140 million of the $160 million in PAC contributions.

If PAC contributions were curtailed as outlined above, other elements of this package become crucial since such a ban has the potential of: decreasing the role of business interests in the campaign finance system, thereby increasing the relative influence of labor unions; encouraging corporations, unions, and trade associations to "bundle" individual contributions through agents as a way to circumvent the limitation; and increasing the number of independent expenditures.

It should be noted that the Working Group does not believe this package will significantly affect the amount of money being spent on elections. Instead, the reforms proposed will tend to re-channel campaign funds away from special economic interest PAC operatives inside the Beltway, and back to (a) the parties and (b) direct individual donations (from both union members and corporate employees).

2. RECOMMENDATIONS

In order to achieve your objectives while creating a sound overall system for campaign finance, the Working Group recommends reforms in six specific areas: (a) banning corporate, union and trade association PACs; (b) prohibiting candidates from having more than one committee in order to end "leadership PACs"; (c) tightening rules prohibiting economic special interests from "bundling" individual contributions; (d) codifying the Beck Supreme Court decision on union dues; (e) encouraging voter participation programs by economic special interests; and (f) increased reporting for independent expenditures.

Because change to one part of the campaign finance system has consequences for other parts of the system as well, the Working Group strongly recommends that all six reforms be undertaken as a uniform package to lessen the risk of unintended consequences.

a) Banning PACs: The Working Group recommends eliminating corporate, union, and trade association PACs. This would include prohibiting any union, corporation, or trade association from using its treasury money to pay for any PAC's administrative costs or other political activities. It would also abolish any payroll checkoff contributions to any PAC.

We also recommend that contributions by the remaining non-connected PACs be reduced from $5,000 to $1,000 per candidate per election. Another option would be to reduce such contributions

to $2,500. These non-connected PACs would continue to be allowed to contribute $15,000 per year to national and $5,000 per year to state political parties in order to strengthen the political party structure. Further, the non-connected PACs would be able to continue spending unlimited amounts of money on such participatory activities as voter registration programs, informing members and the public about elections, and conducting get-out-the-vote activities. These so-called "soft money" activities would become fully reportable and would provide those PACs remaining a vehicle to participate meaningfully in the electoral process.

Pro: -- Reduces the role of economic special interest money.

Pro: -- Increases the role of political parties since the role of PACs will diminish.

Pro: -- Equalizes the roles of corporations and union in elections.

Pro: -- Takes the high ground on PACs which, in this ethics climate, is likely to be popular with the public and press.

Con: -- Eliminating corporate, union and trade association PACs may reduce the number of individiuals currently participating in the system since many individuals give only to their company's, union's or industry's PAC.

Con: -- Danger that cutting off PAC contributions to candidates will tend to increase independent expenditures and encourage "bundling" abuse.

Con: -- May not lead to increased PAC giving to political parties, because many PACs believe they receive benefits only by giving directly to candidates.

Con: -- Retaining non-connected PACs may be viewed as a loophole; i.e., employees or members of corporations or labor unions could ban together to establish "non-connected" PACs with informal corporate, union, or trade association sponsorship.

DECISION -- Banning Corporate, Union, Trade Association PACs

_✓_ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

DECISION -- Reducing Non-Connected PAC Limits

_____ Approve

_____ Option 1 ($1,000)

_✓_ Option 2 ($2,500) <

_____ Approve as Amended

_____ Disapprove

_____ No Action

b) "Leadership PACs": We recommend that any legislation also prohibit transfers between PACs, limit all candidates to a single committee, and prohibit candidate's campaign committees from contributing to other candidate's committees. This would eliminate "leadership PACs" which allow entrenched incumbents to spread special interest contributions to other candidates.

Pro: -- Discourages the proliferation of non-connected PACs that may otherwise occur if economic special interest PACs are banned.

Pro: -- Stops influential congressional leaders from using economic special interest money to fund their personal PACs so they can seek favor from their colleagues.

Pro: -- Reform initially recommended by the PAC community.

Con: -- Opposition from those congressional leaders who have raised and spent significant amounts in seeking and maintaining positions in the congressional leadership.

DECISION -- Leadership PACs

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

c) Bundling: Bundling is the practice where an organization (or its officials) solicits many contributions from its employees or members at a central location, bundles them together and sends them to the candidate without affecting the central organization's contribution limits. We recommend tightening the existing laws prohibiting bundling, except that such restrictions would not apply to political parties.

Pro: -- Necessary to discourage economic special interests from doing what their PACs did by instead having corporate executives and union and trade association officials pressure their colleagues for individual contributions.

Con: -- It may be impossible to legislate away this practice, so that money from economic self-interests will still play a major role despite PAC reform.

DECISION -- Bundling

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

d) Beck Codification: The U.S. Supreme Court decision in Beck should be codified so that a union member can stop his or her mandatory dues from being used for political activities he or she does not support. (This proposal received virtually unanimous support from all individuals talked to by the Working Group.)

Pro: -- Levels the playing field between union and corporate interests.

Pro: -- Unanimously supported by all outside groups contacted by the Working Group.

Con: -- Ensures strong opposition from organized labor because of Beck codification (in conjunction with the prohibition on labor treasury money for PAC administrative costs).

DECISION -- Beck Codification

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

e) Voter Participation Programs: Although corporations, unions, and trade associations would not be permitted to sponsor PACs, these entities would continue to be permitted to participate in elections through voter registration programs, get-out-the-vote activities and advocacy communications to their members. However, this proposal would require full disclosure of all monies spent for such activities. Under current law, such activities are frequently not disclosed, resulting in massive amounts of political activity and spending outside the scrutiny of the public and the media.

Pro: -- Encourages voter participation activities by corporations, unions and trade associations, which could lead to increased turnout.

Pro: -- Increases disclosure of activities which affect elections.

Con: -- Full reporting will add to the regulatory burden on corporations and labor unions.

DECISION -- Voter Participation Programs

___✓___ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

But will this correct past abuses of COPE, abuses that existed long before PAC problem arose?

(f) Independent Expenditures: These expenditures could well increase if economic special interest contributions to candidates are barred and other PAC contributions reduced. We recommend reporting requirements for any group conducting independent expenditures be increased. Specifically, such groups would be required to include additional notice throughout an ad identifying the person or organization funding it. The Supreme Court has ruled that independent expenditures are constitutionally protected, so an airtight ban is impossible. This reform would make the independent non-authorized nature of such expenditures more public.

Pro: -- Provides more public notice of independent expenditures, which are often misleading and often do not clearly include information on who is sponsoring them.

Pro: -- Restrictions on independent expenditures enjoy bi-partisan support in Congress.

Con: -- Restrictions on independent expenditures may have a chilling effect on legitimate political debate.

DECISION -- Independent Expenditures

___✓___ Approve indep. expenditures have been abused.

_____ Approve as Amended

_____ Disapprove

_____ No Action

B. POLITICAL PARTIES

1. ANALYSIS

The April 12 ethics speech stressed that political parties should be strengthened. As discussed above, proposed PAC limitations alone may allow the political parties to regain influence. Another way to strengthen political parties is to increase party spending limits through increased coordinated expenditures. This would also allow candidates to spend less time fundraising since a larger amount of their funds could come from one set source. Candidates would not be tainted by "special interest" money because any such funds would come from a political party, and candidates and contributors would have no way of knowing precisely which special interest's money were going to which campaign.

2. RECOMMENDATIONS

The Working Group recommends increasing the coordinated expenditure limits the parties may spend on behalf of congressional candidates to 5¢ times the voting age population of the state, adjusted for inflation (it is now 2¢ times the voting age population, adjusted for inflation). This recommendation would provide additional funds for the political party committees to aid in their assuming a larger role in the process.

Pro: -- Political parties would be strengthened because they will play a larger role in funding candidates.

Pro: -- Candidates may spend less time fundraising if the parties can contribute more.

Pro: -- Individual candidates would not be tainted by taking money from any one special interest since funds will be provided by the parties.

Con: -- To the extent the RNC is perceived as having an upper hand in fundraising over the Democrats, you could open yourself to criticism that these recommendations simply represent political self-interest.

3. DECISION

____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

II. REFORM THE INCUMBENCY ADVANTAGE

A. EXCESS CAMPAIGN FUNDS

1. ANALYSIS

Under the current law, incumbents amass huge war chests that scare off challengers in election after election, thereby insulating incumbents from competitive elections. These campaign treasuries are also put to other uses. In the House, the

"grandfather clause" permits the 190 House Members in office on January 8, 1980 to convert their excess funds to personal use upon retirement. In the Senate, the Rules ban personal use of campaign funds, but permit the use of such funds to supplement official accounts.

As noted above, the ethics legislation sent to the Hill on April 12 included a provision prohibiting, on the effective date of the legislation, the conversion of excess campaign funds to personal or office use. This would stop House Members from converting excess campaign funds to personal use. It would also prohibit Senators from supplementing their official accounts with campaign funds. Republican and Democratic Senators now do this by direct disbursement of campaign funds to cover items that can also be paid for with official funds. Republican Senators also receive funds from the National Republican Senatorial Committee through the COMBO program account for the same purposes.

The issue has arisen as to whether we should go beyond the April 12 proposal and ban all uses for excess campaign funds.

2. RECOMMENDATIONS

The Working Group recommends zeroing out campaign treasuries after each election. This goes beyond the ethics package provisions, but is certainly not inconsistent with the prior proposal or with the theme of increasing competition in elections. All excess campaign funds should be given to: national and state party committees; the National Debt Retirement Account of the United States Treasury; or all campaign contributors as pro-rated refunds. The proposal would require that all campaign accounts be zeroed out by January 31 following the election.

Pro: -- Eliminating campaign war chests will result in more competitive elections and higher turnover.

Con: -- Zeroing out is likely to promote early and more intensive fundraising by incumbents.

Con: -- Many Members of Congress feel strongly that this kind of "insurance fund" is necessary and appropriate.

DECISION

✓ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

B. FUNDRAISING RESTRICTIONS

1. Analysis

In the interest of limiting the influence of economic special interests and decreasing the amount of time Members spend fundraising while in Washington, it has been proposed that Members of Congress and their staffs and agents be permitted to be involved personally in raising campaign funds only on calendar days when Congress is not in session. The Working Group has not reached a consensus recommendation on this option.

Pro: -- Makes it more difficult to raise money in Washington, thereby furthering the objective of shifting political fundraising and decisions as to who receives contributions beyond the Beltway.

Con: -- Will be viewed as a hinderance and inconvenience by many Members, who will seek ways around it.

2. DECISION

_____ Approve

_____ Approve as Amended

X Disapprove — seems a little too much to me.

_____ No Action

C. ADVANTAGES OF HOLDING OFFICE

1. ANALYSIS

The incumbent re-election rate in the House of Representatives is over 99%; the re-election rate in the Senate is over 75%. As is frequently noted, there is more turnover in the Soviet Politburo

than the U. S. Congress. Thirty-five years of Democratic rule in the House have contributed to the ethical quagmire in which the House is currently immersed.

This one-party domination is perpetuated by protections built in to the current system. The root of the problem is that incumbents -- especially in the House -- have used the system to shield themselves from the voters. The aim of this campaign reform package is to restore competitive elections. Accordingly, the package takes aim at the perquisites of office and the self-perpetuation of incumbents.

2. RECOMMENDATIONS

In order to promote fair and competitive elections and reform a scandal-tainted institution, reform should come in the areas of reduced Franking and redistricting.

a) The Frank: Limit the use of the Frank by putting a cap on the total amount available so that Members would be limited to one postal patron a year, mailed only in December, January, or February. (Option 1) This would allow a regular newsletter or survey, but would restrict campaigning at public expense. Another option is to ban Franked mass mailings of over 500 pieces so that individually addressed computer-generated letters to all residents of a District or State could not be used. (Option 2) A more drastic alternative would ban unsolicited Franked mail. (Option 3). Under any of the options, the Secretary of the Senate and Clerk of the House should be required to report on a quarterly basis the amounts spent by each Member. The reports would be filed within 30 days of the end of the quarter. The House Campaign Reform Task Force recommends that you adopt Option 3.

Pro: -- Any of these options will result in budget savings. The use of the Frank now costs the taxpayers over $200 million a year.

Pro: -- The Frank is abused by incumbents at the taxpayers' expense.

Pro: -- There is no way for a challenger/candidate to respond to an incumbent's ability to use the Frank.

Con: -- Reduction of the Frank may reduce a Representative's ability to communicate with his constituents.

