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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD**

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**HEARINGS**  
BEFORE THE  
**SELECT COMMITTEE**  
**ON IMPROPER ACTIVITIES IN THE**  
**LABOR OR MANAGEMENT FIELD**  
EIGHTY-SIXTH CONGRESS  
FIRST SESSION  
PURSUANT TO SENATE RESOLUTION 44, 86TH CONGRESS

---

JULY 6 AND AUGUST 18, 1959

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**PART 57**

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Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field







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UNITED STATES  
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SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR  
MANAGEMENT FIELD

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JEROME S. ADLERMAN, *Assistant Chief Counsel*

RUTH YOUNG WATT, *Chief Clerk*

# CONTENTS

Testimony of—	Page
Alexander, Herbert.....	19908
Hacker, Andrew.....	19900
Heard, Alexander.....	19862
Kaplan, Arthur G.....	19849
Petro, Sylvester.....	19884

## WILLIAM E. BUFALINO AND TEAMSTERS LOCAL 985, DETROIT, MICH.

### EXHIBITS

	Introduced on page	Appears on page
1. Business card used by Cecil Watts with Teamsters seal.....	19850	(*)
2A. Application for lease dated November 6, 1947, signed by William E. Bufalino.....	19850	(*)
2B. Prospect record related to the above.....	19850	(*)
2C. Authorization form for door lettering, night passes, and directory board listings, related to the above, dated November 6, 1947, signed by William E. Bufalino....	19850	(*)
2D. Letterhead of "William E. Bufalino, labor relations con- sultant".....	19850	(*)
3. Calling card of "William E. Bufalino, executive vice president, Meli-Dy Enterprises".....	19850	(*)
3A. Partnership return of income for the year 1947 of Meli- Dy Enterprises.....	19850	(*)
3B. Schedule of loans to Meli-Dy Enterprises made by Angelo Meli from 1947 through 1955.....	19851	(*)
3C. Balance sheet of Meli-Dy Enterprises, dated December 31, 1946.....	19851	(*)
3D. Letter dated March 1, 1951, addressed to Vincent A. Meli from CMAC Corp., and guaranty agreement referred to therein.....	19851	(*)
4. Documents relating to the Nickelodeon Record Corp. of America.....	19852	(*)
5. Documents relating to the Meli-Dy Realty Co.....	19853	(*)
6. Transcript of hearing before the Michigan Department of Revenue, December 4, 1952.....	19853	(*)
7. List of officials and employees of local 985 with criminal records.....	19853	(*)
8. Schedule: Local 985, questionable expense items— flowers, fruit, food, and candy, January 1953 through June 1957.....	19854	(*)
9. List of Bufalino associates with criminal records.....	19855	(*)
10. Letter dated August 14, 1951, addressed to Mr. Jay Mertz, secretary, State Board of Law Examiners, Lansing, Mich., from William E. Bufalino, Coin Machine Workers Union.....	19855	(*)

\* May be found in the files of the select committee.

POLITICAL CAMPAIGN CONTRIBUTIONS BY LABOR AND  
MANAGEMENT

## EXHIBITS

	Introduced on page	Appears on page
1. Questionnaire for labor unions, prepared by the Senate Sub- committee on Privileges and Elections, 1956.....	19883	(*)
2. Questionnaire for corporations, prepared by the Senate Sub- committee on Privileges and Elections, 1956.....	19883	(*)
Proceedings of—		
July 6, 1959.....	19849	
August 18, 1959.....	19857	

\*May be found in the files of the select committee.

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

MONDAY, JULY 6, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 4:40 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Carl T. Curtis presiding.

Members of the select committee present: Senator Carl T. Curtis, Republican, of Nebraska; Senator Homer E. Capehart, Republican, of Indiana.

Members of the professional staff present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Arthur G. Kaplan, assistant counsel; Ruth Y. Watt, chief clerk.

MR. KENNEDY. I would like to call Mr. Kaplan to put in some records, Mr. Chairman, that we weren't able to get in at an earlier hearing, in connection with Mr. Bufalino.

SENATOR CURTIS. You do solemnly swear that the testimony you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

MR. KAPLAN. I do.

## TESTIMONY OF ARTHUR G. KAPLAN

SENATOR CURTIS. State your name.

MR. KAPLAN. Arthur G. Kaplan.

SENATOR CURTIS. Your residence?

MR. KAPLAN. Portland, Oreg.

SENATOR CURTIS. You are an employee of this committee?

MR. KAPLAN. Yes, sir.

MR. KENNEDY. Mr. Kaplan, do we have certain documents in connection with the activities of Mr. Bufalino of local 985 of the Teamsters that we want to place into the record?

MR. KAPLAN. Yes, sir; we do.

MR. KENNEDY. These are documents that have come into our possession or which were in our possession and which we had not been able to put into the record in prior hearings; is that right?

MR. KAPLAN. Yes, sir.

MR. KENNEDY. We will try to go through this as quickly as possible, Mr. Chairman, but it is important as far as completing the record and writing the report is concerned.

You have a business card of Mr. Cecil Watts?

Mr. KAPLAN. Yes, sir. That we thought was significant because it shows the use of the Teamsters seal, during the course of Mr. Watts' using this card while he was in the jukebox business.

Mr. KENNEDY. Could that be made an exhibit?

Senator CURTIS. It will be marked "Exhibit 1" and received for reference only.

(The document referred to was marked "Exhibit 1" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Do we find that Mr. Bufalino was in the labor consulting business at the same time he was a Teamster union official?

Mr. KAPLAN. Yes, sir; he was. We have the lease arrangements he made in the same building in which the local which he was then employed by was also a tenant in. It showed Mr. Bufalino signing the lease and making application to be a public and private labor relations consultant and saying that that was his business.

Senator CURTIS. It will be marked "Exhibit 2, A, B, and C."

(The documents referred to were marked "Exhibits 2-A, 2-B, and 2-C" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. Also the letterhead that he had printed up, showing himself distinctive from the union and in this business.

Senator CURTIS. That will be 2-D.

(The document referred to was marked "Exhibit No. 2-D" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Do we find that he is also in the jukebox business himself?

Mr. KAPLAN. Yes, sir. We have documents which indicate that he was a partner in a company called Meli-Dy Enterprises. We find that he reported income from some of that, and we also find his name on the balance sheets and various documents of that company that we obtained from their accountant.

Mr. KENNEDY. What year was that? Just approximately. 1954?

Mr. KAPLAN. No, sir. It started in 1946, and Mr. Bufalino remained in as partner until the middle of 1948.

Mr. KENNEDY. What about the Ace Automatic Music Co.?

Mr. KAPLAN. The Ace Automatic Music Co., we have documents which indicate—

Mr. KENNEDY. Could we have those others made exhibits, for Meli-Dy Enterprises?

Mr. KAPLAN. We have a copy of a calling card of Mr. Bufalino, which states that he is an executive vice president of this company.

Senator CURTIS. It will be marked "Exhibit 3" and received for reference only.

(The document referred to was marked "Exhibit No. 3" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We have a copy of the partnership return of the company, in which Mr. Bufalino is mentioned.

Senator CURTIS. In relation to the same company?

Mr. KAPLAN. In relation to the same company, sir.

Senator CURTIS. Number it 3-A. It will be received for reference only.

(The documents referred to were marked "Exhibits 3-A, and 3-B" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We also have a schedule of all the loans of this company that were made to it by Angelo Meli, with several others, right up through the years of 1947 through 1955, indicating, again, the backing of Mr. Meli for Mr. Bufalino and his brother-in-law, Vincent Meli.

Senator CURTIS. That will be exhibit 3-B.

(The document referred to was marked "Exhibit 3-B" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We have the balance sheet of the company showing the investments of Mr. Bufalino and Mr. Meli.

Senator CURTIS. That will be marked 3-C and received for reference.

(The document referred to was marked "Exhibit 3-C" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. What about the Ace Automatic Music Co. Did you get that?

Mr. KAPLAN. Yes, sir. May I just put in one more thing on the other company? That was that Mr. Angelo Meli guaranteed an indebtedness of Mr. Bufalino. Mr. Meli, as late as 1950, had almost \$48,000 which he subsequently paid off during the ensuing year, going again to the continued interest in this business as late as 1950, more than 3 years after Bufalino came to the union. That is a letter from C.M.A.C. and the copy of the original guarantee agreement.

Senator CURTIS. That will be 3-D, received for reference.

(The document referred to was marked "Exhibit 3-D" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. What about the Ace Automatic Music Co.?

Mr. KAPLAN. For Ace Automatic Music Co., we have the copy of the 1949 tax returns of Bufalino, showing he declared a partnership loss from that company of \$13,194, more than 2 years after he went into the Jukebox Union. That return is being studied.

Mr. KENNEDY. Do you have that here?

Mr. KAPLAN. We don't have that there.

Mr. KENNEDY. Could we have that made an exhibit, Mr. Chairman, when we obtain it?

Senator CURTIS. Without objection, it will be inserted in the record at this point.

Mr. KENNEDY. Then the Nickelodeon Co.?

Mr. KAPLAN. Yes, sir. That was a company in which Mr. Bufalino had the setup to sell records to jukebox operators, and with him the other incorporators were Mr. William Presser of Ohio and Mr. Frank Calland of New York.

Mr. KENNEDY. Both about whom we have had testimony?

Mr. KAPLAN. Both about whom we have had testimony; yes, sir.

Mr. KENNEDY. Can we get the documents on Nickelodeon?

Mr. KAPLAN. We have all of the documents on Nickelodeon, including the labels of the company, the names of the several artists that invested to sign up and did sign up because by their telling them that because of their connection with the union they would be able to push their records successfully, the one share of stock which appears to have ever been issued in Nickelodeon, which was subsequently given to Mrs. Bufalino, and the final certificate of dissolution, along with the

original articles of incorporation and the balance sheets of the company.

Senator CURTIS. These papers will be marked "Exhibit 4" and lettered and received for reference only.

(The documents referred to were marked "Exhibit 4" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. When was that company in operation?

Mr. KAPLAN. The company started November 5, 1952, and filed a certificate of dissolution some time in 1955.

It might be noted that one of the trustees and talent scouts for the company was Joseph Blumetti of Youngstown, who was a convicted white slaver, and a trustee.

Mr. KENNEDY. Mr. Chairman, he had been convicted of white slavery. And he is a Teamster official also.

Mr. KAPLAN. This also includes a series of invoices which show that local 985 paid for a lot of the costs of incorporation of this company. It paid for the costs of printing the labels. This was buried in a mass of invoices that they submitted to the union. As a further indication of the purposefulness of getting the union to pay for this, we have an invoice for work done by an accountant who worked for the union and did some work for this company. When he was interviewed, he said that he had originally submitted two bills, copies of which we have here, one to the union for \$45, and one to the company for \$55, and he was told by Mr. Bufalino to lump it into one bill and send it again in a bill for \$100, which was then paid by union check.

Mr. KENNEDY. Do you have the Meli-Dy Realty Co.?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. What was the Meli-Dy Realty Co.?

Mr. KAPLAN. That was a partnership of Bufalino, William Meli, and attorney for the Juke Box Employees Association, Irving Ackerman.

After it had been in operation a short period of time, it became a corporation in which the stockholders were the wives of these several persons. Mr. Bufalino testified when he was here recently that it had ceased operations about 5 or 6 months ago.

Mr. KENNEDY. Wasn't it Mr. Irving Ackerman who made a statement publicly in Detroit, at least it was reported in the paper, that he had not been a partner of Mr. Bufalino?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And the public prosecutor then made the statement that he made in connection with that?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. The documents show that they were, in fact?

Mr. KAPLAN. I think there was no question about it; Mr. Ackerman was 25 percent partner.

Mr. KENNEDY. Mr. Ackerman was invited by the committee in a letter to testify before the committee if there was any false statement in connection with him, and he has refused to do so.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Now the rest of it.

Mr. KAPLAN. The Meli-Dy Realty Co., a partnership, and Meli-Dy Realty & Management Co., a corporation, showing some of the balance sheets, journal entries, the 1954, 1955, and 1956 reports of the State of Michigan.