I am wary about my getting in to this area Discuss please GM

DECISION -- The Frank

_____ Approve

_____ Option 1 (1 annual postal patron)

_____ Option 2 (ban mailings over 500 pieces)

_____ Option 3 (ban unsolicited Franked mail)

_____ Approve as Amended

_____ Disapprove

_____ No Action

b) Redistricting: No single factor is more basic to reforming the built-in advantages of incumbency than ensuring a fair redistricting. This can be achieved legislatively by drafting neutral criteria so that districts are drawn according to non-partisan factors based on fairness, rather than partisan self-perpetuation. While redistricting is often overlooked as a part of the campaign finance reform debate, a gross gerrymander insulates incumbents from the voters more than any other single factor. For example, the California gerrymander of the 1980's has led to only one seat changing parties in the 180 Congressional elections that have been held this decade.

Vast technological advances heighten, as never before, the chance of similar gerrymanders in the 1991 redistricting. A Presidential proposal endorsing non-partisan criteria based upon the preservation of communities and the compactness of districts is the single most important step Republicans can take to heighten public awareness of this crucial issue. This can be done by: 1) promulgating criteria for fair redistricting in federal elections, such as requiring district lines to follow established community boundaries and standards for compactness, and 2) emphasizing that Congressional and legislative districts must comply with the Voting Rights Act.

Along community lines

Pro: -- Will heighten the awareness of this top-priority issue.

Pro: -- This is a "good government" proposal which will be widely supported.

Pro: -- It allows the President to show strong support for the provisions of the Voting Rights Act.

Con: -- Redistricting is not usually seen as part of campaign finance reform so there may be skepticism as to motives.

Con: -- Democrats will strongly oppose any fair districting criteria since they hold most of the political cards and see neutral criteria as an attack on their political power base.

DECISION -- Redistricting

✓ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

III. SOFT MONEY

1. ANALYSIS

The basic premise behind the campaign finance laws is full disclosure. However, a significant portion of the monies spent in American elections today is not disclosed. Republicans have always argued for full disclosure, and the President can demonstrate this commitment again in this package.

Full disclosure should aim at two areas. First is the well-publicized soft money fundraising in the Presidential campaign. The RNC has already voluntarily publicly disclosed all of its Team 100 and other soft money contributions. The Democrats have not been so forthcoming. Public pressure is such that full disclosure of soft money is inevitable -- and we should take the initiative on this.

The focus on presidential political party soft money is only part of the story, however. The same principles behind party soft money disclosure should apply to the undisclosed political activity of labor unions and tax-exempt groups (an estimated $20 million was spent by unions in the 1984 presidential race on behalf of Democratic candidates).

Unless the disclosure of soft money by the political parties and corporations, unions and trade associations is even-handed, any bill will be subject to presidential veto.

2. RECOMMENDATIONS

First, there must be the full disclosure of all soft money contributions and expenditures by political party committees. Second (as discussed above in I. A. 2, P. 2), all labor unions, corporations and trade associations must disclose fully all money spent to influence a federal election, including voter registration and get-out-the-vote activities, as well as any communications which advocate the election or defeat of any federal candidate.

Pro: -- Full disclosure is a good government proposal that will be popular in the press and among the public.

Pro: -- The Democrats and their allies abuse the current soft money rules far more than Republicans.

Con: -- The unions will strongly oppose the disclosure of their soft money activities.

Con: -- Some Republican donors may complain at having their contributions made public.

3. DECISION

✓ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

IV. HONORARIA

1. ANALYSIS

The Working Group recommends that you consider a ban on honoraria. Your legislative ethics proposal did not include a ban on honoraria. Your April 12 speech did include a statement that you believe honoraria for Members of Congress should be banned. You also stated that you believe Members of Congress should receive a pay raise and that you would not "make a formal proposal to Congress until after I consult with the leaders of Congress on the issue of Congressional pay."

As you will recall, the Administration was criticized in certain quarters for not including honoraria in your April 12 ethics legislation. The Working Group believes that now is the right time and that this campaign finance reform package is the right

vehicle to propose such a ban on honoraria. Recent events on the Hill make such a proposal particularly timely. We do not recommend that a pay raise be included in the proposed legislation, although the Working Group recommends that you link them in your speech.

Should you decide to propose action on the honoraria issue, the two principal options which have emerged: (1) the immediate banning of honoraria, and (2) a phased-in approach, whereby the percentage of a Member's salary which may be accepted as honoraria is reduced over time. Currently, House Members may retain honoraria fees in an amount equal to 30% of their salaries, while Senators may accept 40% of their salaries in such fees.

2. RECOMMENDATIONS

The Working Group recommends that the legislation include an outright ban on honoraria, effective upon the date of enactment.

Pro: -- Takes a bold and popular stand on an issue which is currently in the limelight.

Con: -- Will be resented by some Members of Congress, especially if it is not coupled with a pay increase. Most Members of Congress with whom we consulted recommend that honoraria not be included in the campaign finance package.

3. DECISION -- Ban Honoraria

_____ Approve

_____ Option 1 (immediate ban)

_____ ✓ Option 2 (reduced over time)

what about judges!

_____ Approve as Amended

_____ Disapprove

_____ No Action

To: Chris Winston
From: David Winston

DRAFT (VERSION 1.1)

The fundamental principle of Democracy is free elections of the government by the people. Elections are the marketplace of ideas and philosophies from which the people choose. They are not contests between people, but are the natural focal point for the discussion of ideas. The mere changing of faces is not democracy. The true competition of ideas is. When this competition is lost, the key driving dynamic behind democracy is also lost.

When the competition of ideas is impeded, Democracy suffers. When this is done intentionally, democracy is being subverted. When a political group in power loses the mandate of the people for their political ideas, the only means left to them to maintain their power is the manipulation of the electoral process, thus subverting it. The means of subverting the electoral process is the elimination of the competition of ideas.

Competition in state legislative and congressional seats has been severely limited due to the 1981 redistricting process. Skilled partisan "district builders" fundamentally removed the voters from the electoral process and created permanent legislative majorities. This does not mean there are not some competitive races, but rather the party which would control the legislative bodies was locked into place. Control of a legislative body is much more important than the size of a majority. Any political analyst

would agree that if the House of Representatives had been controlled by Republicans, the legislative behavior would have been significantly different.

Removing the voter from the electoral process is not as difficult as it might seem. Using previous voter behavior patterns, skilled experts, using state of the art technology, can build districts that will behave a certain way politically with a reasonable level of certainty. With that skill a "district builder" can create districts within a legislative body that will insure the level of support they need for a majority. The purpose is to limit the possibility of political change and maintain a majority. The most successful example of this is in California. Since the 1982 elections, when the redistricting plan first took effect, there have been 135 Congressional elections. In only one race was there a change in party representation. Another example is in 1984. Among the contested races in 1984 (367) Republican candidates received more votes than their Democratic opponents, yet Democrats got almost 20% more of these seats.

With members of Congress in districts that were built to withstand political change, we have seen the repercussions. The lack of accountability that exists in Congress is contrary to the concept of Democracy. Accountability does not mean measuring the behavior of members in terms of ethics (although it certainly includes

it). It means being accountable for political ideas, and their success or failure.

This accountability problem is more significant at a macro level. With a majority "locked" into place, Congress can pursue legislation without concern of its impact when elections occur. More importantly, without fear of repercussion, the leadership has behaved in a high-handed fashion, leading to what has been described as the "Imperial Congress". Over the years Congress has intentionally eroded Presidential responsibility to increase their own power, while exempting themselves from requirements that they have imposed upon the executive branch. Congress now mandates much of the policy that is developed unless the President is willing to go to radical extremes to exercise the responsibility given to that office "by the people". Thus we see the erosion of "checks and balances" that the drafters of the constitution so carefully crafted to insure our democracy.

The key element in this situation is the concept of a "permanent Congress". This does not mean that each individual member is permanent, but that the majority is permanent. Certainly after 35 years of control by the same party the House could be considered in a state of permanent majority. Since the 1982 elections, when the redistricting plan defined the political landscape for the 80's, incumbents have been returned a phenomenal 98% of the time. There have been 1206 congressional races involving

incumbents, and incumbents have won all but 28 of them. Additionally, of the 1305 races that have occurred since 1982, there have been only 174 competitive races (the winner received less than 55% of the vote). This is only 13% of all Congressional races. During that same time period, there have been only 51 races (out of 1305) where there was a switch in party representation. That represents only 3.9% of all races. Since the 1982 elections, 77% of Congressional races were won with 60% or more, and 46% were won with 70% or more. In 1988, 83% were won with 60% or more, and over half were won with 70% or more. There is a clear lack of competition.

Just how solid is this permanent majority? There are 387 seats that have not switched parties since 1982. That represents almost 90% of the House of Representatives. Of these seats, 237 are held by Democrats, representing 54% of Congress, or the "permanent majority". Again the function of a skilled partisan district builder is to insure that a seat will belong to a political party, regardless of the individual candidate who is running. This is one of the most important elements for a district builder. The critical moment occurs when an incumbent retires and the seat becomes open. As Congressman Al Swift aptly pointed out, in 1988 Republicans won one out of twelve of the seats that Democrat incumbents had vacated. This is the sort of performance that brings a smile to a district builder's face. Not only could you maintain the seat for the sitting incumbent, but you

could maintain the seat when it became open for the party... and that's what the "permanent majority" is all about.

Just how low has the level of competition in House races become? There are significantly more uncontested races than competitive races. How can the American voter participate in the discussion of ideas, when the electoral process has been so effectively rigged to insure a specific result. This is bad for democracy, and ultimately, bad for the citizens of the country. With the use of state of the art computers and advanced technology this situation will only become more aggravated. The framers of the constitution never intended for a political entity to be able to manipulate the electoral process the way it has been. Of course, they had never heard of computers either.

THE WHITE HOUSE

WASHINGTON

89 JUN 28 AM : 51

June 28, 1989

Memorandum to Chriss Winston

From: Jim Pinkerton

Subject: Library of Congress Speech Draft

Two fundamental points, one about the structure of the draft, the other about the tone:

First, the principles of the President's reform package should be better reflected in the structure of the speech. The principles are:

1) Cutting back special interests in order to promote the national interest;

2) Promoting the role of the parties;

3) Promoting competition;

As the speech now stands, we are putting the less important principle, strengthening the parties, ahead of the more important. The most important principle, cutting back special interests, should go first.

Second, the tone is much too partisan. If we have any hope of getting the package enacted we should avoid provoking possible opponents against us from the outset. Therefore, we should de-emphasize the references to the incumbency problem, despite its unquestionable validity, and emphasize:

1) Bipartisanship: that these reforms are good for both parties and should have the support of both;

2) That the President, who uniquely is elected by all the people, is acting here as the leader of all the people;

3) That his reforms seek equal treatment of all the branches, and that these reforms follow naturally from his earlier ethics reforms for the executive branch;

(more)

Finally, we note for the record that two elements proposed for the President's package are missing: requiring all contacts between Congressional offices and executive branch agencies and departments to be logged; and, studying ways of reducing the costs of campaigns.

On both points it is important to bear in mind that the President is not acting only as a Republican reformer. Only about 40 percent of the American people will favor reforms that are explicitly intended as benefitting the GOP. But all Americans will agree that the we must "clean up the system." Therefore, "cleaning up the system" needs to hold the first position in the hierarchy of themes here.

Particular comments:

Pg. 1, para. 2, lines 4-5 There is more than one instance in the speech of making absolute statements that need to be qualified somewhat. Here, to say that one truth is revealed "above all the others...that...government of the people is the greatest achievement of all" begs for qualifying.

We suggest that this one truth "stands out among the others." Government of the people is perhaps less important than either "by the people" or "for the people." The latter especially makes the point that the President seeks greater accountability of government to the people. Thus we suggest: "That for all its blemishes, government for the people is the best government of all."

2,1,2 This excellent paragraph makes several points that are profound. One small suggestion: "We keep it close..." We suggest "government" instead of "it," to make the point clearer.

Following this paragraph, we suggest a transition sentence to tie the introduction to the body of the speech. We should connect the idea that the audience represents in symbolic in a certain sense of the future of America's political leadership, and that these reforms will help ensure the integrity of that leadership. Thus, we suggest something like:

"Today I am proposing a program of reform that looks forward to the day that a new generation will be ready to lead. Perhaps some of those future leaders are in this room today. I intend to ensure that when the torch is passed to a new generation, that the integrity of that leadership will be whole and unsullied by the abuses of the present time."

(more)

2,2,1 "Every abuse" is too absolute. We suggest simply "Abuses in our political system are followed by necessary reform."

2,2,2 Again, instead of "every cycle," we suggest "cycles of reform have...."

2,3,1 "The reforms of the early seventies were a vast improvement...." Not true. In fact, they have in large part contributed to the need for the President's reforms. Instead we suggest: "The campaign reforms ... were an improvement..."

2,4 We believe that this paragraph attacking the undeniable entrenchment of incumbency will work against the enactment of the program. We strongly suggest omitting it altogether.

Instead, this point in the speech seems the natural place to raise the point that the President's proposals are a continuation of his earlier ethics reforms for the executive branch. All these reforms are of a piece (this point hints at the idea that the package must be adopted as a whole -- the whole is greater than the sum of its parts) designed to stem the decline in trust in government and return integrity to government.

3,2,3 The point that 200 years have proven the worth of parties is a good one, although we again believe that it should come after the points about cleaning up the system by cutting back special interests and promoting competition. It needs a quote from a hallowed or respected American document or personage, e.g., the Federalist Papers, Madison, or perhaps Woodrow Wilson.

3,3,1 "...great parties of Andrew Jackson and Abraham Lincoln" is an excellent line.

3,3,3 We wonder about the $160 billion figure. It seems too high and needs checking.

3,3,4 "...Congressional policy lacks coherence." Again, we should not attack Congress so explicitly. Also, the terms "muddled" here and "muted" in the next sentence seem to mix images.

4,3,4 We suggest adding the sentence, with an underline for emphasis: "These PACs account for some 90 percent of all PAC contributions."

4,4,1 Instead of "Some PACs will still exist because...[of] the First Amendment," we suggest "Some PACs should still exist..," which gets across the idea of their propriety instead of their inevitability.

4,4,6 We are pleased to see that the allowable figure for ideological PACs is $2500 rather than $1000.

5,1,1 Again, instead of the provocative, Congress-bashing language here, e.g. "Members of Congress bid for the loyalty of their colleagues," which will offend congressional leaders in both parties, we suggest softening it to read: "I also propose the elimination of so-called "leadership" PACs, through which members of Congress form PACs to raise money for other PACs."

5,2,1 Similarly, applying the word "dishonest" to bundling is too harsh. We suggest simply omitting the word.

5,3,1 Because "stem," can be mistaken for its other meanings, we suggest the more usual "halt" or "stop."

5,3,2 "we must allow the parties to make the difference" can be mistaken as meaning that the abuses of the special interests will be replaced with the abuses of the parties. We suggest simply rephrasing the line to read: "...we must increase the role of the parties in our national discourse."

This paragraph should dwell more on the positive role of the parties. We again suggest citing a respected source from American history.

6,2,6 "full disclosure of all soft money contributions." "All" is too sweeping. We suggest simply omitting it. ?

6,3,6-8 "Yet all independent expenditure groups -- the good and the bad alike -- are protected by a Supreme Court ruling." This sentence is too critical and judgmental. We suggest omitting "the good and the bad alike," and saying "the Constitution" rather than the Supreme Court. It is inappropriate in this instance to seem to lay blame on the Justices, when, in fact, it is the First Amendment that protects independent expenditures.

7,3 This paragraph on the indivisibility of the package is critical to alleviating conservative concerns about being "sold out." It could be strengthened by underlining "all" and "must" in "...all the major provisions must be passed."

(more)

We also suggest that the President should explain more why this is so, e.g., "I've done my best to craft a program of reform that is fair to all. Each part of these reforms depends upon the others. The whole is larger than the sum of its parts. If it is to become law...."

8,3,3 "...pocketing hundreds of thousands -- even millions...." The precise total figure exists, and need to be tracked down. We could then note that the total implies an average of X dollars per member of Congress.

9,3,6 Daniel Webster was unfortunately no paragon of financial virtue. In fact, his name has resurfaced several times during the latest congressional scandals because of his having been in the pay of railroad interests. Any other congressional figure of virtue will do. Sam Rayburn, for example, who was famous for financial integrity, refused junkets and died leaving a tiny savings account (see Robert Caro's chapter on Rayburn in his book on LBJ).

#

NOTE TO CHRISS: I'M GLAD PINK GOT ALL THIS OUT OF HIS SYSTEM

TRANSFER SHEET
BUSH PRESIDENTIAL MATERIALS PROJECT

COLLECTION BUSH PRESIDENTIAL RECORDS
OFFICE OF SPEECHWRITING - DAVIS
SUBJECT FILE

ACC.NO: 93-01

The following material was withdrawn from this segment of the collection and trasferred to the _____AUDIOVISUAL COLLECTION
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DESCRIPTION:

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OFFICE OF SPEECHWRITING - DAVIS
SUBJECT FILE

SERIES OFFICE OF SPEECHWRITING - DAVIS SUBJECT FILE	BOX NO.
FILE FOLDER TITLE: LIBRARY OF CONGRESS/PACS [OA 8748]	
TRANSFERRED BY: Sam McClure	DATE OF TRANSFER:
RECEIVED BY:	DATE RECEIVED

Davis/Martin
June 28, 1989
Draft: Three
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

Thank you. ((Acknowledgements))

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The Library of Congress has been called the diary of the American people. In truth, it is a diary of the human race. And in the million stories of achievement it has to tell, one truth is revealed above all others: That for all its blemishes, government **of** the people is the greatest achievement of all.

As I look around me, I see the best and the brightest of a new generation. For you, this summer of independence is just a sweet taste of adulthood. Trust me, freedom is not as far-off as it seems. Whatever you do in Washington -- page, intern -- you are apprentices in a noble profession -- public service.

We exalt public service ~~precisely~~ because we do not exalt our government. We keep government close, close to the people it is meant to serve. And there is another fundamental concept in

our way of governing -- reform. Ours is not a perfect government. It is a government constantly perfected.

A steadily improving government is the result of our open political system. And in this system, elections are more than the deadlines of democracy; they are the marketplace of ideas. They are not just contests between individuals -- they are contests between philosophies. When this sharp edge of competition is dulled, democracy loses.

STRENGTHENING THE ROLE OF THE PARTIES

In April, I proposed comprehensive ethics legislation for all branches of government. Today, I call on Congress to pass that package. But I also want to address other problems -- how to free our electoral system from the grip of special interests, how to spur the free competition of ideas.

You have often heard me speak of the necessity of bipartisanship. And I do strongly believe we must work together when dealing with the most difficult challenges facing our country -- **not as partisans -- but as Americans.**

But we will not -- and should not -- cease to be Republicans and Democrats. True, the Founding Fathers envisioned no role for parties. Yet 200 years of political experience has shown their value. Political parties clarify and sharpen debate. They shape

coalitions of like-minded people, giving millions of working Americans an effective way to support their beliefs and advance their candidates. **Parties are the indispensable organizers of democracy.**

Times have changed. Today's special-interest Political Action Committees and their $160 million warchest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. As ~~our parties~~ strength erodes, so does the strength of our political system. Distinctions between candidates become muddled, and Congressional debate lacks coherence and discipline. By necessity, Members of Congress engage in time-consuming and often degrading appeals for money outside the party structure. As vigorous competition between candidates, and between ideas, wanes, the clear winner in the race for PAC dollars is incumbency.

Some believe public financing is the best answer. I do not. If we exclude individuals from the process, we exclude the public. Ironically, this is ~~what~~ public financing ~~does: it excludes citizen participation.~~ It would force taxpayers to support extremist candidates they abhor. It would be a siphon from the U.S. Treasury, already in deficit, to campaign coffers. Public financing would do nothing to strengthen the parties; if anything, it would strengthen the status quo. We don't need more money in the system. We need more choices.

Spending limits are not the answer either. Spending limits are nothing but incumbent protection plans. If candidates have equal resources, incumbents will hold a tremendous advantage. And our recent experience in the presidential elections show how poorly limits work in reality.

The answer is reform. So today, I propose just that -- a sweeping reform of our system. More than 90 percent of all PAC contributions come from business, unions and trade associations. So the cornerstone of our reform is **the elimination of all special-interest Political Action Committees.**

*** I propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues.

*** I propose all transfers between PACs must be eliminated, and each candidate or incumbent must have only one campaign committee.

*** I propose to prevent an insidious practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms curtail special-interest money, we must increase the role of the parties. I propose to more than double the amount of money parties may donate to congressional campaigns. Increasing party donations to federal candidates will allow legislators to spend more time legislating and less time raising money. It will give challengers the means to compete with incumbents. And it will allow all candidates to avoid having to raise money from special interests.

Still, some PACs should still exist because they are protected by the First Amendment. These independent PACs account for about ten percent of all contributions. But even these I would limit, by reducing their allowable contributions to federal candidates from $5,000 to the same as individuals -- $1,000. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process.

CLEANING UP THE SYSTEM

But we must do more to truly clean up the system. The basic strength of today's system is disclosure. Yet most money spent in American elections is **not** disclosed.

This little known area of campaign finance law called "soft money" concerns dollars spent on voter turnout efforts. Even in a post-PAC era, however, corporations, unions and trade

associations will need an open way to participate in our democracy. Our proposal would continue to allow organizations to participate in get-out-the-vote activities -- provided they make a full disclosure of their contributions and activities.

Therefore, I call on Congress to join me in mandating full disclosure of all soft money contributions by the political parties, as well as all corporations, unions and trade associations.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Often, they deceive the public into thinking that they are a candidate's campaign. Yet all independent expenditure groups -- the good and the bad alike -- are protected by the Constitution.

If there are to be such independent expenditure groups, at least they should have to disclose **all** their expenditures. Such groups should also be required to more clearly identify the person or organization behind them.

I also propose to strengthen the Supreme Court's Beck decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. **To coerce political donations from working men and women is unfair and un-American. This practice must stop.**

REDRESSING THE INCUMBENCY ADVANTAGE

The third, and final area of reform directly concerns Congressional conduct. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for decades, amassing huge warchests to scare off strong challenges in election after election.

This is not democracy in the spirit of Madison and Jefferson. This is not the spirit of democracy at all. I renew my proposal to end these "rollovers," requiring all excess campaign funds to be donated to the parties, to a fund to retire the national debt or be given back to the contributors.

Under our current law, 190 House Members in office in 1980 can also use their leftover campaign money as a personal retirement fund -- pocketing hundreds of thousands -- even millions -- of dollars when they leave office. Senators are

allowed to convert these funds for official use. **Congress should pack up this golden parachute.**

Another area in need of reform is

~~Allow me to turn your attention toward~~ redistricting -- the way in which parties in power ignore community boundaries and draw district lines favorable to their candidates. This gerrymandering is why many Congressional Districts look like creatures my youngest grandchildren would draw.

The permanent majority that results from non-competitive elections is rock solid. Despite stark D.F. between the parties, ~~Of~~ the 435 seats in the House, 387 -- or 90 percent -- have not switched parties since 1982. Perhaps California provides the best example, where only one seat in 135 elections changed parties ~~under the redistricting scheme for~~ in the 1980s. ~~Consider that in light of the stark differences between the national parties.~~

No single factor is more basic to restoring competitive elections than ensuring fair redistricting in 1990. I propose a new criteria for redistricting, without favor to party, to respect community and traditional lines. **We must draw district ~~lines that are tailored~~ to the needs of the people, not to the political needs of parties.**

Finally, I propose to go a step further to solve the most egregious wrong in American public life. As it stands, members

of Congress can supplement their incomes by as much as 40 percent by making speeches before special-interest groups. This is wrong. That's why I said on April 12 I would support a ban on honoraria. Furthermore, I will send to the Congress next week a separate proposal outlining an orderly process for phasing out honoraria and addressing the thorny problem of compensation. I have already stated my support for a 25 percent increase for judges and look forward to productive work with the leadership regarding Congressional and Executive pay.

CONCLUSION

This year, as Congress observes its 200th anniversary. ((Number)) thousand Americans have served in the House and Senate in the history of our Republic. A few names on this roster are infamous, associated with scandal or remembered as demagogues. But the Bilbos and the McCarthys are few. Most have served in the greater tradition of Russell and Rayburn, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to greatness and achievement through public service. And if you do, I hope the laws that govern our campaigns and our Congress are as just and honest as the majority of those who serve the public.

This vast and honest majority in Congress live the words of George Washington, who said the noblest title in the world isn't President, or Senator, or Congressman -- but "Honest Man."

Whatever you do in life, you can have no higher title than that. Thank you, God bless you and God bless America.

# # #

RJP

Davis/Martin
June 28, 1989 - 1:50 pm
Draft: Three
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

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Title: Campaign

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THE WHITE HOUSE
WASHINGTON

June 28, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON

FROM: MARK DAVIS

SUBJECT: LIBRARY OF CONGRESS SPEECH

I. SUMMARY

On Thursday, June 29, 1989, you will address an audience of 400 congressional, executive and Administration interns at the Library of Congress. The purpose of this speech is to announce the new campaign finance reform package. You will speak for approximately 15 to 20 minutes from a teleprompted text.

II. DISCUSSION

These remarks cover the topics of contributions limits by PACs, political parties and individuals; the incumbency advantage (including the use of excess campaign funds, and perpetuation of incumbency through redistricting); soft money and the need for full disclosure, and banning honoraria.