Senator CURTIS. Are those two companies the continuation of the same enterprise?

Mr. KAPLAN. Yes, sir; the corporation succeeded the partnership.

Senator CURTIS. The entire group will be marked "Exhibit No. 5," and the respective documents lettered.

(Documents referred to were marked "Exhibit No. 5" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. We find him also a business broker in the coin-machine field?

Mr. KAPLAN. Yes, sir; there was sworn testimony given before the Michigan Department of Revenue with reference to the failure to put revenue stamps on a cigarette machine belonging to Vern Huntoon. He stated during the course of that that one of the explanations was that these machines did not really belong to him. He had been solicited by Mr. Bufalino by telephone to sell five of his good locations to Joe LaSalle, who was an attorney for some of the underworld figures of Detroit.

This is a transcript of his sworn testimony in the hearing before the Michigan commission.

Senator CURTIS. That will be made exhibit 6 and received for reference.

(Document referred to was marked "Exhibit No. 6" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Do we find that most of the employees of Mr. Bufalino's union have criminal records?

Mr. KAPLAN. Yes, sir; we do. Almost every male employee or active official on the payroll has had a criminal record. We have an exhibit of that.

Senator CURTIS. That will be marked "Exhibit 7" and received for reference only.

(Document referred to was marked "Exhibit No. 7" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Do we also find that the union Cadillac was used in New York by Angelo Meli, who was formerly Public Enemy No. 1 in Detroit, and used at the wedding of Profaci and Tocco in New York on June 4, 1955?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And that the union Cadillac was used by Mr. Angelo Meli at this wedding?

Mr. KAPLAN. Yes, sir; Mr. Angelo Meli was observed by the New York police driving this Cadillac and the report was made to police authorities in Michigan.

Mr. KENNEDY. Mr. Profaci and Tocco had played prominent roles in these hearings?

Mr. KAPLAN. Yes, sir; they have a long background in the Detroit underworld activities.

Mr. KENNEDY. Do we find that the union expended large sums of money for flowers each year?

Mr. KAPLAN. Yes, sir; the union expended gross amounts of money for flowers. Since 1953 we scheduled all their expenditures for flowers, fruit, candy, and I think the figures are totaled up in your witness sheet.

However, the whole total for the period January 1953 to June 1957 was \$8,023. It averaged out better than \$1,600 a year. This has some significance. This was brought to Mr. Hoffa's attention back in 1953 when he was first—when he had taken the place of Mr. Bufalino when he was ill, when the books of the union were being subject to a Government investigation, and nonetheless it continues, and there are some very strange people who get some of these items. Raffaele Quasarano, for example, about whom we have had testimony before the committee, is a notorious narcotics peddler. In 1953 a basket was sent to him and Mrs. Quasarano in the value of \$25.75. It was signed "Congratulations, Tony and Bill Bufalino of Teamsters Local 599."

Baskets were sent to Frank Halland in Brooklyn, Mrs. William Pressman, Albert Salupo—Mrs. Salupo died in Mrs. Bufalino's arms in 1953. Each of the baskets was signed, one Bill Bufalino; one Frank Halland; and one Hoffa and Brennan. The total bill for that was \$311.

There was a bill for a basket, a funeral basket to Serritella, a hoodlum associate of Mr. Bufalino, \$51. Baskets were sent to Mrs. Bufalino who had a baby girl—

Mr. KENNEDY. We don't have to go through all that.

Mr. KAPLAN. One was sent to Mr. Previant. Some were sent to Mr. Hoffa.

Mr. KENNEDY. Do you have the records in connection with that to put in as an exhibit?

Mr. KAPLAN. No, sir; we do not.

Mr. KENNEDY. Do you have it broken down into a memo?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. May we have that made as an exhibit for reference?

Senator CURTIS. That will be exhibit 8 for reference.

(Document referred to was marked "Exhibit No. 8" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Do we have a list of Mr. Bufalino's associates?

Mr. KAPLAN. Yes, sir.

Senator CURTIS. The people that we have established as being his associates?

Mr. KAPLAN. These are persons we have established very clearly as being connected with Mr. Bufalino. What we have done is list their names, their police numbers, and the numbers of arrests, without including every arrest but some of the more significant ones equally with the number of convictions.

I think it is of some significance to note that of 34 associates listed, they total 484 arrests among them and 92 convictions.

Senator CURTIS. Is that an official document in some court?

Mr. KAPLAN. Sir, that is based upon the official criminal records that we have obtained from various police agencies and the FBI. It is an abstract of it.

Senator CURTIS. It is an abstract prepared by this staff?

Mr. KAPLAN. Yes, sir.

Senator CURTIS. As contrasted with these other documents that are copies?

Mr. KAPLAN. Yes, sir.

Senator CURTIS. All right; it will be received as exhibit 9 for reference.

(Document referred to was marked "Exhibit No. 9" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, we have the fact that early back in 1951 he even had this reputation as being involved in certain criminal activities.

Mr. KAPLAN. Yes, sir. At that time he was attempting to get admitted to the bar by reciprocity or by motion. He himself wrote a letter reflecting his conversation with the clerk of the Supreme Court of the State of Michigan, which shows that he resented being known as a racketeer or person connected with racketeers, but that apparently was his reputation at that time.

Mr. KENNEDY. Does it show that the bar association turned him down for admission at that time based on his reputation?

Mr. KAPLAN. Yes, sir; the bar association did turn him down, and I have been told also by the clerk that they would never admit Mr. Bufalino on the basis of his character.

Mr. KENNEDY. Even though that is a letter from Mr. Bufalino, that letter reflects the fact that they turned him down on that basis.

Senator CURTIS. Is that a letter written by Mr. Bufalino?

Mr. KAPLAN. Yes, sir; to Mr. Jay Mertz, secretary of the State board of law examiners at the Capitol Building, Lansing, Mich.

Senator CURTIS. It may be received and marked as "Exhibit No. 10."

(Document referred to was marked "Exhibit No. 10" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Are there any other documents there?

Mr. KAPLAN. That is it, sir.

Senator CURTIS. The committee will stand adjourned until 10:30 tomorrow morning.

(Members of the select committee present at the taking of the recess were Senators Curtis and Capelhart.)

(Whereupon, at 5 p.m., the select committee recessed, to reconvene at 10:30 a.m., Tuesday, July 7, 1959.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, AUGUST 18, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska; Senator Homer E. Capehart, Republican, Indiana.

Also present: Jerome S. Adelman, assistant chief counsel; Robert E. Manuel, assistant counsel; Rosemary K. Kennedy, acting clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session: Senators McClellan, Mundt, Goldwater, Curtis, and Capehart.)

The CHAIRMAN. The Chair will make this brief statement:

As members of the committee will recall, at a session on July 15, I believe, it was agreed that we would call certain experts in the field of political science to discuss the problems of political spending and activities by both union and management.

Originally we had on our tentative list some six persons whom we regarded as highly competent in that field, and who had been either selected or suggested by members of the committee or members of the staff. Two of those, however, have indicated that they are unable to appear today.

The four witnesses that we shall hear today, and whom I believe are present, are Dr. Alexander Heard, of the University of North Carolina, Chapel Hill, N.C.; Dr. Sylvester Petro, professor of law, New York University, New York, N.Y.; Dr. Herbert Alexander, director of Citizens Research Foundation, Princeton, N.J.; Prof. Andrew Hacker, Cornell University Department of Government, Ithaca, N.Y.

I might say that this subject matter that we will be inquiring into has been the subject of prior investigations, to some extent, at least, by other legislative committees, principally the Gore Subcommittee on Privileges and Elections back in 1957; also a Select Committee To

Investigate Campaign Expenditures, a House committee, under the chairmanship of Congressman Boggs, in 1953.

The principal statutes on the subject, I am advised, are in title 18, United States Code, sections 608, 609, 610, 611, and 612, copies of which have been distributed to committee members.

(At this point Senator Ervin entered the hearing room.)

The CHAIRMAN. Is there any other comment before we proceed?

The Chair may make this announcement: Notices have been given of this hearing today that they would be executive sessions. The Chair at the moment is not quite clear as to what was said back at the time we agreed to hold these hearings with respect to whether they should be executive or public hearings. I have not refreshed my memory from the minutes of those meetings.

But since there is more than a quorum here, there now being six members of the committee present, and no one seems to have any objection to the hearings being public, and the Chair knows of no reason why the testimony that is expected should not be made public, without objection the Chair will declare the hearings public and permit anyone to attend, the press and others, who may desire.

Is there objection to the hearings being public?

Senator MUNDT. No objection.

The CHAIRMAN. The Chair hears none.

Senator Goldwater, do you wish to make a statement?

Senator GOLDWATER. Mr. Chairman, I agree that there have been committees of the Congress in the past several years who have had the power to study this particular question. I am not satisfied, however, that any of these committees really went into the question.

Senator Curtis served, I believe, on the Gore subcommittee. I attended at least one of those hearings, and probably two. There was no staff study made into the way that unions operate in politics.

(At this point Senator Church entered the hearing room.)

Senator GOLDWATER. There were reports made as to the number of dollars that were reported to the Clerk of the House, but there were no reports made as to the number of dollars spent to obtain manpower, to obtain publicity, et cetera, in Federal elections.

The distinguished chairman will recall that he chaired another select committee, the one on lobbying and campaign expenditures, of which I was a member, and our staff did, in a very, very limited way, get into that field, with an investigation into the Wayne County Central Committee, in Wayne County, Mich. Unfortunately, I do not have my copy of that report here. It is coming to me shortly.

But that is the only instance in my experience in the Senate when any committee has gone into the roots of the problem, which is, How do unions operate in politics without reporting these sums to the Clerk? How do they get around the Corrupt Practices Act and the reference to it in the Taft-Hartley Act?

I speak for myself, but I think I speak for other members of the committee, that we decided union activity in politics would be one of the 11 points that would be pursued by this committee. I envisioned a thorough staff study into this subject.

In fact, I requested at the outset of the investigations that the staff, in checking through books of the unions, make a record of any sums spent for political purposes.

I have no reason to know that they have done it or that they have not done it. I have not asked for that information, nor has it been given to me. I presume that they followed my request and have sought out these expenditures in the books.

Our purpose, as I recall it, in calling these distinguished scholars before us, was because Senator Church and I, being appointed as a subcommittee to try and set up some *modus operandi* for the full committee in this field, mutually agreed that it would be advantageous to approach it first from an academic standpoint. Neither one of us, Democrat or Republican, feel that this should be turned into a political donnybrook where we air all the linen of all the candidates who have received help from unions or who have been opposed by unions.

The fact is that the act has been accomplished. The problem is, should we as a Senate committee, shirk what I feel to be our responsibilities in this field in looking into the way that the job is done, and listening to suggestions as to how we might proceed from here from these gentlemen that we will have with us today.

But as far as I am concerned, this one single problem constitutes one of the greatest threats to our freedoms. I can see the day not too far distant when we are going to have the politics in this country polarized with union funds providing the blood on one side and corporate funds providing the blood on the other side.

Those of us who wish to remain in politics must be either independently able to do it in a financial way, or we must become beholden, not to the concepts of Jefferson or the concepts of Lincoln, but to the concepts of labor or the concepts of big management.

That is my whole interest in this. It has been my whole interest all through the years that I have been opposed to union and corporate activity in the political field.

I wanted to make that brief statement, Mr. Chairman, in the earnest hope that we can approach this problem as a serious problem involving our Republic and our Constitution and our concept of political life.

I have no desire to hurt anybody, in or our of politics. I will resist any efforts made to turn this into a political donnybrook, because I feel that this is probably the last opportunity that this Congress or the United States is going to have for many, many years, to get into this very important field.

I am hopeful, Mr. Chairman, that these hearings this morning will give us a basis on which to guide ourselves as the staff goes out to investigate in this field.

The CHAIRMAN. Are there any further comments before we proceed?