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STRENGTHENING THE ROLE OF THE PARTIES

In April, I proposed comprehensive ethics legislation for all branches of government. Today, I call on Congress to pass that package. But I also want to address other problems -- how to free our electoral system from the grip of special interests, how to spur the free competition of ideas.

You have often heard me speak of the necessity of bipartisanship. And I do strongly believe we must work together when dealing with the most difficult challenges facing our country -- **not as partisans -- but as Americans.**

But we will not -- and should not -- cease to be Republicans and Democrats. True, the Founding Fathers envisioned no role for parties. Yet 200 years of political experience has shown their value. Political parties clarify and sharpen debate. They shape

coalitions of like-minded people, giving millions of working Americans an effective way to support their beliefs and advance their candidates. **Parties are the indispensable organizers of democracy.**

Yet times have changed. Today's special-interest Political Action Committees and their $160 million warchest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. As the strength of our parties erodes, so does the strength of our political system. Distinctions between candidates become muddled, and Congressional debate lacks coherence and discipline. By necessity, Members of Congress engage in time-consuming and often degrading appeals for money outside the party structure. As vigorous competition between candidates, and between ideas, wanes, the clear winner in the race for PAC dollars is incumbency.

Some believe public financing is the best answer. I do not. If we exclude individuals from the process, we exclude the public. Ironically, this is the end result of public financing. It also would force taxpayers to support extremist candidates they abhor. It would be a siphon from the U.S. Treasury, already in deficit, to campaign coffers. Public financing would do nothing to strengthen the parties; if anything, it would strengthen the status quo. We don't need more money in the system. We need to offer the voters more choice.

Spending limits are not the answer either. If candidates have equal resources, incumbents will hold a tremendous advantage. Spending limits amount to an incumbent protection plan.

The answer is reform. We need reforms that curtail the role of special interests, enhance the role of the individual and strengthen the parties. So today, I propose just that -- a sweeping reform of our system. More than 90 percent of all PAC contributions come from PACs sponsored by corporations, unions and trade associations. So the cornerstone of our reform is **the elimination of all special-interest Political Action Committees.**

*** I propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues.

*** I propose to end a practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms curtail special-interest money, we must encourage the role of the parties. I propose to more than double the amount of money parties may donate to congressional

campaigns. Increasing party donations to federal candidates will allow legislators to spend more time legislating and less time raising money. It will give challengers the means to compete with incumbents. And it will allow all candidates to avoid having to raise money from special interests.

Still, some PACs should remain because they are protected by the First Amendment. These independent PACs account for about ten percent of all contributions. But even these I would limit, by halving their allowable contributions to federal candidates from $5,000 to $2,500. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process.

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We must do more to truly clean up the system. The basic strength of today's system is disclosure. Yet most money spent in American elections is **not** disclosed. This little known area of campaign finance law called "soft money" concerns dollars spent on voter turnout efforts. I call on Congress to join me in mandating full disclosure of all soft money contributions by the political parties, as well as corporations, unions and trade associations.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long

as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Often, they deceive the public into thinking that they are a candidate's campaign. Yet all independent expenditure groups -- the good and the bad alike -- are protected by the Constitution. In order to provide more information to the public, I propose that such groups should be required to more clearly identify the person or organization behind them.

I also propose to strengthen the Supreme Court's Beck decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. **To coerce political donations from working men and women is unfair and un-American. This practice must stop.**

REDRESSING THE INCUMBENCY ADVANTAGE

The third, and final area of reform directly concerns the powers of incumbency. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for decades, amassing huge warchests to scare off strong challenges in election after election.

This is not democracy in the spirit of Madison and Jefferson. This is not the spirit of democracy at all. I renew my proposal to end the "rollover" of campaign warchests, requiring all excess campaign funds to be donated to the parties, to a fund to retire the national debt or be given back to the contributors.

Under our current law, 190 House Members in office in 1980 can also use their leftover campaign money as a personal retirement fund -- pocketing hundreds of thousands -- even millions -- of dollars when they leave office. Senators are allowed to convert these funds for official use. **Congress should pack up this golden parachute.**

Another advantage of incumbency arises from the way in which Members of Congress use the public frank to pay for mass mailings that amount to political advertising. The cost to the taxpayers was more than $113 million in 1988. The cost to our democracy is also steep. I propose to prohibit the use of the frank for unsolicited mailings.

Yet another area in need of reform is redistricting -- the way in which parties in power ignore community boundaries and draw district lines favorable to their candidates. This gerrymandering is why many Congressional Districts look like creatures ~~my youngest grandchildren would draw.~~

The permanent majority that results from non-competitive elections is rock solid. Despite the stark differences between the two national parties, of the 435 seats in the House, 387 -- or 90 percent -- have not switched parties since 1982. Perhaps California provides the best example, where only one seat in 135 elections changed parties in the 1980s. No single factor is more basic to restoring competitive elections than ensuring fair redistricting in 1990. I propose a new criteria for redistricting, without favor to party, to respect community and traditional lines. **We must draw district lines that respect the needs of the people, not tailor them to the political needs of the parties.**

Finally, in the next few days I will also send up legislation to ban honoraria and to address certain aspects of compensation for federal officials. This package will include a 25 percent pay increase for judges, which I have previously recommended, a 25 percent increase for the Senior Executive Service and senior level Presidential appointees, and a substantial increase for a limited number of specialized professionals -- such as nuclear scientists and surgeons -- where the Executive Branch is not competitive. I will also work with Congress on the development of details for increasing the pay of those in the Congress, as well as the remainder of the Executive Branch.

CONCLUSION

This year, as Congress observes its 200th anniversary, eleven thousand Americans have served in the House and Senate in the history of our Republic. A few names on this roster are infamous, associated with scandal or remembered as demagogues. But the Bilbos and the McCarthys are few. Most have served in the greater tradition of Russell and Rayburn, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to greatness and achievement through public service. And if you do, I hope the laws that govern our campaigns and our Congress, as well as the Exec Branch are as just and honest as the majority of those who serve the public.

This vast and honest majority in Congress live the words of George Washington, who said the noblest title in the world isn't President, or Senator, or Congressman -- but "Honest Man."

Whatever you do in life, you can have no higher title than that. Thank you, God bless you and God bless America.

# # #

THE WHITE HOUSE
WASHINGTON

June 28, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON CW

FROM: MARK DAVIS MD

SUBJECT: LIBRARY OF CONGRESS SPEECH

I. SUMMARY

On Thursday, June 29, 1989, you will address an audience of 400 congressional, executive and Administration interns at the Library on Congress. The purpose of this speech is to announce the new campaign finance reform package. You will speak for approximately 15 to 20 minutes from a teleprompted text.

II. DISCUSSION

These remarks cover the topics of contributions limits by PACs, political parties and individuals; the incumbency advantage (including the use of excess campaign funds, and perpetuation of incumbency through redistricting); soft money and the need for full disclosure, and banning honoraria.

Davis/Martin
June 28, 1989
Draft: Four
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

Thank you. ((Acknowledgements))

((I have to admit, I feel a little awkward giving a speech at this particular place . . . all those years of being told not to speak out-loud in a library.))

The Library of Congress has been called the diary of the American people. In truth, it is a diary of the human race. And in the million stories of achievement it has to tell, one truth is revealed above all others: That for all its blemishes, government **of** the people is the greatest achievement of all.

As I look around me, I see the best and the brightest of a new generation. For you, this summer of independence is just a sweet taste of adulthood. Trust me, freedom is not as far-off as it seems. Whatever you do in Washington -- page or intern -- you are apprentices in a noble profession -- public service.

We exalt public service because we do not exalt our government. We keep government close, close to the people it is meant to serve. And there is another fundamental concept in our

way of governing -- reform. Ours is not a perfect government. It is a government constantly perfected.

A steadily improving government is the result of our open political system. And in this system, elections are more than the deadlines of democracy; they are the marketplace of ideas. They are not just contests between individuals -- they are contests between philosophies. When this sharp edge of competition is dulled, democracy loses.

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coalitions of like-minded people, giving millions of working Americans an effective way to support their beliefs and advance their candidates. **Parties are the indispensable organizers of democracy.**

Yet times have changed. Today's special-interest Political Action Committees and their $160 million warchest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. As the strength of our parties erodes, so does the strength of our political system. Distinctions between candidates become muddled, and Congressional debate lacks coherence and discipline. By necessity, Members of Congress engage in time-consuming and often degrading appeals for money outside the party structure. As vigorous competition between candidates, and between ideas, wanes, the clear winner in the race for PAC dollars is incumbency.

Some believe public financing is the best answer. I do not. If we exclude individuals from the process, we exclude the public. Ironically, this is the end result of public financing. It also would force taxpayers to support extremist candidates they abhor. It would be a siphon from the U.S. Treasury, already in deficit, to campaign coffers. Public financing would do nothing to strengthen the parties; if anything, it would strengthen the status quo. We don't need more money in the system. We need to offer the voters more choice.

Spending limits are not the answer either. Spending limits are nothing but incumbent protection plans. If candidates have equal resources, incumbents will hold a tremendous advantage.

The answer is reform. We need reforms that curtail the role of special interests, enhance the role of the individual and strengthen the parties. So today, I propose just that -- a sweeping reform of our system. More than 90 percent of all PAC contributions come from PACs sponsored by corporations, unions and trade associations. So the cornerstone of our reform is **the elimination of all special-interest Political Action Committees.**

*** I propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues.

*** I propose to end a practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms curtail special-interest money, we must increase the role of the parties. I propose to more than double the amount of money parties may donate to congressional campaigns. Increasing party donations to federal candidates will

allow legislators to spend more time legislating and less time raising money. It will give challengers the means to compete with incumbents. And it will allow all candidates to avoid having to raise money from special interests.

Still, some PACs should remain because they are protected by the First Amendment. These independent PACs account for about ten percent of all contributions. But even these I would limit, by reducing their allowable contributions to federal candidates from $5,000 to the same as individuals -- $1,000. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process.

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We must do more to truly clean up the system. The basic strength of today's system is disclosure. Yet most money spent in American elections is **not** disclosed. This little known area of campaign finance law called "soft money" concerns dollars spent on voter turnout efforts.

I call on Congress to join me in mandating full disclosure of all soft money contributions by the political parties, as well as corporations, unions and trade associations.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Often, they deceive the public into thinking that they are a candidate's campaign. Yet all independent expenditure groups -- the good and the bad alike -- are protected by the Constitution. In order to provide more information to the public, I propose that such groups should be required to more clearly identify the person or organization behind them.

I also propose to strengthen the Supreme Court's Beck decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. **To coerce political donations from working men and women is unfair and un-American. This practice must stop.**

REDRESSING THE INCUMBENCY ADVANTAGE

The third, and final area of reform directly concerns Congressional conduct. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for

decades, amassing huge warchests to scare off strong challenges in election after election.

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or 90 percent -- have not switched parties since 1982. Perhaps California provides the best example, where only one seat in 135 elections changed parties in the 1980s.

No single factor is more basic to restoring competitive elections than ensuring fair redistricting in 1990. I propose a new criteria for redistricting, without favor to party, to respect community and traditional lines. **We must draw district lines that respect the needs of the people, not tailor them to the political needs of the parties.**

Finally, I propose to go a step further to solve the most egregious wrong in American public life. As it stands, members of Congress can supplement their incomes by as much as 40 percent by making speeches before special-interest groups. This is wrong. That's why I said on April 12 I would support a ban on honoraria. I continue to oppose this practice.

Furthermore, I will send to the Congress next week a separate proposal outlining an orderly process for phasing out honoraria and addressing the thorny problem of compensation. I have already stated my support for a 25 percent increase for judges and look forward to productive work with the congressional leadership regarding Congressional and Executive pay.

CONCLUSION

This year, as Congress observes its 200th anniversary. ((Number)) thousand Americans have served in the House and Senate in the history of our Republic. A few names on this roster are infamous, associated with scandal or remembered as demagogues. But the Bilbos and the McCarthys are few. Most have served in the greater tradition of Russell and Rayburn, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to greatness and achievement through public service. And if you do, I hope the laws that govern our campaigns and our Congress are as just and honest as the majority of those who serve the public.

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Whatever you do in life, you can have no higher title than that. Thank you, God bless you and God bless America.

# # #

1) ban the frank for unsolicited mail
2) non-connected PAC limits 2500
3) Congress pay + honoria

talk to me CW

Davis/Martin
June 26, 1989
Draft: One
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

Thank you. ((Acknowledgements/Joke))

((I have to admit, I feel a little awkward giving a speech at this particular place . . . all those years of being told not to speak out-loud in a library.))

The Library of Congress has been called the diary of the American people. In truth, it is a diary of the human race. And in the million stories of achievement it has to tell, one truth is revealed above all others: That for all its blemishes, government of the people is greatest achievement of all.