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Reference has been made to the Gore investigation, the Gore report. I am sure that I am correct in my statement that a great portion of the material that went into the voluminous Gore report is the result of a staff study or gathering of facts at the direction of Chairman Gore. Those facts were not presented in committee. They went direct from the staff's research into the report.

Consequently, they were not presented in such a way that there could be cross-examination or interrogation about the facts or what they meant.

For instance, the staff was directed to find a list of prominent people in the American Bar Association, members of the house of delegates, officers in the American Bar Association, and others. Then contributions to candidates and parties were assembled that those individuals made.

Following that, there was a reference in the Gore report as to the political activity of leaders of the bar association. The bar association took exception to this. There was no concerted effort on the part of the bar association. Very properly they objected. It was an inference that they felt should not be brought.

I do not want to debate the Gore report, but I merely think that it should be pointed out, the type of study it was.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any further comments before we proceed?

(At this point Senator Goldwater withdrew from the hearing room.)

The CHAIRMAN. Senator Ervin?

Senator ERVIN. The only comment I have is that I am in a state of uncertainty as to the extent of our jurisdiction in this field.

(At this point Senator Goldwater returned to the hearing room.)

Senator ERVIN. I have serious doubts whether the resolution establishing this committee would give us the right to investigate this field in its entirety. The wording of the resolution, it would seem to me, would restrict our power to investigate illegal or improper practices.

Of course, we can understand what illegal practices are, but when we get down to improper practices, I think it is improper for anybody to spend any money to accomplish my defeat when I am running for office.

I am ready to go along, however.

Senator GOLDWATER. If the Senator would yield at that point, I think this involves violations of the law on both sides.

The Corrupt Practices Act is very plain. I do not know of a law that is written more plainly. It says you cannot give money to candidates in a Federal election. It is being done. In fact, the Supreme Court has upheld the right of unions to do this in the way that they are doing it.

Now, if the laws say it cannot be done, the Supreme Court says it cannot be done, in effect, I think it is within our province to decide what illegal acts are being done on both sides of the fence and what we recommend as changes.

Frankly, I look on this whole thing as a moral question more than I do as a legal question.

If it is immoral, it is improper. I don't think it is morally right to take the dues money of a Republican or a Democrat and use it in an election against the man that he is going to work for and vote for.

On that one point hinges my whole feeling that we are correct in getting into this.

Senator ERVIN. I would agree. I think we would all agree that that is an improper practice.

Senator GOLDWATER. That is what we want to get at.

Senator ERVIN. Of course, and I understand the present statute, it is illegal to use corporate funds or union funds in a Federal election.

The CHAIRMAN. Is there anything further?



Senator CHURCH. Senator Capehart?

Senator CHURCH. I would only observe, Mr. Chairman, that I am sure the Senator from Arizona would agree with me that if the question is of illegality, and if the Supreme Court of the United States has passed upon an act of Congress and has construed a certain practice to be legal and in conformity with the provisions of that act, then the question becomes one of propriety, and the decision for Congress to change the law if, in the judgment of the Congress, it ought to be changed.

But the practice until the law is changed is a legal one because the Supreme Court has the final authority to construe the statutes.

Senator GOLDWATER. That is perfectly true. But on the other hand, how is the Congress going to act without having any information in the field?

In other words, how is it done? That is what we are interested in.

What recommendations do people have to make in the field who look at it purely from the abstract viewpoint, not being politicians, not being devotees of either political party in their studies?

I think they can tell us their own opinions as to the illegality, the immorality, the impropriety, if they feel that way, and what should be done in a legislative way to correct it, if anything.

Senator CHURCH. I think there is no argument between us, actually. My only point is that where the question of illegality is raised, the Supreme Court is the final arbiter of that matter, and if the Supreme Court has said that a given practice is a legal one, then it would be a misnomer to refer to it as an illegal one under existing law.

Senator CAPEHART. Mr. Chairman, I might say this: It is against the law for a union to use union funds. It is likewise against the law for a corporation to use corporate funds. Of course, I dislike very much, as others, to have the unions use their money to defeat me or defeat somebody else, because there are Democrats and Republicans in unions.

By virtue of the same thing, a corporation has a lot of stockholders, in which there are Democrats and Republican stockholders.

It gets down to the point as to when is a man who is employed by a corporation acting on his own, and when is a man employed as an officer or member of a union acting on his own or acting for the union?

It is not going to be easy to draw a line and distinguish between when he is acting as for himself in politics, or when he is acting for the corporation or acting for the union, because in the case of a corporation he draws his pay from the corporation, and in the case of a union, if he is an officer, he draws the pay from the union.

(At this point Senator Mundt entered the hearing room.)

Senator CAPEHART. You might get to the point some day where maybe nobody could make a contribution because of conflicting interests.

About the only thing I am certain of is with Senator Ervin, that I don't think it is proper to use money to defeat me.

The CHAIRMAN. I have had some improprieties inflicted on me, then.

Senator CAPEHART. Well, I have never yet been drafted, and I have never yet been elected unanimously.

The CHAIRMAN. All right, gentlemen.

Senator Mundt, have you anything before we proceed?

Senator MUNDT. No, Mr. Chairman.

The CHAIRMAN. Very well.

Dr. Heard, will you come forward, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. HEARD. I do.

### TESTIMONY OF ALEXANDER HEARD

Senator MUNDT. Is it necessary to swear these people?

The CHAIRMAN. This is an investigating committee. I am not going to take any testimony that is not sworn. A legislative committee is different.

I wish to make that explanation to you gentlemen. But this is an investigating committee where we are placing witnesses under oath, all witnesses, and since this is one of the subject matters I don't see how I can depart from it. It is not any discourtesy to you.

It is a procedure that I think to be consistent with we must follow.

I wanted to make that explanation.

Senator Mundt, will you preside for a moment? I must leave the committee room.

(At this point Senator McClellan withdrew from the hearing room.)

Senator MUNDT (presiding). Will you give us your name, please, and something about your background before you begin your testimony?

Do you have a written presentation that you have copies of?

Dr. HEARD. No. I have some notes from which I will speak.

Senator MUNDT. All right. Proceed in your own way.

Dr. HEARD. My name is Alexander Heard. I am a professor of political science at the University of North Carolina.

Senator MUNDT. Thank you.

You have heard the chairman's statement as to the purpose of the investigation.

Will you proceed in your own way and tell this committee what you think we ought to learn?

Dr. HEARD. What I thought I would do, and will proceed to do, unless you ask me to go along differently, is to talk about what seems to me to be some of the very great difficulties involved in exploring this subject.

I worked as a consultant with the Gore committee, and have pursued my own studies of this subject for several years.

I want to talk from the point of view of a technician largely, and talk about the technical difficulties of trying to get the kind of factual picture which seems to me to be essential in understanding the subject.

Senator MUNDT. Doctor, as you raise the difficulties, if you can suggest some solutions to them, it will be very helpful to the committee.

Dr. HEARD. I will do what I can.

Senator MUNDT. We are well aware that we have a lot of difficulties in this field, and we need guidance as to how to solve them.

Dr. HEARD. Surely.

I will not take into consideration the jurisdiction of this committee nor the course that might be involved.

I do want to emphasize, however, what I think to be the most important feature that any committee must consider. I have read a great deal of the testimony that has been offered by Senate committees and House committees over the years. I had some little experience of my own and have observed the staffs of committees at work.

(At this point Senator McClelland returned to the hearing room.)

Dr. HEARD. I think perhaps the most important thing to recognize at the outset is that this is largely a technical matter, involving adequate time, adequate staff preparation, and effective procedures.

I emphasize, I think it is a technical matter, to a large extent, to get the kind of factual picture which seems to me to be essential if you are going to understand the difficulties of enforcing the present acts, or attempt to devise modifications in them.

The first conclusion that I have come to is this: As soon as you ask, informally or formally, before this committee or in private conversation, persons from labor organizations or from corporate organizations whether they have been doing things that violate section 610, or violate the Taft-Hartley Act or violate the Public Utility Holding Company Act—as soon as you ask them whether they have been doing things that conform or do not conform—you block off any real possibility of getting the kind of information that you want from them.

I would advocate that the goal be to get a picture of what goes on without regard—without any reference at the outset—to whether these things are permitted under the acts that now exist, and whether they they are or not, without regard to the constitutional questions that are involved, I find when I speak privately with people on both sides of this question that the moment the concept of whether this is educational or political comes into the conversation, the moment the concept of whether this is a voluntary contribution or involuntary contribution comes into the conversation, I am largely forestalled, because we get into a wrangle on questions of definition at that point.

So if this is possible—whether it is possible, I don't know, but you will know—if it were possible to approach this thing entirely from the point of view of getting a picture of the behavior that exists, without any implication that his is good or bad, legal or illegal, the chances of getting testimony from people on all sides of this question will be substantially increased.

Senator GOLDWATER. In summing that portion of your testimony up, you would disregard the question of immorality, illegality, and so forth, and merely find out what is going on?

Dr. HEARD. I would do that at the factfinding stage, which is where I understand we are now.

Senator GOLDWATER. I agree with you on that.

Dr. HEARD. My second point is that I think that anyone would conclude from looking at the testimony and the reports of previous committees—many of which have been very competently staffed, of course—anyone, however, would conclude that the quality of the testimony offered and the quality of the reports written could have been immeasurably improved if there had been adequate staff work in advance, with adequate personnel and with the amount of time necessary to prepare.

It seems to me that often the questioning of witnesses in the past has proceeded too much from the top of the head and without adequate preparation.

Let me give you an illustration of the kind of thing that I mean.

As an experiment, a year or so ago I took the available, formal, official reports of 12 unions, the 12 largest unions at that time, and read through them to see what information about politically relevant activities I could find from their financial reports.

Remember, I was not concerned with whether this was a political activity in accordance with the definition of 610, but simply whether they were politically relevant activities.

I took the available public reports of these 12 unions. I concluded that there were at least 13 different headings under which a politically relevant expenditure might be made.

I will indicate what those 13 headings were. There may be other such headings.

I am not suggesting that each of the unions that I looked at made politically relevant expenditures under each of the headings. I am simply saying that this is the place one would look, I would think, to see whether or not there is an expenditure that on its face seems to be of interest to this committee.

For example, some of the unions list perfectly overtly "Donations." Some of these are donations to charitable causes, some are donations to political causes. Some of the unions have a political department. That is the second heading.

The third heading some of them have is "Citizenship——"

Senator CHURCH. What is the second heading?

Dr. HEARD. "Political Department."

Senator GOLDWATER. That would be like COPE or PAC?

Dr. HEARD. Well, yes; but I think the International Ladies' Garment Workers, for example, has a department which is called the political department, if I remember correctly. You find that in their budget.

The third heading is "Citizenship Program." There are expenditures that are politically relevant made in the name of good citizenship.

Fourth is "Education and Information." That is another heading.

Fifth is "Communications." There are periodicals, broadcasts, memorandums.

Senator GOLDWATER. May I interrupt there?

Dr. HEARD. Yes, sir.

Senator GOLDWATER. Am I not correct in my memory that this is the area in which the Supreme Court has ruled that the unions may spend money for periodicals, broadcasts, et cetera, and it was the area that the Federal court extended to television in the Detroit trials of about 2 years ago?

Dr. HEARD. This is my impression, but I can't give you authoritative testimony from memory on the point.

Senator GOLDWATER. This is the general area where the Supreme Court has ruled that they could operate in.

Dr. HEARD. That is correct.

Senator GOLDWATER. I will not go ahead with that. I just wanted to make that point.

Dr. HEARD. My point is that if we can get a picture of what goes on, regardless of the legal or constitutional questions that may be involved, it would be helpful.

Sixth is the heading "Public Service Activities."

Seventh is "Public Relations."

Eighth is "Research."

Ninth is "Legislative Activities."

Tenth, "Legal Department."

Eleventh, "Expense Accounts."

Twelfth, "General Administrative Costs."

Finally, thirteenth, "Salaries."

(At this point Senator Capehart withdrew from the hearing room.)