As I look around me, I see the best and the brightest of a new generation. Some of you are interns. And for you, this summer of independence is just a sweet taste of adulthood. Trust me, freedom is not as far-off as it seems. Others, I see, have already embarked on the great adventure of ~~college or~~ a career. But whatever you do in Washington -- page, intern or a Congressional aide -- you are apprentices in a noble profession -- public service.

We exalt public service precisely because we do not exalt our government. We keep it close, close to the people it is meant to serve. And there is another fundamental concept in our way of governing -- reform. Ours is not a perfect ~~form of~~ government, but it is a ~~form of~~ government which is being constantly perfected.

~~You've read in school about the Tammany days, when democracy was for sale. Those days are gone with the torchlight parade and the diamond stickpin. Gone too are the requirements that you had to pay a tax or hold property to vote.~~ Every abuse in our political system has been followed by reform; and every cycle of reform has left the American political process more honest, more democratic.

~~The last such reform occurred around the time most of you were born -- in the early to mid-Seventies, when campaign finance rules conceived in the days the whistle stop tour were still being applied to the age of jets and television. The American people reacted in revulsion to reports of campaigns receiving thousands, even millions, of dollars in paper bags. Congress reacted with a comprehensive law in 19(74) to regulate the financing of federal campaigns. Suddenly, campaign donations were limited, and reported to the public. Donations have since been made in an above board fashion by Political Action Committees, or PACs.~~

The reforms of the early seventies were a vast improvement over the old system, bringing openness and accountability to federal campaign finance and public ethics. But these reforms have clearly not gone far enough. As a former Member of Congress, I care deeply about protecting the reputation and integrity of this institution. Recent events give us all cause for concern.

We have recently seen the historic and unprecedented resignation of a Speaker of the House and a House Majority Whip. And we have seen how the abuses of the current political system worsened a crisis in the Savings and Loan system. This happened because industry lobbyists represented the interests of the corrupt few over those of the honest and thrifty majority. This happened because elected officials, pressured by their generous contributors, intervened in federal investigations. The end result of this abuse of process is a wounded industry, landscapes of empty apartments and a debt of $150 billion.

Those recent scandals are symptoms but of a pervasive disease -- the growing lack of competition within our political system. At one time, as much as (twenty?) percent of Congressional incumbents lost to challengers. Today, the re-election rate of incumbents in the House of Representatives is better than 98 percent. A political body, like a river, must be in constant

flow to remain fresh and clean. But a permanent House with a permanent majority is as unhealthy as a stagnant pond.

STRENGTHENING THE ROLE OF THE PARTIES

There is yet another fundamental problem -- the erosion of the political party as a force in American political life. You have often heard me speak of the necessity of bipartisanship. And I do strongly believe we must work together when dealing with the most difficult challenges facing our country -- not as partisans -- but as Americans.

But we will not -- and should not -- cease to be Republicans and Democrats. True, the Founding Fathers envisioned no role for parties. Yet 200 years of political experience has taught us that parties are the indispensable organizers of democracy. Our political parties clarify and sharpen debate. They shape coalitions of like-minded people, giving millions of working Americans an effective way to advance their candidates and support their beliefs. A political party is a meeting house for the nation.

Yet the great parties of Andrew Jackson and Abraham Lincoln have been overshadowed by the emergence of special interest PACs, armed with a $160 billion warchest. As parties are weakened, distinctions between candidates become muddled, and Congressional policy lacks coherence. Members of Congress are forced to engage

in time-consuming and often degrading appeals for money. And vigorous competition between candidates, and between ideas, becomes muted.

Some believe public financing is the best answer. I do not. Public financing would do nothing to strengthen the parties, while directly involving government in the political process. It would force taxpayers to support extremist candidates they abhor. And it would be a siphon from the U.S. Treasury to campaign coffers. Such a public-finance regime could be too easily subverted -- dangerous to democracy.

What, then, is the answer? Today, I propose a sweeping reform of our system. And the cornerstone of this reform is nothing less than the elimination of all business, union and trade association Political Action Committees.

Some PACs will still exist because they are protected by the First Amendment. These free-standing or ideological PACs, like the Sierra Club or ((the National Taxpayers Union)), account for about ten percent of all contributions. But even these I would limit, by ~~sharply restricting~~ their contributions to federal candidates from $5,000 to ~~$1,000~~. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process.

I also propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues. In addition, all transfers between PACs must be eliminated, and all candidates and incumbents must have only one PAC.

We must especially eliminate a dishonest practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms stem special-interest public finance, we must allow the parties to make the difference. Because their financial contributions come from many sources, parties donate funds free of the taint of special interest. I propose to more than double the amount of money parties may donate to congressional campaigns, and liberalize the restrictions on party contributions. Political parties must not be treated as if they were mere special-interest PACs. They should resume their fundamental role in American democracy.

CLEANING UP THE SYSTEM

But the elimination of special interest PACs still does not go far enough in cleaning up our system of financing federal campaigns. I propose to strengthen the Supreme Court's Beck

Require more full disclosure

also

The basic strength of today's system is Disclosure. ~~And the more~~ ~~we~~ the American people know, the better. Why not open the books for all to see?

decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. To coerce political donations from working men and women is unfair and un-American. This practice must stop.

Move to 8

In a post-PAC era,

~~With an end to PACs,~~ corporations, unions and trade associations ~~would still require a healthy and~~ will need an open way to participate in our democracy. ~~We shall~~ This proposal would allow organizations to participate in get-out-the-vote activities -- provided they ~~be compelled to~~ make a full disclosure of their contributions and activities.

This brings me to a little known and shadowy area of finance law called "soft money," concerning dollars spent on voter turnout efforts. Full disclosure is the premise behind our federal campaign finance law. Yet most money spent in American elections is **not** disclosed. I call on Congress to join me in mandating full disclosure of all soft money contributions, including voter registration and get-out-the vote activities.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Yet all

independent expenditure groups -- the good and the bad alike -- are protected by a Supreme Court ruling.

If there are to be such independent expenditure groups, at least they should have to disclose **all** their expenditures. Such groups should also be required to publish ads identifying the person or organization behind them. And those candidates who believe they are victims of an illegal collusion between an independent expenditure group and another campaign should be guaranteed a hearing before the Federal Election Commission within three days. At the very least, we can allow victims of such attacks a public forum to respond.

BECK

The package I have outlined is comprehensive. If it is to become law, all the major provisions must be passed -- otherwise, our reforms, like so many of the past, will spawn further unintended abuses.

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The third, and final area of reforms directly concerns Congressional conduct. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for decades, amassing huge warchests to scare off strong challenges in election after election.

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((Another abuse is the way in which Members of Congress use the public Frank to pay for slick direct-mail advertising. The cost to the taxpayers is $200 million a year. The cost to our democracy is incalculable. I propose limiting the use of the Frank by capping mass mailings for Members to once a year -- on newsletters to be mailed only in December, January or February.))

((Under the present law, members of the executive branch must log all calls to federal agencies. This is a measure passed by Congress to reduce the likelihood that public agencies would be subverted or abused. Yet, all too often, special interests work through Congressional staff to interfere with the independence

and integrity of government agencies. It is high time the legislative branch kept similar records. If the sun is to shine in executive operations, let it shine on all.))

Finally, I propose to solve the most egregious wrong in American public life. As it stands, members of Congress can supplement their incomes by as much as 40 percent by making speeches before special-interest groups. ~~At best, this has a cynical appearance. At worst, it is institutionalized bribery.~~ I said on April 12 I would support a pay raise for Members of Congress. I have consulted with Congress on such a raise. And now that I recommend a pay raise for the executive, judicial and legislative branches, I also call for ~~an end to~~ a cap on phase out of honoraria.

CONCLUSION

This year, as Congress observes its 200th anniversary. ((Number)) thousand Americans have served in the House and Senate in the history of our Republic. A few names on this roster are infamous, associated with scandal or remembered as demagogues. But the Bilbos and the McCarthys are few. Most have served in the greater tradition of Clay and Webster, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to greatness and glory through public service. And when you do, I hope the laws that govern our campaigns and our Congress are as just and honest as the majority of those who serve the public.

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CLOSE HOLD Document No. 045057 SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/15/89 ACTION/CONCURRENCE/COMMENT DUE BY: 5:00 PM 6/20/89

SUBJECT: CAMPAIGN FINANCE REFORM PACKAGE

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☑	MCCLURE	☑	☐
SUNUNU	☑	☐	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☑	☐
DARMAN	☑	☐	STUDDERT	☐	☐
BATES	☑	☐	UNTERMEYER	☐	☐
BREEDEN	☐	☐	WPAY	☑	☐
CARD	☑	☐		☐	☐
CICCONI	☐	☑		☐	☐
DEMAREST	☑	☐		☐	☐
FITZWATER	☐	☑		☐	☐
GRAY	☐	☑		☐	☐
HAGIN	☐	☐		☐	☐

REMARKS:

Please forward any comments to C. Boyden Gray, 2nd Fl., WW, no later than 5:00 PM, Monday, June 20, 1989, with an info copy to my office. Thank you.

RESPONSE:

CLOSE HOLD

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	C. Boyden Gray to POTUS, Re: Campaign Finance Reform Package. (15 pp.)	06/14/89	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Davis, Mark William
Subseries: Subject File
WHORM Cat.:
File Location: Library of Congress/ PACS 6/89 [2]

Open on Expiration of PRA
(Document Follows)
By CAP (NLGB) on 6/7/05

Date Closed:	12/13/2004	**OA/ID Number:**	13872-015
FOIA/SYS Case #:	S	**Appeal Case #:**	
Re-review Case #:	2005-0481-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

CLOSE HOLD

DRAFT

June 14, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: C. Boyden Gray, Counsel to the President
White House Campaign Finance Reform Working Group

SUBJECT: CAMPAIGN FINANCE REFORM PACKAGE

ACTION-FORCING EVENT

In your April 12 address to the American Society of Newspaper Editors, you announced that you had instructed your staff to perform a comprehensive review of campaign finance reform. This memorandum is a product of such a review by a White House working group which included representatives from the Offices of Counsel to the President, Political Affairs, Policy Development, Legislative Affairs, and the Republican National Committee (the "Working Group"). The Working Group has met periodically over the past two months, both on its own to consider various proposals, and with representatives from the Senate, the House, corporate and trade association PACs, ideological groups, and Republican political professionals.

The meetings with the various constituency groups produced a consensus from Republican partisans that the President's package should be an innovative measure which breaks through the Republican "fat cat" stereotype and takes cutting edge positions on specific issues for which there may not yet be a consensus on the Hill because of the self-interests of various Members.

Our starting point for the proposals outlined below was the four points articulated in your April 12 speech. First, you announced that the Administration's ethics bill which went to the Hill that day would include a prohibition against converting congressional campaign funds to personal or office use. Second, you stressed the need to strengthen political parties. Third, you stated that, "I believe we should eliminate contributions to candidates by political action committees, and I'll be consulting with Congress about that." In that context, you noted that, "PACs weaken the parties, restrain competition, and deaden the political debate." Finally, you opposed public financing of

Congressional elections. The Working Group has attempted to develop a comprehensive campaign finance reform package which is consistent with your bold proposal on PACs and the general themes of strengthening parties, increasing competition and fairness in elections, and curtailing special interests.

Part of the backdrop for these deliberations is the burgeoning ethics crisis in the House which demonstrates the inherent dangers of a Congress too long dominated by one party. This crisis follows the 1988 elections in which 99.2% of the incumbents in the House who sought re-election were re-elected under a campaign finance system where 62% of PAC contributions went to Democrats and 76% went to incumbents. In elections between incumbent House Democrats and Republican challengers, the numbers are even more striking: Democrat incumbents received $54.3 million in PAC contributions compared to the $2.4 million for Republican challengers.

The Working Group has divided its proposals into four broad areas: (I) Contribution Limits by PACs, Political Parties and Individuals; (II) the Incumbency Advantage, including the use of excess campaign funds, the political advantages of holding office, and perpetuation of incumbency through redistricting; (III) Soft Money and the need for full disclosure, and (IV) Banning Honoraria.

I. CONTRIBUTION LIMITS

A. PACs

1. ANALYSIS

In your April 12 speech, you stated your belief that PAC contributions to candidates should be eliminated. Under current law, there are two general categories of PACs: those which are sponsored by, or affiliated with, corporations, unions and trade associations, and those which are not sponsored or affiliated, the so-called "non-connected" or "ideological" PACs. The bulk of PAC contributions come from corporate, union and trade association PACs: they accounted for nearly 90% of total PAC giving in 1988.

Because of freedom of association and freedom of expression guarantees found in the First Amendment, it may be impossible to ban all contributions to candidates from these non-connected PACs.

Our proposal is to ban corporate, union, and trade association PACs, which would return the law to its pre-Federal Election Campaign Act of 1971 status. In addition, we would reduce the contribution limit for the remaining non-connected PACs from $5,000 to $1,000 per candidate per election. This proposal would sharply reduce overall PAC giving. Using 1988 PAC contribution

figures, the effect of this proposal would have been to eliminate at least $140 million of the $160 million in PAC contributions.

If PAC contributions were curtailed as outlined above, other elements of this package become crucial since such a ban has the potential of: decreasing the role of business interests in the campaign finance system, thereby increasing the relative influence of labor unions; encouraging corporations, unions, and trade associations to "bundle" individual contributions through agents as a way to circumvent the limitation; and increasing the number of independent expenditures.

It should be noted that the Working Group does not believe this package will significantly affect the amount of money being spent on elections. Instead, the reforms proposed will tend to re-channel campaign funds.

2. RECOMMENDATIONS

In order to achieve your objectives while creating a sound overall system for campaign finance, the Working Group recommends reforms in five specific areas: (a) banning corporate, union and trade association PACs; (b) prohibiting candidates from having more than one committee in order to end "leadership PACs"; (c) tightening rules prohibiting economic special interests from "bundling" individual contributions; (d) codifying the Beck Supreme Court decision on union dues; (e) encouraging voter participation programs by economic special interests, and (f) increased reporting for independent expenditures.

Because change to one part of the campaign finance system has consequences for other parts of the system as well, the Working Group strongly recommends that all six reforms be undertaken as a uniform package to lessen the risk of unintended consequences.

a) Banning PACs: The Working Group recommends eliminating corporate, union, and trade association PACs. This would include prohibiting any union, corporation, or trade association from using its treasury money to pay for any PAC's administrative costs or other political activities. It would also abolish any payroll checkoff contributions to any PAC. Contributions by the remaining non-connected PACs would be reduced from $5,000 to $1,000 per candidate per election. These non-connected PACs would continue to be allowed to contribute $15,000 per year to national and $5,000 per year to state political parties in order to strengthen the political party structure. Further, the non-connected PACs would be able to continue spending unlimited amounts of money on such participatory activities as voter registration programs, informing members and the public about elections, and conducting get-out-the-vote activities. All such

activities would be fully reported and would provide those PACs remaining a vehicle to participate meaningfully in the electoral process.

Pro: -- Reduces the role of economic special interest money.

Pro: -- Increases the role of political parties since the role of PACs will diminish.

Pro: -- Equalizes the roles of corporations and union in elections.

Pro: -- Takes the high ground on PACs which, in this ethics climate, is likely to be popular with the public and press.

Con: -- Eliminating corporate, union and trade association PACs may reduce the number of individiuals currently participating in the system since many individuals give only to their company's, union's or industry's PAC.

Con: -- Danger that cutting off PAC contributions to candidates will tend to increase independent expenditures and encourage "bundling" abuse.

Con: -- May not lead to increased PAC giving to political parties, because many PACs believe they receive benefits only by giving directly to candidates.

DECISION -- PAC Contributions

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

b) "Leadership PACs": We recommend that any legislation also prohibit transfers between PACs and limit all candidates to a single committee. This would ban "leadership PACs" which allow entrenched incumbents to spread special interest contributions to other candidates.

Pro: -- Discourages the proliferation of non-connected PACs that may otherwise occur if economic special interest PACs are banned.

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Pro: -- Stops influential congressional leaders from using economic special interest money to fund their personal PACs so they can seek favor from their colleagues.

Pro: -- Reform initially recommended by the PAC community.

Con: -- Opposition from those congressional leaders who have raised and spent significant amounts in seeking and maintaining positions in the congressional leadership.

DECISION -- Leadership PACs

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

c) Bundling: Bundling is the practice where an organization (or its officials) solicits many contributions from its employees or members at a central location, bundles them together and sends them to the candidate without affecting the central organization's contribution limits. We recommend tightening the existing laws prohibiting bundling, except that such restrictions would not apply to political parties.

Pro: -- Necessary to discourage economic special interests from doing what their PACs did by instead having corporate executives and union and trade association officials pressure their colleagues for individual contributions.

Con: -- It may be impossible to legislate away this practice, so that money from economic self-interests will still play a major role despite PAC reform.

DECISION -- Bundling

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

d) Beck Codification: The U.S. Supreme Court decision in Beck should be codified so that a union member can stop his or her mandatory dues from being used for political activities he or she does not support. (This proposal received virtually unanimous support from all individuals talked to by the Working Group.)

Pro: -- Levels the playing field between union and corporate interests.

Pro: -- Unanimously supported by all outside groups contacted by the Working Group.

Con: -- Ensures strong opposition from organized labor because of Beck codification (in conjunction with the prohibition on labor treasury money for PAC administrative costs).

DECISION -- Beck Codification

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

e) Voter Participation Programs: Although corporations, unions, and trade associations would not be permitted to sponsor PACs, these entities would continue to be permitted to participate in elections through voter registration programs, get-out-the-vote activities and advocacy communications to their members. However, this proposal would require full disclosure of all monies spent for such activities. Under current law, such activities are frequently not disclosed, resulting in massive amounts of political activity and spending outside the scrutiny of the public and the media.

Pro: -- Encourages voter participation activities by corporations, unions and trade associations, which could lead to increased turnout.

Pro: -- Increases ~~disclosure of activities~~ which affect elections.

Con: -- Corporations and unions (and their employees and members) may not participate in the political process if they cannot contribute directly to candidates.

DECISION -- Voter Participation Programs

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

(f) Independent Expenditures: Reporting requirements for any group conducting independent expenditures would be increased. Specifically, such groups would be required to include additional notice throughout an ad identifying the person or organization funding it. Timely notice, in advance, to all candidates of the independent expenditure would be required, along with a hearing before the FEC within 3 days of a complaint of collusion between an independent expenditure committee and a candidate. The Supreme Court has ruled that independent expenditures are constitutionally protected, so an airtight ban is impossible. These reforms would make such expenditures more onerous and would allow victims of independent expenditures a public forum for counterattack.

Pro: -- Provides a counterbalance to independent expenditures, which could well increase if economic special interest contributions to candidates are barred and other PAC contributions reduced.

Pro: -- Independent expenditures will lose much of their strength if they must be reported in advance and if the victim has the right to a hearing immediately following the expenditure if there is any evidence of collusion with a candidate.

Pro: -- Such restrictions enjoy bi-partisan support in Congress.

Con: -- Restrictions on independent expenditures may have a chilling effect on legitimate political debate.

DECISION -- Independent Expenditures

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

B. POLITICAL PARTIES

1. ANALYSIS

The April 12 ethics speech stressed that political parties should be strengthened. As discussed above, proposed PAC limitations alone may allow the political parties to regain influence. Another way to strengthen political parties is to increase party spending limits through increased coordinated expenditures. This would also allow candidates to spend less time fundraising since a larger amount of their funds could come from one set source. Candidates would not be tainted by "special interest" money because any such funds would come from a political party, and candidates and contributors would have no way of knowing precisely which special interest's money were going to which campaign.

2. RECOMMENDATIONS

The Working Group recommends increasing the coordinated expenditure limits the parties may spend on behalf of congressional candidates to 5¢ times the voting age population of the state, adjusted for inflation (it is now 2¢ times the voting age population, adjusted for inflation). The Working Group also recommends that an individual's contributions to political party committees not count against that individual's $25,000 annual limit. Both recommendations would provide additional funds for the political party committees to aid in their assuming a larger role in the process.

Pro: -- Political parties would be strengthened because they will play a larger role in funding candidates.

Pro: -- Candidates would spend less time fundraising because the parties can contribute more.

Pro: -- Individual candidates would not be tainted by taking money from any one special interest since funds will be provided by the parties.

Con: -- To the extent the RNC is perceived as having an upper hand in fundraising over the Democrats, you could open yourself to criticism that these recommendations simply represent political self-interest.

3. DECISION

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

II. REFORM THE INCUMBENCY ADVANTAGE

A. EXCESS CAMPAIGN FUNDS

1. ANALYSIS

Under the current law, incumbents amass huge war chests that scare off challengers in election after election, thereby insulating incumbents from competitive elections. These campaign treasuries are also put to other uses. In the House, the "grandfather clause" permits the 190 House Members in office on January 8, 1980 to convert their excess funds to personal use upon retirement. In the Senate, the Rules ban personal use of campaign funds, but permit the use of such funds to supplement official accounts.

As noted above, the ethics legislation sent to the Hill on April 12 included a provision prohibiting the conversion of excess campaign funds to personal or office use. This would stop House Members from converting excess campaign funds to personal use. It would also prohibit Senators from supplementing their official accounts with campaign funds. Republican and Democratic Senators now do this by direct disbursement of campaign funds to cover items that can also be paid for with official funds. Republican Senators also receive funds from the National Republican Senatorial Committee through the COMBO program account for the same purposes.

The issue has arisen as to whether we should go beyond the April 12 proposal and ban all uses for excess campaign funds.

2. RECOMMENDATIONS

The Working Group recommends zeroing out campaign treasuries after each election. This goes beyond the ethics package provisions, but is certainly not inconsistent with the prior

proposal or with the theme of increasing competition in elections. All excess campaign funds should be given to: national and state party committees; the National Debt Retirement Account of the United States Treasury; or all campaign contributors as pro-rated refunds. The proposal would require that all campaign accounts be zeroed out by January 31 following the election, except for purposes of retiring a campaign debt.

Pro: -- Eliminating campaign war chests will result in more competitive elections and higher turnover.

Con: -- Many Members of Congress feel strongly that this kind of "insurance fund" is necessary and appropriate.

DECISION

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

B. FUNDRAISING RESTRICTIONS

1. Analysis

In the interest of limiting the influence of economic special interests and decreasing the amount of time Members spend fundraising while in Washington, it has been proposed that Members of Congress be permitted to be involved personally in raising campaign funds only on calendar days when Congress is not in session. The Working Group has not reached a consensus recommendation on this option.

DECISION

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

C. ADVANTAGES OF HOLDING OFFICE

1. ANALYSIS

The incumbent re-election rate in the House of Representatives is over 99%; the re-election rate in the Senate is over 75%. As is frequently noted, there is more turnover in the Soviet Politburo than the U. S. Congress. Thirty-five years of Democratic rule in the House have contributed to the ethical quagmire in which the House is currently immersed.

This one-party domination is perpetuated by protections built in to the current system. The root of the problem is that incumbents -- especially in the House -- have used the system to shield themselves from the voters. The aim of this campaign reform package is to restore competitive elections. Accordingly, the package takes aim at the perquisites of office and the self-perpetuation of incumbents.

2. RECOMMENDATIONS

In order to promote fair and competitive elections and reform a scandal-tainted institution, reform should come in the areas of reduced Franking and redistricting.

a) The Frank: Limit the use of the Frank by putting a cap on the total amount available so that Members would be limited to one postal patron a year, mailed only in December, January, or February. (Option 1) This would allow a regular newsletter or survey, but would restrict campaigning at public expense. Another option is to ban Franked mass mailings of over 500 pieces so that individually addressed computer-generated letters to all residents of a District or State could not be used. (Option 2) A more drastic alternative would ban unsolicited Franked mail. (Option 3). Under any of the options, the Secretary of the Senate and Clerk of the House should be required to report quarterly on the amounts spent by each Member.

Pro: -- Any of these options will result in budget savings. The use of the Frank now costs the taxpayers over $200 million a year.

Pro: -- The Frank is abused by incumbents at the taxpayers' expense.

Pro: -- There is no way for a challenger/candidate to respond to an incumbent's ability to use the Frank.

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Con: -- Reduction of the Frank may reduce a Representative's ability to communicate with his constituents.

DECISION -- The Frank

_____ Approve

_____ Option 1 (1 annual postal patron)

_____ Option 2 (ban mailings over 500 pieces)

_____ Option 3 (ban unsolicited Franked mail)

_____ Approve as Amended

_____ Disapprove

_____ No Action

b) Redistricting: No single factor is more basic to reforming the built-in advantages of incumbency than ensuring a fair redistricting. This can be achieved legislatively by drafting neutral criteria so that districts are drawn according to non-partisan factors based on fairness, rather than partisan self-perpetuation. While redistricting is often overlooked as a part of the campaign finance reform debate, a gross gerrymander insulates incumbents from the voters more than any other single factor. For example, the California gerrymander of the 1980's has led to only one seat changing parties in the 180 Congressional elections that have been held this decade.

Vast technological advances heighten, as never before, the chance of similar gerrymanders in the 1991 redistricting. A Presidential proposal endorsing non-partisan criteria based upon the preservation of communities and the compactness of districts is the single most important step Republicans can take to heighten public awareness of this crucial issue. This can be done by: 1) promulgating criteria for fair redistricting in federal elections, such as requiring district lines to follow established community boundaries and standards for compactness, and 2) emphasizing that Congressional and legislative districts must comply with the Voting Rights Act.