Dr. HEARD. It seems to me, for example, that if staff had the time and the manpower to examine such available reports as these, you could develop a basis for much more intelligent questioning of witnesses who would come before you. You could ask these people specifically what are the items included under such headings as these, and in this way, I would think, develop a better picture.

What I have said here about labor union expenditures can also be said, I think, about corporate expenditures.

I have, myself, given a little more testimony on this point in the past, and there has been perhaps more discussion of it, but, again, let me illustrate eight headings under which politically relevant corporate expenditures, I think, might also be found.

My point here is that this might serve as the basis for questioning and for testimony.

I will not elaborate on these unless you ask me to.

First is "Expense Accounts." Some are the same as in the case of labor organizations.

Second is "Contributions in Kind"; that is to say, contributions of goods or services, rather than cash.

Third, "Advertisements in Political Journals."

Fourth, "Payments to Persons in Public Relations Activities."

Fifth, "Fees to Lawyers."

Sixth, "Salaries and Bonuses to Officials or Employees."

Seventh, "Payments to Other Organizations," with which organization the corporate is affiliated.

Eighth, "Direct Expenditures from the Corporate Treasury."

Again, I offer that as simply illustrative of the kind of thing I think one might look for.

I believe that in the testimony that has been offered over the years, there are a great many suggestions that would provide the basis for further testimony. I assume that in the files of this committee there must be information that has come up in the last 2½ years, which would also provide the basis for systematic testimony.

I have been referring to oral testimony. I might refer, Senator Curtis, to our experience in the Gore committee in the attempt to devise a questionnaire which would be circulated to corporations and to labor unions in an effort to get from them systematic information about politically relevant activities.

This questionnaire went through at least two drafts, as I recall. It was submitted to some corporate officials and some labor officials for their criticism. We were never able to devise a draft that really impressed us as being effective.

The time ran out and it was never actually used.

But the experience there indicated a considerable difficulty in actually getting at this information by asking either corporations or

labor unions themselves. The moment you use the concept of politically relevant activity you ask them for so much that it becomes terribly burdensome.

Perhaps sometimes even impossible for them to provide.

I will give, if there is no objection, Mr. Adlerman a copy of those questionnaires that we did not use, and if they are of any help we can use them.

They will illustrate, I think, the difficulty in getting at this problem by questionnaire, because they do represent a great deal of energy and effort and time.

SENATOR GOLDWATER. May I ask that they be made an exhibit, Mr. Chairman, to be available to the members?

The CHAIRMAN. We can take that up in a moment. (See p. 19883.)

DR. HEARD. That is about all I have. I have some notions as to how much time would be involved in a study, such as I would be most interested in. Whether that is appropriate for this body or not, I do not know. I will make one or two observations on that point in closing.

I do not believe it is too early now to start, if you really wanted to get a broad, full-scale picture. I am not confining myself simply to the labor-management matters that are clearly within your jurisdiction. I am talking about getting as broad a picture of election finances as is technically possible to get. I think you have to work in an election period, obviously.

Nineteen hundred and sixty is the election period upon us. I believe you would have to start almost immediately if you wanted to recruit the kind of staff that is necessary and if you wanted to do the kind of groundwork that is essential, the self-education of the staff that is necessary in order to do a competent study, and to provide the time to avoid some of the inescapable errors that inevitably creep in when you are handling the volume of information that you would necessarily be handling. I think that the staff should have on it professional people of several kinds. You would certainly need one, two, or three people who, themselves, are intimately acquainted with union organizations and union activities, much more so than the average political scientist would be or the average lawyer would be.

You would need specialists who are concerned and informed about corporate organization.

I would think you would need, one, two, or three people who have tried to study the subject dispassionately without being associated with either side of this controversy in the role of consultants or staff members.

I think you would have to have four or five or six statistical people. Handling numbers in the volume that would be involved is a very difficult and complicated task. You would need people skilled at this.

I think you would have to have a corps of people, three, four, or five people, who would constitute a field staff, who could make the kind of field inquiries which were not adequately made in 1956.

You cannot do this overnight. You have to have persons who become acquainted with the factual situation, who know the procedures, know how to go about it, who can develop some knowledge of their own.

We have found in the past that as these reports come in, for adequate interpretation you often need someone acquainted with the area from which the reports come.

We know the nomenclatures vary from State to State.

You would need a group of persons who could travel sufficiently to acquire this knowledge. You would need the customary group of legally trained persons.

I suppose such a staff, shooting from the hip, more or less, would number 25 or 30 professional people. They would have to be supported, I would think, by maybe a comparable number of clerical and stenographic people. There would have to be adequate money for travel. Perhaps that staff would be adequate if it were at work for a period of 15 or 18 months.

Mr. Chairman, I think that is all I have to say, unless there are questions.

Senator CHURCH. Mr. Chairman, I have some questions I would like to ask.

The CHAIRMAN. Thank you, Dr. Heard.

Just let me get one or two questions before you.

I apologize that I have not been able to follow your testimony—I shall read it—because I have been occupied with some other matters as you have been testifying.

Here is something I would like to inquire into. We have a law prohibiting corporations from contributing; they can't contribute, of course, without violating the law. We have a law prohibiting unions from contributing to the campaign funds for candidates to the Senate and House of Representatives. They cannot contribute without violating that law.

I am under the impression that often there is an attempt to circumvent the law, and maybe it is circumvented, for all practical purposes—maybe they don't actually circumvent it if this can be proven—by a corporation simply having some of its officials or some of its representatives turning in an excessive expense account, with some of that money going to a candidate for Congress; likewise, a labor union will charge it off to organizational expense or something else without any voucher or anything to show where it actually went.

So far as the records of the company, the corporation, and the records of the labor organization, there is nothing to indicate the law has been violated.

I am of the opinion that such practices maybe have been engaged in. What would be your suggestion as to how you can effectively cope with that evil, if it is regarded as an evil, or that impropriety, to make it milder?

Dr. HEARD. Senator McClellan, I am not sure—

The CHAIRMAN. To me, that is the crux of this thing, how to get at it.

Dr. HEARD. I realize that it is. I am not sure that you can. I am not sure that it is actually possible to devise a statute that would achieve that goal.

One of the reasons is that, in my view, there is this terribly difficult problem of definition. Many such expenditures to which you alluded are made indirectly. Many such expenditures will be defended as falling outside of almost any definition that you might devise—and

certainly outside any definition that would be held constitutional that you can devise.

Personally, my approach to this whole problem is on a somewhat broader front. I feel that the entire field of campaign finance isn't susceptible to just one formula for solution. I think we have to have a piecemeal approach that will come at the thing from several angles.

Personally, I favor taking as much pressure off of candidates as possible by encouraging contributions from sources other than labor unions and corporate organizations.

I, myself, favor tax concessions of one kind or another.

The CHAIRMAN. May I interrupt at that point?

Dr. HEARD. Yes, sir.

The CHAIRMAN. I agree and support the general objective of encouraging others to contribute. But I don't know how that would necessarily keep the labor boss or the labor leader that wants to gain control of or build up political power or influence, to keep him from going on and contributing just the same.

Dr. HEARD. Well, he well might.

On the other hand, I believe that if a candidate has other sources of campaign money, he may personally be freer to reject such offers of assistance.

The CHAIRMAN. In other words, he may not yield so easily, he may not be tempted to accept money that may have strings on it, from either corporations or labor organizations.

Dr. HEARD. That is correct. Just as I feel also that if it were possible in some way to make radio and television time available, presumably on a limited basis, and hopefully at a reduced cost or no cost to the candidate—I am not suggesting here that the broadcasting industry should bear this cost necessarily—if it were possible to make this very important means of communication available to at least certain candidates, this would, again, reduce the pressure that is on the candidate and on the party.

My approach to this would be, on this kind of piecemeal broad front, recognizing at the outset that probably it isn't possible to accomplish a complete prohibition of the financial involvement of unions and corporations in political activity. I think that is a very ambitious goal to seek. I would try to point toward the identification of all the varieties of politically relevant activity in which unions and corporations engage, and then single out those that you think are most important for limitation and can feasibly be limited.

That is why I advocate trying to get the full picture, of course.

The CHAIRMAN. Senator Church, I wanted to get this thought before us at the outset.

Senator CHURCH. I believe those questions to be very important.

The CHAIRMAN. Very well, Senator Church, you may proceed.

Senator CHURCH. Dr. Heard, you have had a great deal of experience in this field, and you have made it a field of special study, have you not, in your professional career?

Dr. HEARD. Yes.

Senator CHURCH. As I understand your testimony this morning, you are making your recommendations to this committee upon the basis of a comprehensive undertaking that is directed toward determining, in the first instance, what the whole scope of politically rele-



vant activities may be in the labor union field and in the corporate field.

Then, having made that kind of inquiry, it is your contention that this committee or some other committee of the Congress that undertakes the job, would then have a basis on which to recommend possible Federal legislation; is that correct?

Dr. HEARD. Yes.

(At this point Senator McClellan withdrew from the hearing room.)

Senator CHURCH. I understand your testimony also to be that heretofore in connection with inquiries made by other committees, it is your opinion that no such adequate or comprehensive survey of the entire picture has ever been made of the kind that you are now recommending in your testimony this morning?

Dr. HEARD. We respect what has been attempted, and I think what you have just said is correct; yes.

Senator CHURCH. If such a survey and study were to be made, then I understood you to testify that in your opinion it would require, in order for it to be properly done, a very specially skilled staff that understands the nature of the problem, the nature of the inquiry, and the ways that the matter has to be approached if the Congress is going to get the knowledge that it is seeking. Is that correct?

Dr. HEARD. That is correct.

Senator CHURCH. You mentioned that such an inquiry, to be helpful and adequate, as I recall your testimony, ought to take place in connection with a national election, and you suggested that the next national election being 1960 that this might be an appropriate time to undertake such a study.

Do you think that this kind of study could be undertaken apart from the framework of a national election?

Do you think that it might properly be undertaken now, for example? Do you think it can be completed prior to the next national election?

Dr. HEARD. Senator Church, I am doubtful for this reason: My observation is that a great many of the campaign organizations that become active in any campaign, senatorial campaign and certainly in a presidential campaign, are created ad hoc. They come into existence, they go out of existence. Memories are short.

I don't mean anyone tries to conceal, though, of course, that is done. Memories are short. Records get lost, if there are any records.

It is very, very difficult to come after the event and get anything but memory. You can't get very much of that.

Senator CHURCH. In other words, if the intention is to do a thorough and factual and comprehensive job, then, in your opinion, it needs to be done at the time that these various activities are, in fact, taking place, and that, necessarily, would be at a time of a national election.

Did I understand you to say that in your opinion such a study would require between 15 and 18 months to complete?

Dr. HEARD. Well, I am thinking that here it is August, and you need some months after the election in order to summarize and publish what you learn. I think that it would take 15 or 18 months to recruit the

staff, assemble it, begin the training, begin the education of the people on the staff. The great difficulty in the past has been—and I am not referring simply to the Gore committee, for this has been going on for 30 or 40 years at least—the great difficulty has been that for whatever reason, these studies have been commenced very late in the game with ad hoc staffs, and the simple administrative procedures followed have often been wholly inadequate and inappropriate.

I suspect that the Gore committee procedures were the best yet developed, actually.

That is why I emphasize this advanced period of preparation as well as the period necessary for actually studying the campaign as it proceeds.

So I would say 15 to 18 months.

Senator CHURCH. Would you think that beginning in the next session of the Congress, if the Congress were to adopt a resolution establishing a special investigative committee to undertake the kind of survey that you describe, that such a committee could be set up in time to do the necessary recruiting work and assemble the necessary staff for purposes of surveying the next national election, the 1960 election?

Dr. HEARD. If a resolution were passed in January, do you mean?

Senator CHURCH. Presumably it would need to be passed, I should think, in the early months of the next session.

Dr. HEARD. Well, of course, the sooner you start the better. January or February is a great deal better than August or September. You could do a very useful job starting in January or February.

Senator CHURCH. Do you recommend that, knowing what you do about previous investigations that have been made in this field, would you recommend that such a committee, investigative committee, be established as early as possible in the next session for the purpose of surveying the 1960 elections?