Pro: -- Will heighten the awareness of this top-priority issue.

Pro: -- This is a "good government" proposal which will be widely supported.

Pro: -- It allows the President to show strong support for the provisions of the Voting Rights Act.

DRAFT

Con: -- Redistricting is not usually seen as part of campaign finance reform so there may be skepticism as to motives.

Con: -- Democrats will strongly oppose any fair districting criteria since they hold most of the political cards and see neutral criteria as an attack on their political power base.

DECISION -- Redistricting

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

III. SOFT MONEY

1. ANALYSIS

The basic premise behind the campaign finance laws is full disclosure. However, a significant portion of the monies spent in American elections today is not disclosed. Republicans have always argued for full disclosure, and the President can demonstrate this commitment again in this package.

Full disclosure should aim at two areas. First is the well-publicized soft money fundraising in the Presidential campaign. The RNC has already voluntarily publicly disclosed all of its Team 100 and other soft money contributions. The Democrats have not been so forthcoming. Public pressure is such that full disclosure of soft money is inevitable -- and we should take the initiative on this.

The focus on presidential political party soft money is only part of the story, however. The same principles behind party soft money disclosure should apply to the undisclosed political activity of labor unions and tax-exempt groups (an estimated $20 million was spent by unions in the 1984 presidential race on behalf of Democratic candidates).

2. RECOMMENDATIONS

First, there must be the full disclosure of all soft money contributions and expenditures by political party committees. Second (as discussed above in I. A. 2, P. 2), all labor unions,

corporations and trade associations must disclose fully all money spent to influence a federal election, including voter registration and get-out-the-vote activities, as well as any communications which advocate the election or defeat of any federal candidate.

Pro: -- Full disclosure is a good government proposal that will be popular in the press and among the public.

Pro: -- The Democrats and their allies abuse the current soft money rules far more than Republicans.

Con: -- The unions will strongly oppose the disclosure of their soft money activities.

Con: -- Some Republican donors may complain at having their contributions made public.

3. DECISION

_____ Approve

_____ Approve as Amended

_____ Disapprove

_____ No Action

IV. HONORARIA

1. ANALYSIS

The Working Group recommends that you consider a ban on honoraria. In your April 12 speech you stated that you believe honoraria for Members of Congress should be banned. You also stated that you believe Members of Congress should receive a pay raise and that you would not "make a formal proposal to Congress until after I consult with the leaders of Congress on the issue of Congressional pay."

The Working Group believes that this campaign finance reform package is an appropriate vehicle to propose a ban on honoraria. Especially because of recent events on the Hill, such a proposal would be timely. We do not recommend that a pay raise be included in the proposed legislation. (However, statements accompanying the announcement could make the link to a pay raise.)

The two principal options which have emerged are: (1) the immediate banning of honoraria, and (2) a phased-in approach,

whereby the percentage of a Member's salary which may be accepted as honoraria is reduced over time. Currently, House Members may retain honoraria fees in an amount equal to 30% of their salaries, while Senators may accept 40% of their salaries in such fees.

2. RECOMMENDATIONS

The Working Group recommends that the legislation include an outright ban on honoraria, effective upon the date of enactment.

Pro: -- Takes a bold and popular stand on an issue which is currently in the limelight.

Con: -- May be resented by some Members of Congress, especially if it is not coupled with a pay increase.

3. DECISION -- Ban Honoraria

_____ Approve

_____ Option 1 (immediate ban)

_____ Option 2 (reduced over time)

_____ Approve as Amended

_____ Disapprove

_____ No Action

Davis/Martin
June 28, 1989
Draft: Six
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

Thank you. ((Acknowledgements))

((I have to admit, I feel a little awkward giving a speech at this particular place . . . all those years of being told not to speak out-loud in a library.))

The Library of Congress has been called the diary of the American people. In truth, it is a diary of the human race. And in the million stories of achievement it has to tell, one truth is revealed above all others: That for all its blemishes, government **of** the people is the greatest achievement of all.

As I look around me, I see the best and the brightest of a new generation. For you, this summer of independence is just a sweet taste of adulthood. Trust me, freedom is not as far-off as it seems. Whatever you do in Washington -- page or intern -- you are apprentices in a noble profession -- public service.

We exalt public service because we do not exalt our government. We keep government close, close to the people it is meant to serve. And there is another fundamental concept in our

way of governing -- reform. Ours is not a perfect government. It is a government constantly perfected.

A steadily improving government is the result of our open political system. And in this system, elections are more than the deadlines of democracy; they are the marketplace of ideas. They are not just contests between individuals -- they are contests between philosophies. When this sharp edge of competition is dulled, democracy loses.

STRENGTHENING THE ROLE OF THE PARTIES

In April, I proposed comprehensive ethics legislation for all branches of government. Today, I call on Congress to pass that package. But I also want to address other problems -- how to free our electoral system from the grip of special interests, how to spur the free competition of ideas.

You have often heard me speak of the necessity of bipartisanship. And I do strongly believe we must work together when dealing with the most difficult challenges facing our country -- **not as partisans -- but as Americans.**

But we will not -- and should not -- cease to be Republicans and Democrats. True, the Founding Fathers envisioned no role for parties. Yet 200 years of political experience has shown their value. Political parties clarify and sharpen debate. They shape

coalitions of like-minded people, giving millions of working Americans an effective way to support their beliefs and advance their candidates. **Parties are the indispensable organizers of democracy.**

Yet times have changed. Today's special-interest Political Action Committees and their $160 million warchest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. As the strength of our parties erodes, so does the strength of our political system. Distinctions between candidates become muddled, and Congressional debate lacks coherence and discipline. By necessity, Members of Congress engage in time-consuming and often degrading appeals for money outside the party structure. As vigorous competition between candidates, and between ideas, wanes, the clear winner in the race for PAC dollars is incumbency.

ROB

Some believe ~~public~~ taxpayer financing is the best answer. I do not. If we exclude individuals from the process, we exclude the public. Ironically, this is the end result of ~~public~~ taxpayer financing. It also would force taxpayers to support extremist candidates they abhor. It would be a siphon from the U.S. Treasury, already in deficit, to campaign coffers. ~~Public~~ Taxpayer financing would do nothing to strengthen the parties; if anything, it would strengthen the status quo. ~~We don't need more money in the system. We need to offer the~~ A healthy democracy should offer the voters more choice.

[sounds like call for spending limits]

In addition, corporations, unions and trade associations should not be allowed to pay the overhead or administrative costs of any

Spending limits are not the answer either. If candidates have equal resources, incumbents will hold a tremendous advantage. Spending limits amount to an incumbent protection plan.

The answer is reform. We need reforms that curtail the role of special interests, enhance the role of the individual and strengthen the parties. So today, I propose just that -- a sweeping reform of our system. More than 90 percent of all PAC contributions come from PACs sponsored by corporations, unions and trade associations. So the cornerstone of our reform is **the elimination of all special-interest Political Action Committees.**

*** I propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues.

*** I propose to end a practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms curtail special-interest money, we must encourage the role of the parties. I propose to more than double the amount of money parties may donate to Congressional

campaigns. Increasing party donations to federal candidates will allow legislators to spend more time legislating and less time raising money. It will give challengers the means to compete with incumbents. And it will allow all candidates to avoid having to raise money from special interests.

Still, some PACs should remain because they are protected by the First Amendment. These independent PACs account for about ten percent of all contributions. But even these I would limit, by halving their allowable contributions to federal candidates from $5,000 to $2,500. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process by paying their overhead or ~~administrative~~ costs.

Back from P. 6

CLEANING UP THE SYSTEM

We must do more to truly clean up the system. The basic strength of today's system is disclosure. Yet most money spent in American elections is **not** disclosed. This little known area of campaign finance law called "soft money" concerns dollars spent on voter turnout (and registration) efforts. I call on Congress to join me in mandating full disclosure of all soft money contributions by the political parties, as well as corporations, unions and trade associations.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long

as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Often, they deceive the public into thinking that they are a candidate's campaign. Yet all independent expenditure groups -- the good and the bad alike -- are protected by the Constitution. In order to provide more information to the public, I propose that such groups ~~should~~ be required to more clearly identify the person or organization behind them.

I also propose to strengthen the Supreme Court's Beck decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. **To coerce political donations from working men and women is unfair and un-American. This practice must stop.**

REDRESSING THE INCUMBENCY ADVANTAGE

The third, and final area of reform directly concerns the powers of incumbency. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for decades, amassing huge warchests to scare off strong challenges in election after election.

This is not democracy in the spirit of Madison and Jefferson. This is not the spirit of democracy at all. I propose to end the "rollover" of campaign warchests, requiring any excess campaign funds to be donated to the parties, to a fund to retire the national debt or be given back to the contributors. This would apply to all unspent campaign funds -- whether it is a race for Congress or the Presidency.

Under our current law, 190 House Members in office in 1980 can also use their leftover campaign money as a personal retirement fund -- pocketing hundreds of thousands -- even millions -- of dollars when they leave office. Senators are allowed to convert these funds for official use. **This practice must end.**

Another advantage of incumbency arises from the way in which Members of Congress use the public frank to pay for mass mailings that amount to political advertising. The cost to the taxpayers runs into the hundreds of millions of dollars. The cost to our democracy is also steep. I propose to prohibit the use of the frank for unsolicited mailings.

Yet another area in need of reform is redistricting -- the way in which parties in power ignore community boundaries and draw district lines favorable to their candidates. No single factor is more basic to restoring competitive elections than

ensuring fair redistricting in 1990. I propose a new criteria for redistricting, without favor to party, to respect established community ~~and traditional lines~~ boundaries. **We must draw district lines that respect the needs of the people, not tailor them to the political needs of either party.**

Finally, in the next few days I will also send up legislation to ban honoraria and to address certain aspects of compensation for federal officials. This package will include a 25 percent pay increase for judges, which I have previously recommended, a 25 percent increase for the Senior Executive Service and senior level Presidential appointees, and a substantial increase for a limited number of specialized professionals -- such as nuclear scientists and surgeons -- where the Executive Branch is not competitive. I will also work with Congress on the development of details for increasing the pay of those in the Congress, as well as the remainder of the Executive Branch.

~~Today, I call upon the Congress~~

CONCLUSION

This year, as Congress observes its 200th anniversary, eleven thousand Americans have served in the House and Senate in the history of our Republic. Most have served in the great tradition of Russell and Rayburn, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to greatness and achievement through public service. And if you do,

I hope the laws that govern our campaigns and our Congress -- as well as our Executive Branch -- are as just and honest as the majority of those who serve the public.

This vast and honest majority in Congress live the words of George Washington, who said the noblest title in the world isn't President, or Senator, or Congressman -- but "Honest Man."

Whatever you do in life, you can have no higher title than that. Thank you, God bless you and God bless America.

# # #

In economics, culture and the environment, we have much to share and learn from each other. The United States is especially determined to stand by Hungary as you meet an enormous challenge. No Communist nation has yet attempted what Hungary is doing -- to build democracy and a free market.

((DEMOCRACY INSTITUTE))

I see a great Hungarian future in the bright faces of your students. But not all young people in the East Bloc have as much freedom as you do to plan their future.

Your press recently reported that a Hungarian fisherman plying the waters of the Maros River discovered the body of Romanian girl. We are not exactly sure how she died. But we know that if she had been traveling from Hungary to Austria, she would have received nothing more than a friendly wave from the border guard. But she attempted to cross the Maros, and paid with her life.

We do not know the girl's name. We do not the torments that drove her to risk her life. But we do know her heart. It is the heart of Anne Frank and Hertelendy Jamos. It is the heart of youth determined to live in freedom . . .

Throughout the Communinist world today, as the younger generation prepares to assume power, a great debate is underway.

Davis/Martin
June 28, 1989
Draft: Six
Title: Campaign

PRESIDENTIAL ADDRESS: LIBRARY OF CONGRESS
JUNE 29, 1989/2 p.m.

Thank you.

((I have to admit, I feel a little awkward giving a speech at this particular place . . . all those years of being told not to speak out-loud in a library.))

The Library of Congress has been called the diary of the American people. In truth, it is a diary of the human race. And in the million stories of achievement it has to tell, one truth is revealed above all others: That for all its blemishes, government **of** the people is the greatest achievement of all.

As I look around me, I see the best and the brightest of a new generation. For you, this summer of independence is just a sweet taste of adulthood. Trust me, freedom is not as far-off as it seems. Whatever you do in Washington -- page or intern -- you are apprentices in a noble profession -- public service.

We exalt public service because we do not exalt our government. We keep government close, close to the people it is meant to serve. And there is another fundamental concept in our

way of governing -- reform. Ours is not a perfect government. It is a government constantly perfected.