Dr. HEARD. I would recommend that it be established, whether by special committee or otherwise. I would recommend that the preparation begin as soon as possible after today.

Senator CHURCH. This committee, as you know, is operating under a special resolution that has once been extended. The life of the committee under the resolution expires on the 31st of January of this coming year.

That would mean, according to the authority now vested in this committee, that we would have from now until the end of January if we were to undertake the kind of investigation you have recommended.

In your opinion, would that give us sufficient time to do the kind of job you think needs to be done?

Dr. HEARD. No, sir, I do not believe between now and the end of January, January 31, 1960, it could be done.

I do believe—let me amplify that—that very useful testimony could doubtless be developed between now and then, particularly on the narrow and specific concerns of this committee. I think you could build on the kind of available information that I have illustrated here, and you could develop a good deal of information.

But I don't think that you could do the kind of comprehensive job that seems to me to be optimum.

Senator CHURCH. In other words, if I understand you correctly, we might do a partial job, not unlike the kind of job that has heretofore

been done by other committees, but not the kind of comprehensive survey you think the needs of the problem require.

Dr. HEARD. With this one distinction: You see, most of these other committees have been active during the period of an election.

Senator CHURCH. Our investigation would not take place during that period.

Dr. HEARD. That is right.

Senator CHURCH. Are you acquainted with the kind, the character, of the investigations that this committee has undertaken, the general character of the investigations that we have undertaken and have conducted in the past 2 or 3 years?

Dr. HEARD. Yes.

Senator CHURCH. Are you acquainted with the kind of staff that the committee has, the investigative staff?

Dr. HEARD. No, I am not acquainted with the staff, except two or three people I have met.

Senator CHURCH. You wouldn't be in a position to give us your opinion as to whether or not the committee's present staff is constituted in line with the recommendation you have given, or the kind of staff you think the requirements of this inquiry would require?

Dr. HEARD. I am simply not acquainted with the present staff.

Senator CHURCH. I have one further question, Dr. Heard.

It is obvious from the lines of inquiry that you have recommended that the scope of such an investigation would be very broad indeed. There are many activities that are the constitutional prerogatives of people who live in a free society or of organizations that are formed within a free society, with which this Congress has no power to interfere.

There are many other activities that are listed here that I should think would fall in the category of political activity of a character that promotes the general interest, and that the Congress would not want to interfere with, even though it might have the authority to do so.

Finally, there are certain kinds of political activities that we might take exception to and might want to undertake to change through legislative action.

So this whole question becomes a very complicated one and needs to be very carefully appraised if we are to do good with our work and not bad with our work.

Dr. HEARD. That is right.

Senator CHURCH. For that reason, I take it, you would recommend not a limited or myopic kind of approach, but, rather, the kind of comprehensive survey that you have recommended to this committee. Am I correct?

Dr. HEARD. That is correct. I make no judgment as to whether this is the best group to do it, you understand. I have no opinion on that.

Senator CHURCH. I believe that is all, Mr. Chairman.

Senator MUNDT. I have one question.

I thought you said something about favoring a sort of two-stage investigation. You said there was one phase to which this committee might appropriately devote itself, and there is another overall picture that might require a year, 18 months, 2 years, or, maybe, like our permanent Senate Investigating Committee, forever, because you never really get to the end of the road under a comprehensive thing.

Would you indicate what you have in mind concerning the initial stage, or perhaps the pertinent points to which the committee might now devote its attention?

Dr. HEARD. What I mean there is: If you were to decide that you wanted to do something, whatever you could, between now and the end of January 1960, I think that through—

Senator MUNDT. You may not be familiar with the proceedings of the committee, but that decision has already been made. It was made nearly 2 years ago. So we are bound by our own commitment to try to do something. We would like some guidance from you as to what you think we might be able to do.

Dr. HEARD. I think you might do something. I say again, without any knowledge of this staff, that I think for the procedure to be fruitful a considerable amount of staff preparation would have to go into the groundwork prior to calling for testimony.

I think you could ask questions about practices, general practices, because we are not in the process of an election. It is pretty difficult, sometimes, to go back a year and a half, 2 years, 4 years, or 6 years, and ask people what happened then.

But I believe you could develop useful opinion and some facts about what general practices are on the part of corporations and of labor unions.

You couldn't pin testimony down to events that are in process, but I believe that you could certainly obtain from officials of both types of organizations some information. If you can succeed in getting away from the accusatory atmosphere, I believe you can.

Senator MUNDT. May I say we are not interested in putting anybody in jail for something that happened in the past. We are simply trying to avert these improper practices from occurring in the future.

Dr. HEARD. That is correct.

Senator MUNDT. We would approach it on that basis. In our other investigations, we have had the accusatory. But our thought here was to be exploratory, investigative, informative, so that perhaps something we do now might result in a little more appropriate political behavior in 1960, 1962, and 1964.

Senator Goldwater?

Senator GOLDWATER. Doctor, in 1957 you reported from your studies that there was an amount of money spent in the 1956 elections, if my memory serves me correctly, of around \$170 million.

Dr. HEARD. In the fall of 1956 I reported on the basis of the most careful work we could do, that in 1952 the total expenditures in the country, out-of-pocket expenditures, not contributions in kind, but out-of-pocket expenditures, for all offices, both nomination and election, came to \$140 million.

Senator GOLDWATER. Did that include local offices?

Dr. HEARD. Yes, sir.

Senator GOLDWATER. That was everybody running for office?

Dr. HEARD. That is correct.

Senator GOLDWATER. Did you come to a conclusion as to what was spent in 1956?

Dr. HEARD. During the campaign before the election was over, I was asked for an estimate by the Subcommittee on Privileges and Elections, and as I recall I made a guess, I think, of \$175 million.

I would now say, if you asked me the same questions, that probably the increase was certainly no more than 10 percent, and perhaps less. So I would say in 1956, using 1952 as a basis and without repeating the whole estimate for 1956, I would say \$150 or \$155 million.

Senator MUNDT. This committee, of course, being a branch of the Federal Government, has no jurisdiction in local elections, State elections, legislative elections. We might have jurisdiction in the field of Federal elections. Certainly Congress has.

Did you break down those figures, therefore, after showing the total amount of out-of-pocket expenditures, by whatever rule of thumb you used, in dealing with Federal elections, Congressmen, Senators, and the President?

Dr. HEARD. No, sir; I did not. I don't think I can.

We broke it down in this way: Expenditures made at the national level, expenditures made at the State level, and at the local level, the three levels.

But the moment you tried to determine how much was spent for a candidate you get into the unsolvable problem of one committee supporting more than one candidate and you don't know how much to allocate. I cannot give you an estimate on that.

Senator GOLDWATER. With our understanding that we don't have your breakdown as to possible Federal expenditures in 1956, what was the total reported to the Clerk of the House for Federal elections in 1956? Do you recall?

Dr. HEARD. No. The total that we accumulated with the Senate Subcommittee on Privileges and Elections, I think, was \$33 million, as I recall. I do not know how much was reported to the Clerk of the House, though.

Senator GOLDWATER. So there is a vast amount of this that is not being reported and is being spent in ways other than direct contributions to a candidate?

Dr. HEARD. Not all of the money that is contributed to candidates is reported. I don't mean that it is illegal. I mean some States don't require it, and some committees are not, under present law, required to report it.

Senator MUNDT. There are certain kinds of expenditures in which a candidate participates which are not reported, which are not necessary to report.

Dr. HEARD. That is correct.

Senator GOLDWATER. Such as the things we discussed earlier, radio, television, newspapers, that are contributed by interested parties.

Frankly, I don't see how you can stop that, because it involves freedom of speech.

Dr. HEARD. That is true.

Senator GOLDWATER. If you, for instance, want to support a candidate in North Carolina by buying 15 minutes of radio time, and you, yourself, are extolling his virtues for that 15 minutes, I don't think we can ever stop that. I don't think we should attempt to.

Senator MUNDT. We should not try.

Senator GOLDWATER. Let me ask you this: Do you agree that this is a problem, this matter of spending for elections?

Dr. HEARD. Yes, sir; I think I do.

Senator GOLDWATER. Would you agree with my earlier statement that the long range danger might not be so long range, and that is

the control of what are now two parties, built more or less on philosophical grounds, would be controlled by organizations interested only on economic grounds, which would be labor on one side and business or management or corporations, what you call it, on the other?

DR. HEARD. I think I would take a more moderate view than that I understood you to express. It seems to me that the political interests that are involved are very diverse and numerous in the country. Certainly Senator Ervin and I know that in North Carolina there is more than just the polarity that you alluded to. I do not believe that I would go along with the statement that the danger is as great as I understood you to express it.

I feel very deeply that public confidence in governmental and political procedures is highly important. Rightly or wrongly, I do feel that in the press and in the public generally, and even among the elected officials, there is some unhappiness and lack of confidence in the way we finance our campaigns. I think this, itself, is very undesirable. I think it creates a lack of faith, if you wish, in democracy, in the kind of government we have.

I am interested in it from that point of view very much. I think that that is a sufficient point of view, really, to be concerned about it. When I look at all of the 50 States, and the different conditions that exist, and all the different kinds of factors that elected officials must pay attention to—that are not always economic at all and which are not always directly related to organized labor—not always directly related to corporate management—I feel that this diversity of interest gives us a much broader and more stable base, I guess, for political influences than this polarity you suggest.

SENATOR GOLDWATER. I do not want to run this on, but let us look at the ultimate result of propaganda campaigns conducted by both sides, that is, the labor movement and the business movement.

Would it not be possible sometime in the future to have a person's opinion as to what is best for him associated with a business candidate or a labor candidate rather than a candidate of the Democratic side or the Republican side?

I am looking at this thing in the long range, knowing what can be accomplished by these methods. I might say I think both of them are attempting to do that today.

DR. HEARD. Well, I suspect that as long as we maintain a two-party system, our experience would be not unlike that in Great Britain, perhaps, where, as you know, the Labor Party, which explicitly represents the labor movement, has, because it has appeal for a majority of the electorate, has tended to be more moderate, whereas the Conservative has tended to be less conservative.

As I understand the studies of British elections, the constituents of both parties, actually, are not so clear-cut as the labels on the parties would suggest. That is, the Labor Party must gain the support of a great many people outside the labor movement, people who may not necessarily feel identified with the labor movement, in order to win.

I would think that probably our experience in this country would be of that nature, rather than the kind of experience you get in countries where there are multiparty systems and where political parties can become almost equivalent to pressure groups.

In some of the continental countries you see this, where there might be a half dozen parties, one exclusively labor, one agrarian, and so on.

SENATOR GOLDWATER. I will wind this up.

You made the statement that you feel that this should be a deep study by a competent staff, that it would take 12 to 18 months. Senator Mundt has informed you that we have already made up our minds about this subject, that if we are going to go into it, this present staff would do it. I think we have to be practical in this. I can't envision either party passing a resolution creating a committee to investigate political activity of unions, if this particular party is in, and corporations, if the other party is in. I am in the position of the man who has his last horse on the pony express, that you have to get there with this horse.

If we fool ourselves by saying that this problem is going to be solved by some committee that is to be appointed in the next session of this Congress, we are just playing around with foolishness. That is the practicability of politics, and you recognize it the same as I recognize it. It is one of the reasons I suggest why under the Republicans we were unable to get what I consider an adequate investigation in this field. It has been a problem under the Democrats.

I feel we have been unable to get into this field. We do have examples of staff studies that I think indicate that a staff could do this, at least do preliminary work, a staff that is not made up of political science experts, necessarily.

Under the Gore committee, at the request of Senator Curtis, one investigator went to Flint, Mich., and I think turned in a rather startling report.

(At this point Senator McClellan returned to the hearing room.)

SENATOR GOLDWATER. In the last committee I served with, with the present chairman, the Special Committee To Investigate Political Activities, Lobbying, and so forth, a team of two or three went into Flint, Mich., and turned up a rather detailed report. These men, as I understand, were auditors. There was an election going on at the time.