A steadily improving government is the result of our open political system. And in this system, elections are more than the deadlines of democracy; they are the marketplace of ideas. They are not just contests between individuals -- they are contests between philosophies. When this sharp edge of competition is dulled, democracy loses.

STRENGTHENING THE ROLE OF THE PARTIES

In April, I proposed comprehensive ethics legislation for all branches of government. Today, I call on Congress to pass that package. But I also want to address other problems -- how to free our electoral system from the grip of special interests, how to spur the free competition of ideas.

You have often heard me speak of the necessity of bipartisanship. And I do strongly believe we must work together when dealing with the most difficult challenges facing our country -- **not as partisans -- but as Americans.**

But we will not -- and should not -- cease to be Republicans and Democrats. True, the Founding Fathers envisioned no role for parties. Yet 200 years of political experience has shown their value. Political parties clarify and sharpen debate. They shape

coalitions of like-minded people, giving millions of working Americans an effective way to support their beliefs and advance their candidates. **Parties are the indispensable organizers of democracy.**

Yet times have changed. Today's special-interest Political Action Committees and their $160 million warchest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. As the strength of our parties erodes, so does the strength of our political system. Distinctions between candidates become muddled, and Congressional debate lacks coherence and discipline. By necessity, Members of Congress engage in time-consuming and often degrading appeals for money outside the party structure. As vigorous competition between candidates, and between ideas, wanes, the clear winner in the race for PAC dollars is incumbency.

Some believe public -- or taxpayer -- financing is the best answer. I do not. If we exclude individuals from the process, we exclude the public. This is the ironic result of taxpayer financing. It would force taxpayers to support extremist candidates they abhor. It would be a siphon from the U.S. Treasury, already in deficit, to campaign coffers. Taxpayer financing would do nothing to strengthen the parties; if anything, it would strengthen the status quo. What the voters really need is more choice.

Spending limits are not the answer either. If candidates have equal resources, incumbents will hold a tremendous advantage. Spending limits amount to an incumbent protection plan.

The answer is reform. We need reforms that curtail the role of special interests, enhance the role of the individual and strengthen the parties. So today, I propose just that -- a sweeping reform of our system. More than 90 percent of all PAC contributions come from PACs sponsored by corporations, unions and trade associations. So the cornerstone of our reform is **the elimination of all special-interest Political Action Committees.**

*** I propose the elimination of Congressional leadership PACs, through which Members of Congress bid for the loyalty of their colleagues.

*** I propose to end a practice known as "bundling," where business and unions encourage or coerce contributions from employees or members, and then give these contributions as a single donation.

As these reforms curtail special-interest money, we must encourage the role of the parties. I propose to more than double the amount of money parties may donate to Congressional

campaigns. Increasing party donations to federal candidates will allow legislators to spend more time legislating and less time raising money. It will give challengers the means to compete with incumbents. And it will allow all candidates to avoid having to raise money from special interests.

Still, some PACs should remain because they are protected by the First Amendment. These independent PACs account for about ten percent of all contributions. But even these I would limit, by halving their allowable contributions to federal candidates from $5,000 to $2,500. And new laws must keep such PACs unaffiliated and independent, so a business or labor group could not use them as a backdoor means of influencing the process.

I also propose to strengthen the Supreme Court's Beck decision, so that no member of a union can be forced to contribute dues to political activities he or she doesn't support. **To coerce political donations from working men and women is unfair and un-American. This practice must stop.**

CLEANING UP THE SYSTEM

We must do more to truly clean up the system. The basic strength of today's system is disclosure. Yet most money spent in American elections is **not** disclosed. This little known area of campaign finance law called "soft money" concerns dollars spent on voter turnout and registration efforts. I call on

Congress to join me in mandating full disclosure of all soft money contributions by the political parties, as well as corporations, unions and trade associations.

Other laws govern independent expenditure groups, which can spend any amount of money to elect or defeat a candidate so long as their activities are not coordinated with those of a particular candidate. While some of these groups perform a public service, too often they mask the motives of hidden contributors, acting as mercenary character assassins. Often, they deceive the public into thinking that they are a candidate's campaign. Yet all independent expenditure groups -- the good and the bad alike -- are protected by the Constitution. In order to provide more information to the public, I propose that these groups be required to more clearly identify the person or organization behind them.

REDRESSING THE INCUMBENCY ADVANTAGE

The third, and final area of reform directly concerns the powers of incumbency. Jefferson envisioned a Congress of citizen-politicians, who suspended their careers in law, medicine and agriculture to serve the nation. How far we've come from that simple vision. Today, incumbents stay in office for decades, amassing huge warchests to scare off strong challenges in election after election.

This is not democracy in the spirit of Madison and Jefferson. This is not the spirit of democracy at all. I propose to end the "rollover" of campaign warchests, requiring any excess campaign funds to be donated to the parties, to a fund to retire the national debt or be given back to the contributors. This would apply to all unspent campaign funds -- whether it is a race for Congress or the Presidency.

Under our current law, 190 House Members in office in 1980 can also use their leftover campaign money as a personal retirement fund -- pocketing hundreds of thousands -- even millions -- of dollars when they leave office. Senators are allowed to convert these funds for official use. **This practice must end . . .** And this same principle should apply to Presidential candidates as well.

Another advantage of incumbency arises from the way in which Members of Congress use the public frank to pay for mass mailings that amount to political advertising. The cost to the taxpayers runs into the hundreds of millions of dollars. The cost to our democracy is also steep. I propose to prohibit the use of the frank for unsolicited mailings.

Yet another area in need of reform is redistricting -- the way in which parties in power ignore community boundaries and draw district lines favorable to their candidates. No single

factor is more basic to restoring competitive elections than ensuring fair redistricting in 1991. I propose a new criteria for redistricting, without favor to party, to respect established community boundaries. **We must draw district lines that respect the needs of the people, not tailor them to the political needs of either party.**

Finally, in the next few days I will also send up legislation to ban honoraria and to address certain aspects of compensation for federal officials. This package will include a 25 percent pay increase for judges, which I have previously recommended, a 25 percent increase for the Senior Executive Service and senior level Presidential appointees, and a substantial increase for a limited number of specialized professionals -- such as nuclear scientists and surgeons -- where the Executive Branch is not competitive. I will also work with Congress on the development of details for increasing the pay of those in the Congress, as well as the remainder of the Executive Branch.

CONCLUSION

This year, as Congress observes its 200th anniversary, eleven thousand Americans have served in the House and Senate in the history of our Republic. Most have served in the great tradition of Russell and Rayburn, Dirksen and Mansfield, Dole and Mitchell. Some day, you may follow this path, the path to

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# # #

Bush to Propose Outlawing Gerrymandering

By Ann Devroy
Washington Post Staff Writer

In what will be the first shot fired in a long-running political war, President Bush will include legislation aimed at outlawing gerrymandering, the drawing of political districts to aid one political party, in his campaign overhaul package to be announced Thursday.

In addition, officials said, Bush will make "full enforcement" of the Voting Rights Act, as amended in 1982, "official administration and party" policy. Language in that act requires maximizing minority representation in Congress. Many Republicans believe that means Democrats cannot take mostly minority districts, which would be Democratic, and split off pieces to combine with marginally Democratic areas to help create more Democratic districts.

According to administration officials, Bush is still considering options in the package aimed at reducing the advantages of incumbency, but he has signed off on the redistricting element. It includes legislation that would create what the White House calls "neutral criteria" to be used in drawing the nation's congressional districts after the 1990 census.

Democrats and Republicans agree that the legislation will face a rocky road in the Democrat-controlled Congress because it will help Republicans—usually the victims of gerrymandering—because Democrats control more governorships and legislatures, which oversee the process of drawing district lines. But the GOP plans to sell the proposal as a "reform," that will, as one source put it, "test the Democrats' commitment to fair redistricting and to the Voting Rights Act."

In his news conference yesterday, Bush was asked if his proposed reforms would aid Republicans more than Democrats. "Why would anyone make a charge like that against me when I'm looking at it as objectively as I can?" he responded, partly joking. "I mean, I would be outraged by a suggestion of that nature."

Only one standard on redistricting is now definite: each district must have essentially the same number of people. Generally, the controlling political party, most often the Democratic Party, draws the districts to enhance its party's chances of retaining or gaining congressional seats.

Under the legislation Bush plans to propose, districts would have to be compact and contiguous and preserve existing community lines, as well as the one-man, one-vote legal standard. Many districts now cross city, county and other lines and meander through counties; all of these techniques are aimed at keeping one party or another in power in the district.

Although there have been court cases on gerrymandering, officials said the definition of a proper district set into law would impose a new burden on officials drawing the lines. If the officials ignored it, a court challenge could result.

Party and elected officials have pressed Bush for the redistricting element as what they see as one of the major political battles of the 1990s. The redistricting fights will determine the shape and makeup of Congress for the next decade, and because of population shifts, at least 16 congressional seats are expected to shift, mostly from the Northeast and Midwest to the West and Southwest. Nearly every district will change in some way.

The process begins now as the ground rules are set. In the 1990 elections, the parties will scrap for control of governorships and legislatures, which will set the district boundaries. Court challenges could follow.

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...ush Campaign-Finance Package To Be Tilted Toward the G.O.P.

By RICHARD L. BERKE
Special to The New York Times

WASHINGTON, June 27 — The campaign finance package President Bush plans to announce Thursday is intended to help Republicans more than Democrats. He acknowledged as much today at a private meeting with advocates of changes in campaign finance law.

After being challenged by Fred Wertheimer, the president of Common Cause, a lobbying group, to take a bipartisan approach on the measure, Mr. Bush, participants said, replied, "You know, Fred, that I want to elect more Republicans to Congress."

Alixe Glen, a White House spokeswoman, suggested that the President's comment was "taken out of context." She said the Bush Administration's finance package will not favor either party.

Earlier today, at a news conference, Mr. Bush denied that his campaign finance package would be tilted to Republicans.

"Why would anyone make a charge like that against me when I'm looking at it as objectively as I can?" the President said. "I mean, I would be outraged by a suggestion of that nature."

Plan Is Detailed

Mr. Bush told participants at a half-hour meeting at the White House that his campaign package has yet to be completed. But privately, White House officials have outlined the plan in detail, and said it would probably include provisions to ban contributions from political action committees sponsored by corporate, union or trade groups, leaving only those PAC's sponsored by ideological organizations. The plan does not include overall campaign spending limits.

Democrats contend that these steps to curb PAC's would help Republicans, because the committees are increasingly giving more of their money to Democrats. In addition, many Democrats favor using some public funds to help finance Congressional campaigns and placing overall spending limits on those campaigns. Mr. Bush, as well as Republican leaders in Congress, oppose such limits.

At the news conference, Mr. Bush described his proposals as "fairly far-reaching because I want to see reform, real reform."

But some participants at the President's meeting later said they were displeased that he would acknowledge his partisan interests. "He was very candid in his partisan reaction," said a participant who asked not to be identified.

Others said they were encouraged that Mr. Bush had reached out to nonpartisan organizations, some of whom had never before been invited to the White House.

Mr. Wertheimer, for one, said he left the meeting hopeful that Mr. Bush's interest in campaign finance would attract more interest in it.

"I believe that serious bipartisan negotiations are extremely important and I said so in the meeting," he said. "I didn't interpret anything I heard in the meeting as shutting the door on a process of serious bipartisan negotiations."

William J. Baer, chairman of Lobbyists and Lawyers for Campaign Finance Reform, said, "The mere fact of Presidential leadership on this is commendable. People said they thought it was a step in the right direction."

Besides the lawyers group and Common Cause, organizations represented at the meeting today were the Center for Responsive Politics, the League of Women Voters, Public Citizen and the American Bar Association. Two lawyers from the Republican National Committee also attended. There were no representatives from the Democratic National Committee.

Spending Limits Urged

C. Boyden Gray, the White House counsel, was also present. On Monday, Mr. Bush met with representatives of political action committees sponsored by conservative groups.

At least two of the participants said they told Mr. Bush that without r spending limits, no comprehensive campaign-finance revisions are possible. They said he politely disagreed.

Participants said Mr. Bush was more receptive to suggestions that there be tighter restrictions on money that is contributed to the Democratic and Republican parties as a way to skirt limits on giving to particular campaigns — a practice that proliferated in last year's Presidential campaign. White House aides have said that in its draft form, the Bush proposal includes stricter requirements on disclosing the sources of such money, but does not place new requirements on how those contributions are used.

Ellen S. Miller, executive director of the Center for Responsive Politics, said she found Mr. Bush candid. "He clearly said, 'I have some very substantial disagreements with some of you who are here,'" she said. "But I found him very open to suggestions."

SPORTS NEWS EVERY DAY The New York Times

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