They were, of course, met with much hostility.

But in spite of that, they turned up some very remarkable figures that I felt should have been pursued, but which were not. There are a number of excellent books on the subject. I have a rather complete library which indicates a lot of academic work has been done.

The gentleman to follow you, Dr. Petro, has written three books. The best and latest one is "Power Unlimited; the Corruption of Union Leadership," which touches on this.

"Labor Unions and Public Policy" by Drs. Chamberlain, Bradley, Riley, and Pound.

"Management vs. Teamsters," "Union Solidarity," "The Union Member Speaks"—there are a number of books.

The latest that I put into the record by the University of Michigan shows that three out of five union members in that State do not want their unions in politics.

So we do have some academic bases to go on. You have read "The CIO and the Democratic Party," I presume. What do you think of that book? Is it comprehensive?

Dr. HEARD. As I recall it, it is a series of five cases, I believe. It was 1950. I think that this kind of case approach of limited situations is extremely useful, surely.

Senator GOLDWATER. I wanted to state my position, that I do not agree with you that this has to be done by some committee in the next session of Congress. It might be that we would have to ask the continuation of this committee to do just this, if we get into it.

But I have enough confidence in our staff to feel that they can at least do the bookkeeping end of it. They can find out what the other staff members were able to find out that was reported in the final report of the Special Committee To Investigate Political Activities, Lobbying, and Campaign Contributions.

I would take exception to your testimony only in that instance.

Dr. HEARD. I don't really think there is much disagreement. It is a question of how far down the road and how many roads you want to go down. Obviously, you can do more in 18 months than in 8, and more in 8 than in 2.

Senator MUNDT. I think the Senator from Arizona quoted the Senator from South Dakota saying that we would proceed with our present staff. I think in the main, that would be correct, but I would not want to preclude the employment of scientists or professionals from joining the staff.

Dr. HEARD. I have no brief for political scientists, but persons who were informed about the activities you were studying.

Senator MUNDT. Senator Ervin, perhaps you would like to ask some questions.

Senator ERVIN. I find myself in substantial agreement with the witness. I think he points out effectively the problem and I think he has made some practical suggestions. I certainly agree with him in the observation that there is no way that you can separate expenditures for Federal offices and for State offices. I have been very conscious of that.

If you have a candidate for sheriff in my county, you spend money to get him elected, advertise him with the candidate running for Congress on the same ticket.

In North Carolina, our expenditures are made through the State committees, and expenditures for local offices inures to the benefit of those running on the same ticket for State or National offices.

I am also glad to say that I can share a certain amount of Dr. Heard's optimism. I get concerned about the abuse of power from any source, financial powers.

But the way the world is constructed, it is abuse of that power which tends to nullify eventually. The fortunate thing in the country is that a lot of people decry this, and I would judge that Dr. Heard probably shares this view.

You have two political parties, and in each of the two political parties you find persons with all kinds of views on governmental questions.

You find in the Democratic Party that some folks are conservative, some are accused of being reactionary. Some are radical and some are liberal. It is the same in the Republican Party. I think that those who are conservative in each party have a tendency to keep the liberals from becoming radicals, and those who are liberals have the tendency to keep the conservatives from becoming reactionaries.



As long as you have two political parties which maintain within their membership such diverse groups as each party maintains, the Union is going to be safe in the long run, the United States.

I think this is set forth in "The Price of Union."

You have diverse elements in both parties which have been the salvation of the country, that made the United States function as a government. It has been said that the only political party that had any character was the Republican Party when it first started out. It had so much character and so much opposition to slavery that they practically destroyed the Union.

It was said in one publication, that after a short time, the period in which they showed the character, the Republican Party stopped showing that character, and, in effect, the Union was saved.

This is American politics at work. While the use of money in great amounts is to be deplored, I don't think that it threatens the destruction of the country. In other words, there is still hope that the country can survive as long as both political parties are composed of elements having diverse interests and diverse views.

That is a very practical thing. Read the political platforms, and both of them will promise everything to everybody. If either party tried to fulfill its platform to the letter and give everything to everybody that they promised, they would be in the fix of individuals diagnosed to be victims of schizophrenics.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Wouldn't there be a place on this staff for some politicians?

Dr. HEARD. For politicians?

Senator CURTIS. Yes. I will elaborate a little more.

Someone who has been in politics or who has managed a campaign or who has been a candidate, he would, by experience and intuition, know what he was looking for, where to look, and how to trace it. Would you think that would be true?

Dr. HEARD. Surely. Of course, to some extent I would assume that the committee members themselves would assist on this particular problem. But I would certainly—

Senator ERVIN. You are referring to politicians rather than statesmen.

Dr. HEARD. Obviously, naturally, certainly, Senator Curtis, to answer your question.

Senator CURTIS. We cannot get this solved by a study too much in the abstract, can we?

Dr. HEARD. Well, the problem has usually been in the past that it ceased to be in the abstract, I am afraid. All I am looking for is persons who, first of all, are generally competent, and, secondly, who have the knowledge necessary of a technical kind to make the investigations you want to make.

(At this point Senator McClellan withdrew from the hearing room.)

Dr. HEARD. Naturally, persons who have had political experience in labor organizations or in campaigns or on the corporate side would be very helpful.

The only thing you would want to guard against is an individual whose viewpoints were so partisan and he was so wedded to either a

candidate or one of the parties as opposed to the other that he wouldn't be useful. That would be the only thing you would guard against, I would think.

Senator CURTIS. For instance, if you saw a report where various labor groups admitted in their reports contributing to a single candidate \$25,000, \$30,000, or \$35,000, that would be notice to anybody that has been in the political game that that money wasn't raised voluntarily.

If you have ever tried to raise money, you would know you couldn't do it.

(At this point Senator McClellan returned to the hearing room.)

Senator CURTIS. I have one further thought about this staff study.

I think we run into a disappointment when we flout human nature. It is not human nature for someone to conduct an investigation against their own interests. Is that correct?

Dr. HEARD. That seems reasonable.

Senator CURTIS. I would like if this is undertaken along the lines you suggest, I would like to see two staffs. I would like to see a committee of, say, about three Democrats and one Republican investigate the Republican expenditures. That many Senators would hire the staff and put them to work.

Then I would like to see another senatorial committee of about three Republicans and one Democrat investigate the Democratic expenditures, and hire their staff to do that. My reason for putting one minority on there would be so that he would know everything that goes on and be free to tell it at any time.

I think then you could get a pretty good story and have sufficient check on it that it would have to be accurate, that there would be no suppression.

But I think that every investigation that goes on just cannot be divorced from the contest itself.

Senator GOLDWATER. Would you yield?

The CHAIRMAN. You may proceed, Senator Curtis.

Senator CURTIS. Dr. Heard, does the usual and periodic check by the Internal Revenue Service, even though admittedly spotty, and it has to be because of so many taxpayers, serve as somewhat of a check on padded expense accounts?

Dr. HEARD. Yes, sir.

Senator CURTIS. But it does not with the tax-exempt organization that files no report or is liable for no tax, does it?

Dr. HEARD. I don't know, now. Perhaps I better not offer an opinion on that.

Senator CURTIS. What I mean is if a corporation enters into conspiracy to have a number of their employees and officers, or even just a few, put something in their expense account under some other heading, and then have it contributed to a candidate or a party, there is a certain risk; is there not? Would you not think so, even though you are not qualified as a tax expert?

Dr. HEARD. Well, I am sure there must be some risk. How much risk I simply do not know. I don't know, really, Senator Curtis, frankly, the extent to which the Service looks behind the expense accounts and reports that are filed. I simply don't know. But I would imagine that any violation of law obviously entails some risk, whether large or small.

Senator CURTIS. But if on the other hand an entity that does not pay taxes has their people, whether they are international representatives or something else, make contributions and an allowance is made in their expense account, there is no agency of Government, even periodically and on spot basis, looking over their shoulders. That is one thing.

(At this point Senator Mundt left the hearing room.)

Senator CURTIS. Suppose a citizen is a stockholder in a company, and he does not like the political activities of that corporation. Does he have a remedy?

(At this point Senator McClellan left the hearing room.)

Dr. HEARD. None except to get out, to sell his stock, I suppose, which may not be a real remedy.

Senator CURTIS. And no one company has a monopoly on what is a good investment.

Senator GOLDWATER. He can sue.

Senator CURTIS. Yes, and he can sell his stock.

Dr. HEARD. Of course, it may be painful to sell your stock sometimes. It depends on the company, I suppose.

Senator CURTIS. Suppose a man was located in an industrial area in a State where the union shop is law, and some force, compulsion, or coercion, is upon him to make political contributions and he disagrees with the political position of the union. What remedy does he have?

Dr. HEARD. I suppose like the stockholder, technically. He can go and get a job somewhere else, if he wants to.

Senator CURTIS. The stockholder does not have to sell his home, take his children out of school, move to a new community, and hunt a job if he decides to sell some stock because he disagrees with the management of the company. But it is conceivable, if someone is going to change their employment, that at least some of them might have to do all of those things. Is that correct?

(At this point Senator McClellan returned to the hearing room.)

Dr. HEARD. Yes.

Senator CURTIS. Senator Goldwater assisted me in taking some testimony of some men who came here onetime with a request to appear before the committee on constitutional liberties. They lived in the State of Michigan. Compulsory unionism exists there—union shop. They were compelled to contribute to the political party not of their choice. One of those men was a candidate for office; I believe county clerk. He had been a loyal union member all his life. His money, in part, was used in a full-fledged campaign against time. He was campaigning as hard as he could for this job as county clerk. Yet they were running up and down the streets, financed by the unions, with sound trucks having loudspeakers, urging people to vote for his opponent and he was paying, in part, for it.

Dr. HEARD. Senator Curtis, I think if we are going to talk about either compulsory contributing or voluntary contributing, I would have a lot to say on that. I think you run into this problem in corporate organizations, and obviously you run into it in union organizations.

I have, myself, spoken with officials of business organizations who felt under a compulsion to conform to the views of the head of the company or the corporation. This is a problem, I think, anywhere,

where you have an organization. The way I look at it is as follows, and I think this would apply in a union: What you really have is a continuum. The whole principle of solicitation of funds for any purpose, as I understand it, whether it is for a community chest, a Red Cross, or a university alumni annual giving, or a political campaign, is to create a climate of opinion and atmosphere in which the individual feels under a pressure to conform. Somebody knocks on my door in Chapel Hill wanting \$2 for the heart drive, and I give. I am concerned about the heart drive, but also I don't want any neighbor to think I wouldn't give the \$2. Do you see?

I think all organized solicitation is oriented around creating this atmosphere of social pressure in which the individual will feel obligated to give. Obviously, in some situations the social pressure is overt, explicit, forthright. In others it may be very passive and permissive. I suspect that in labor unions, as in corporations, that situations are found between these two extremes.

Senator CURTIS. When Dave Beck made the statement that he had placed either thousands of dollars or tens of thousands of dollars, I don't know which, in cash on the desk of candidates for his office, but he would not expose them, I think there were means of collecting that money other than just social pressure.

Dr. HEARD. Well, there may well be. But I was discussing when you have a voluntary contribution and when you do not.

Senator CURTIS. Yes, it is a matter of degree, that is true.

Dr. HEARD. I don't know anything about Mr. Beck's funds that you referred to here.

Senator CURTIS. This case that Senator Goldwater referred to, coming from Flint, Mich.; it was not a staff member that found that. I was making a speech in Flint, Mich. I was sought out at the hotel and asked if I would meet with some union officials. They brought out the books and showed me a transaction where dues money was voted into one fund and then another fund and then contributed to a party, and also a motion to hire people to work in the campaign and that they were to be paid so much a day and so much expenses. These people who brought it to me said "We have to contribute to that, and we disagree with the whole viewpoint that that is supporting." I photostated it. I caused the things to be photostated, and I took them back to Washington with me. They have never been denied. Let me say also that I think there are abuses on the other side. I have been a candidate for a long, long time and I think that the real, sustaining friends that I have over a period of time are those who do not want anything but good government as they see it, and that the person who is going into shenanigans to make this contribution you probably do not want anyway.

Would you not say, Dr. Heard, that our objective, the ultimate law that we would pass, should be one that should encourage political activity on the part of the citizens?

Dr. HEARD. Yes, sir.

Senator CURTIS. Would you agree that it should have a minimum of policing apparatus, for the Government to be looking over people's shoulders and putting them in jail for this or that?

Dr. HEARD. Well, here my viewpoint would depend really, I suppose, on what we mean by policing activities. I, myself, personally,

favor a reporting or publicity system that is designed with considerable regard for the burden it places on the politicians and the committee treasurers and others who have to conform to it. But I feel strongly that the attitudes prevail in the United States almost require us to have as effective a publicity system as we can. Rightly or wrongly there is great suspicion when we don't. I think, therefore, we are almost compelled to do what we can to improve the kinds of reports that are required.

(At this point Senators Goldwater and McClellan left the hearing room.)

Senator CURTIS. But whenever we go to the extreme of just prohibiting, we may throw some roadblocks in the way of honest people who want to give modest gifts to support the party, principles, and candidates of their choice, and a minority in the country who wouldn't have quite as much scruples might go ahead and do it under the table. We do not want such a situation as that, do we?

Dr. HEARD. No. As you know from our previous discussions, I favor a positive approach to the problem. Measures which would encourage contributions, rather than ceilings and expenditures.

For example, I doubt the feasibility of imposing a statutory limit on the amount of money that can be spent. I would rather favor encouraging small contributions by various ways, making communication facilities easily available to candidates and that sort of thing.

Senator CURTIS. I think we have a very complex problem here, but I think the solution could be quite simple. I happen to be opposed to compulsory unionism for any purpose. I think if we remove that, we remove most of the scandals that have been revealed before the McClellan committee. I would be disturbed about political activity of unions if they did not have a situation where someone had to belong to hold a job.

On the other hand, I am conceding that there are abuses in the corporate field. If the Internal Revenue Service could do something to make more effective their control over padded expense accounts, and possibly also give the stockholder the same contribution, I think this then would become once more an individual's activity, freedom of choice on the part of the individual, and maybe within proper limits he could give to his heart's content towards his ideals and ideals of government. You probably do not wish to respond to that, but that is my feeling.

Senator ERVIN. Dr. Heard, do you not think there is a good deal of coercion in obtaining campaign contributions by a political party? In other words, here is a political party which may be in control of the government of a county or of a city, or the State, and it sets up a financial committee which goes and visits and solicits contributions from all office holders. That is a species of coercion, is it not, in many instances?

Dr. HEARD. Certainly. I said a moment ago that I think any effective fund raising involves in some form or another some degree of coercion, if you want to use that word.

Senator ERVIN. I have to say that sometimes when they go to raise money to build a church there is a certain amount of coercion to the subscribers.

Dr. HEARD. That is right.

Senator ERVIN. I think that is almost inseparable in life. In my remarks a while ago, I did not mean to imply that I did not think there was need to try to strengthen legislation in this field, because there is a great abuse in political life of financial power, just as there is in any other kind of power. I agree with you in the observation that as much publicity as can be obtained about campaign contributions is highly desirable, because the candidate is not likely to accept a contribution from a source which would be suspected by the public of desiring to control his official action after his election if that was to be made public. So that is a very deterrent thing.

I do take a lot of consolation, however, out of the fact that the abuse of power usually causes the reverse, the other direction. I think that was one reason in passing the Hatch Act, to stop coercion in this field by political parties. But it seems to me that you lay your finger right on the most crucial need today, some way to insure that the different political parties have an opportunity to present their cause to the public. I think that the coming of the television has almost revolutionized the approach of candidates to the people. It is very unfortunate things that the cost of television is very high in the political field.

I certainly concur wholeheartedly in your suggestion that that is something that we should try to devise some method about to insure the use of that media of communication for the presentation of the views of candidates.

I thank you for your very fine presentation.

Dr. HEARD. Am I excused now, Senator Ervin, or need I come back this afternoon?

Senator CHURCH. Before you leave, may I ask you two final questions?

Dr. HEARD. Yes, sir.

Senator CHURCH. To set the record straight with respect to previous investigations of the Congress, were you a member of the staff of the so-called Gore committee?

Dr. HEARD. I was a consultant to the staff.

Senator CHURCH. That was a subcommittee on privileges and elections that was set up prior to the last national election, was it not?

Dr. HEARD. The subcommittee, of course, is a permanent subcommittee. The special staff as a supplement to their permanent staff was set up mostly in September of 1956.

Senator CHURCH. That was pursuant to a special resolution passed by the Senate?

Dr. HEARD. That is correct.

Senator CHURCH. What was the inquiry of the Gore committee? Was it to be a broad inquiry into all the sources of financing and other matters relating to conduct of the national elections in 1956?

Dr. HEARD. I don't remember the wording of the resolution. What the committee decided to do, as I would phrase it, was to try to obtain from as many committees and candidates—Federal candidates, and committees connected with their elections—to try to get information from as many of these committees in the States, and to some extent in the counties, as was possible in order to learn the sources of their funds and how the money was used, as well as the total amounts that were involved.

There was recognition from the outset, for example, that you could not consider going into the 3,000 counties of the United States. The committee instructed the staff to focus on the 100 largest counties, as I recall. There was some attempt made to get at county level organizations in the 100 largest counties, and they forgot about the other 2,900. I think that is about it.

Senator CHURCH. My point is this: We have precedent for the Congress undertaking a broad investigation of elections in an election year, pursuant to a resolution passed by the Congress, prior to the elections.

Dr. HEARD. Senator Church, that is correct. That has occurred in 1952, 1944, 1936, and on back.

Senator CHURCH. I think it is possible, having done it before, that Congress is capable of doing it again. I do not take the view of the Senator from Arizona, that this is mere idle speculation, for it has definite precedent. It has been done in the past. I would favor that kind of investigation, and certainly would like to join in the cosponsorship of any resolution looking toward the kind of survey that you have described in your testimony this morning.

In the meantime, I think it is likely that this committee will do what it can within the limited time that is left to it, to inquire, at least, into some aspects of this problem. I wanted to make that clear, because I do not think it is completely unrealistic to expect the Congress in the next session from undertaking a broad investigation in this field, and I hope it will.

Senator ERVIN. If there is no objection on the part of any member of the committee, the Chair will inform Dr. Heard that he is at liberty to go. His attendance will not be further required.

We want to thank you on behalf of the committee for your coming before the committee and making this practical and very fine presentation.

Mr. ADLERMAN. The hearing will reconvene at 2:30 in public session in P-21 of the Capitol Building.

Senator ERVIN. If the witnesses will be there at 2:30, we will proceed with the hearing.

(Whereupon, at 12:30 p.m., the committee was recessed, to reconvene at 2:30 p.m. the same day in room P-21, the Capitol.)

(Members of the select committee present at the time of the recess: Senators Ervin, Church, and Curtis.)

#### AFTERNOON SESSION

(The select committee reconvened at 3 p.m. in room P-21, the Capitol, Senator John L. McClellan, chairman of the select committee, presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the afternoon session: Senators McClellan, Mundt, Curtis, and Church.)

The CHAIRMAN. The committee will come to order.

Let the record show that the Chair orders the questionnaires testified to by Dr. Heard this morning be made exhibits 1 and 2.

(The documents referred to were marked "Exhibits 1 and 2" for reference.)

The CHAIRMAN. Those are exhibits to Dr. Heard's testimony. They will be identified in the order in which he identified them. That was overlooked this morning.

Dr. Petro, will you come forward, please.

You do solemnly swear the evidence you shall give before this Senate committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. PETRO. I do.

#### TESTIMONY OF SYLVESTER PETRO

The CHAIRMAN. Dr. Petro, state your name, your profession, occupation, and place of residence, please.

Dr. PETRO. I am Sylvester Petro. At present, I am professor of law at New York University School of Law. I am a member of the Illinois bar and have been a student of labor law for most of my adult life, the last 15 years.

The CHAIRMAN. How long, Doctor, have you held your present position with the New York University?

Dr. PETRO. Ten years.

The CHAIRMAN. And your previous connections or positions?

Dr. PETRO. I practiced law in Chicago for 4 years before then.

The CHAIRMAN. Since finishing your studies, you have specialized in labor law, is that correct?

Dr. PETRO. That is correct, sir.

The CHAIRMAN. Do you have a prepared statement?

Dr. PETRO. Yes, I do. I think I would do best to follow it very closely because there are some matters upon which I think I can assist this committee, matters of a technical nature.

The CHAIRMAN. Do you have copies?

Dr. PETRO. I gave Mr. Adlerman a copy yesterday.

The CHAIRMAN. I have one copy.

Dr. PETRO. I have no more, I am sorry to say.

The CHAIRMAN. He did give one copy, but he does not have enough. He does not completely comply with the rule, but there is no objection, I assume.

Senator CURTIS. No.

The CHAIRMAN. You may proceed to read your statement and comment on it as you go along, if you like.

Dr. PETRO. Thank you.

The CHAIRMAN. First, I want to thank you, and the witness this morning, Dr. Heard—I want to thank each of you for responding to our request and cooperating with us. We have a very difficult, delicate, unpleasant task. We appreciate any help we can get. We welcome it and we need it. You are very kind to come and assist us.

That goes for all of you gentlemen.

Proceed.

Dr. PETRO. One of the byproducts of my purpose in coming here may be more immediate in its consequences than I expected my appearance to be. I believe that my statement may save this committee and, therefore, the people of the United States, a considerable amount of money. I believe that the statement will reveal that no investigation into current political activities is really needed. We have enough



before us, especially in the history of the current legislation, to indicate that the thing to do is to repeal the law which now exists, not to pass further law. That is, the law relating to political contributions.

The CHAIRMAN. Are you speaking now both from labor unions and corporations, or just as to labor unions?

Dr. PETRO. One of the fundamental principles of my approach to all legal questions, Senator, is that the law should apply equally to all persons in the country.

The CHAIRMAN. We have present laws against both—applicable to both now. So you are testifying with respect to both?

Dr. PETRO. Yes.

With their emergence as the most powerful economic organizations in the history of the United States, the large trade unions have emerged also as powerful political organizations, perhaps the most active such organizations in the country today. Their political activities first became a subject of deep concern after the Second World War, and this concern was reflected by Congress in 1947, when in framing the Taft-Hartley Act it included a section broadly prohibiting contributions and expenditures by both labor organizations and corporations in connection with Federal elections.

This legislation has had an unhappy career, with no successful prosecution to date, and with the grave doubts held from the beginning concerning its constitutionality still unresolved.

Now, as this Senate select committee has demonstrated, after 12 years of the Taft-Hartley Act both the economic and the political power and activity of the large unions have increased dramatically, and the grounds for apprehension which existed in 1947 have been magnified accordingly. The Taft-Hartley Act accepted the special privileges and the ensuing power which prior legislation had accorded labor organizations. It sought to avoid the political consequences of those privileges and power by the direct method of prohibition of political expenditures. History has shown that to have been a mistaken approach. Commonsense suggests that a new approach is called for today.

Senator CHURCH. If I may interrupt at this point, are you referring specifically to section 610 of title 18 of the United States Code?

Dr. PETRO. Yes. We should clear that up, Senator Church. The present section 610 was originally enacted as section 304 of the Taft-Hartley Act, verbatim, the same section.

Senator CHURCH. I think it might be helpful for purposes of the record if we included at this point the actual text of the section, Mr. Chairman, to which the witness has referred.

The CHAIRMAN. I think that is a very good suggestion.

Without objection, it will be printed in the record at this point, section 610 of the Criminal Code.

(Sec. 610 follows:)

SEC. 610. CONTRIBUTIONS OR EXPENDITURES BY NATIONAL BANKS, CORPORATIONS, OR LABOR ORGANIZATIONS.

It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to

make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than \$5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any contribution, in violation of this section shall be fined not more than \$1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than \$10,000 or imprisoned not more than two years, or both.

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

The CHAIRMAN. You may proceed, Doctor.

Dr. PETRO. The first section of my statement is entitled "The Experience Under the Present Legislation."

The legislation presently in force was enacted in 1947 as section 304 of the Taft-Hartley Act, in response to the fears felt in Congress and the Nation that the heightened political activity of labor unions during and after World War II possessed a grave potential of harm. As a result, to the then existing prohibition of political contributions by unions and corporations Congress added a prohibition of any "expenditure in connection with" elections to Federal office, primary elections, and conventions or caucuses held to select candidates for Federal office.

(At this point Senator McClellan left the hearing room.)

Dr. PETRO. The breadth and generality of the new prohibition created many difficulties even before it became law, and its career in the courts has been unfortunate. Senator Robert A. Taft was compelled upon several occasions during the Senate debates to hedge his answers concerning the reach of the section. In some instances he declared that an answer to the hypothetical question posed by opponents of the bill could not be given. (See 2 Legislative History of the Labor-Management Relations Act, 1947, at pp. 1526-1535, 1546-1550, 1601-1604; large excerpts from the debates are quoted in the majority and dissenting opinions in *United States v. CIO*, 335 U.S. 106.)

The few prosecutions which have been brought under section 304 in the last 12 years have produced some interesting, and confusing, decisions and opinions. The first prosecution was deliberately invited when Mr. Philip Murray, then president of the CIO, wrote an editorial favoring the election of one of the candidates for a congressional seat in Maryland, and caused this editorial to be printed and circulated in the CIO News.

(At this point Senator McClellan entered the hearing room.)

Dr. PETRO. Presumably in order to insure violation of section 304 and thus to provoke a decision on the constitutionality of the section, Mr. Murray had 1,000 extra copies of the union journal printed and distributed at the expense of the CIO. Federal Judge Moore, sitting in the U.S. District Court for the District of Columbia, held that the

printing and distribution of the editorial obviously involved an "expenditure in connection with" a Federal election and therefore violated section 304. The constitutional issue having been raised, Judge Moore then had to decide it. He held that the section violated the first amendment as a clear infringement of the rights of freedom of speech, of the press, and of association—and dismissed the indictment. On appeal, the Supreme Court affirmed the dismissal, but not on constitutional grounds. It ruled, instead, that the printing and distribution of Mr. Murray's editorial did not constitute an expenditure in violation of section 304. After detailed examination of the wording of the statute and its legislative history, Mr. Justice Reed concluded for a majority of the Court that the statute was not designed to reach political endorsements in regularly issued union media of communication with the membership. Somehow the 1,000 extra copies were disregarded.

In a dissenting opinion, Mr. Justice Rutledge (and Justices Black, Douglas, and Murphy with him) accused the majority of "rewriting" and "emasculating" the statute in order to avoid the constitutional issue. The dissenters would hold the statute unconstitutional, however, even as applied by the majority, that is, restricted to election expenditures not in the normal and regular course of a union's communication with its membership. (*United States v. CIO*, 335 U.S. 106 (1948).)

At about the same time, Federal Judge Hincks, sitting in Connecticut, issued one of the most instructive opinions yet handed down concerning the meaning and the constitutionality of section 304. He held that the statute prohibited paid political advertisements in newspapers and on radio when they advocated the defeat of certain delegates to a national political convention. The case, involving a Painters Union local which had no regular means of communication with its members, was distinguishable from the *CIO News* case in that the expenditure was not in connection with a regularly issued union journal and in that the paid promotions were not confined to the union membership, but reached the general public.

By this decision, Judge Hincks was called upon to decide the constitutional issue. The statute did to some degree infringe upon first amendment rights, the judge recognized; yet, he observed, it by no means canceled those rights, but rather left considerable leeway for the political activity by unions in the form of lobbying, discussion of issues, abstractly, and so on. On the other hand, he noted, Congress has a heavy responsibility to protect the political process in the interest of the vast mass of the general and unorganized electorate, as against powerful pressure groups avidly seeking their own interests.

(At this point Senator Mundt left the hearing room.)

Dr. PETRO. Taking into consideration the fact that trade unions have been the beneficiary of substantial special privileges and immunities as a gift from Congress, Judge Hincks observed, a reasonable basis existed for some restriction on their first amendment rights, and thus, he concluded, Congress method of exercising its duty and power to regulate the election process did not violate the Constitution. (*United States v. Painters Local Union No. 481*, 79 F. Supp. 516 (D. Conn. 1948).)

On appeal, the second circuit reversed Judge Hincks, just as the Supreme Court had reversed Judge Moore in the *CIO News* case—

net on the constitutional question, but on the question whether the paid advertisements involved an "expenditure in connection with" a Federal election. Thus, the natural reach of the statute's language was further circumscribed. Speaking for the second circuit, Judge Augustus Hand declared that—

\* \* \* an interpretation \* \* \* which would allow expenditures in the case of a union publication and prohibit them when made by a union through the use of an independent newspaper or radio station seems without logical justification.

(*United States v. Painters Local Union No. 481*, 172 F. 2d 854 (2d Cir. 1949).)

A majority of the Supreme Court, in the most recent decision involving section 304 which that Court has handed down, disagreed with Judge Hand's logic. It held, in spite of the assertion, that the section does prohibit an expenditure of general union funds for a telecast advocating the election of certain candidates to Congress. The case came to the Supreme Court prior to a trial of the facts, the district judge having dismissed the indictment before trial as failing to allege a violation of the statute.

Senator CHURCH. So that I may follow, did the Judge Hand case go to the Supreme Court?

Dr. PETRO. No. They denied certiorari. I wish you would not hold me on that, because it only runs in my head that they denied certiorari. In any event, it did not go to the Supreme Court.

Senator CHURCH. It was not passed upon by the Court?

Dr. PETRO. That is correct.

While holding that the indictment would, if proved, establish a violation of section 304, the majority, in an opinion written by Justice Frankfurter, refused to pass on the constitutional issue. As Justice Frankfurter put it, and as many will agree, the Court gets into most of its trouble by passing prematurely upon constitutional issues, and it would be time enough to pass on that issue when a trial actually established the facts alleged in the indictment. He went on to say that the trial would have to establish, before a violation could actually be found, (a) that the telecast was financed from general membership funds; (b) that it reached the general public; (c) that it involved actual electioneering rather than a mere statement of fact or issues; and (d) that it had been sponsored "with the intent to affect the results of the election" (*United States v. Automobile Workers Union*, 352 U.S. 567 (1957)).

Justice Douglas, joined by Chief Justice Warren and Justice Black, took the position that the dismissal of the indictment should have been affirmed. His desire, apparently, was to construe the statute out of existence; for otherwise, in his opinion, it would have to be held unconstitutional. According to Justice Douglas, Justice Frankfurter's insistence on the establishment of the four facts listed above could make no difference insofar as constitutional validity was concerned. Justice Douglas summarized his conclusions in these words:

The Act, as construed and applied, is a broadside assault on the freedom of political expression guaranteed by the first amendment. It cannot possibly be saved by any of the facts conjured up by the Court. The answers to the questions reserved are quite irrelevant to the constitutional questions tendered under the first amendment.

The last decision worth noting involved grassroots political activity on union time by three salaried union agents in behalf of the local union president, who was running for Congress. The three agents did such things as ring doorbells, urging registration, and transport voters to the polls. Dismissing the indictment, Federal Judge Duncan, sitting in Missouri, simply said that he did not believe section 304 could be so far-reaching.

If this case involved an illegal expenditure—

He said—

then any political activity of any person on the payroll of a labor organization from its president to its janitor, would render that union and its principal officers liable, if such persons devoted any appreciable time in support of, or in opposition to, any candidate (for Federal office). (*United States v. Construction & General Laborers Local Union No. 264*, 101 F. Supp. 869 (W.D. Mo. 1951).)

There has been no decision of the Supreme Court since then under section 304 or 610.

These are the cases, and the problems posed are clearly defined by these cases. The basic issues emerge most vividly.

The decisions and opinions holding section 304 unconstitutional have brought into sharp focus the fact that political activity is an essential part of the public life of any representative government and that legislative restriction of such activity will always run into considerable difficulty on constitutional grounds. The decisions which avoid the constitutional issue, and the single decision squarely upholding the constitutionality of the statute have emphasized the weight of the duty which rests upon Congress to prevent abuse of the elective process, and the dangers to that process which large and powerful pressure groups pose.

The tension between these opposing considerations has produced two significant results. In the first place, the statute has had virtually no effect. It has been restrictively interpreted. Each of the cases reviewed has beyond much question literally involved a union "expenditure in connection with" an election to Federal office, but in not a single one has there been a conviction. Although unions are probably the most active political organizations in the country today, there have been only a handful of prosecutions under section 304.

Section 304 seems to be the statute that you cannot violate even if you tried.

In the second place, there has been an inordinate delay in resolving the constitutional issue, and this suggests that the Supreme Court is greatly disturbed on the question. Three of the present Justices have already clearly indicated that they will hold the statute unconstitutional unless it is construed into impotency. Not one of the Justices has yet committed himself to the view that the statute is constitutional, even when interpreted as restrictively as it has been.

THE CHAIRMAN. If they should hold that, then there would be no way on earth for the Congress to restrict or limit or, in other words, in any other way regulate political contributions from a labor organization or a corporation.

DR. PETRO. I believe, Senator, you have put your finger precisely on the reason for the Supreme Court's present position of frustration. They don't want to decide the case either way.

Senator CHURCH. May I ask you this, as an authority in this field: Do you not think that part of the Court's doubt centers on the sweep of the language that undertakes to prohibit contributions for activities "in connection with any election"?

This is very sweeping language that might proscribe a great many perfectly legitimate acts that are the necessary prerogative of free citizenry.

Dr. PETRO. Precisely.

(At this point Senator McClellan left the hearing room.)

Senator CHURCH. Whereas a section that is more limited in its attempts to establish the illegal act, for example, a section that might specifically limit contributions to the campaign funds of any candidate for office, might not raise these serious questions of constitutionality.

Dr. PETRO. I believe there is little doubt that the Court would speedily uphold the constitutionality of a statute that was limited to a restriction upon political contributions. There is not the slightest question about that. The only trouble is that the current legislation grew out of dissatisfaction with such a statute.

Senator CHURCH. Prior to the time that this section was adopted, we did have a statute that prohibited union contributions, political contributions, either by unions or by corporations to Federal elections.

Dr. PETRO. Yes.

Senator CHURCH. Thank you. That clarifies that question for me.

Dr. PETRO. I have said that not one of the Justices has yet committed himself to the view that the statute is constitutional, even when interpreted as restrictively as it has been. The conclusion indicated is that the statute, or any other legislation seeking the same objective, will survive only in a highly restricted or in a completely impotent form. In either case there is no likelihood that it will serve to reduce significantly the dimensions of the problems as conceived by many posed by the prodigious political activities of the large unions.

I do not know if the committee is interested in my idea on how this problem should be solved, what the way out of the dilemma is, in my opinion. Since I am here, though, and since I have ideas about the subject, I have included them in my statement.

I propose that there is a sound principle which, if enforced, will take us out of the dilemma.

In the one opinion squarely upholding the constitutionality of section 304, Judge Hincks acknowledged that Congress could have handled the problems posed by excessive union political activity in a manner other than the one it adopted in the Taft-Hartley Act. The Congress could have met the problem—

by a major curtailment of the economic power of labor organizations without at all trenching upon their freedoms—

and if Congress had but withdrawn the special privileges and immunities which it had granted to unions, according to Judge Hincks, they, the unions, would not have enough power to raise much of a problem. But, he went on to say:

Congress deemed it preferable to make no major reduction in the economic power of labor organizations, believing, apparently, that their continued power in the economic field would be of public benefit and not necessarily a source of danger if not supplemented by unrestricted political power as well \* \* \* I hold

the act not invalid because of its incidental restriction on the political activities of aggregations which owe their strength to special privileges and immunities conferred upon them for their discharge of a public economic function. *United States v. Painters Local Union No. 481*, 79 F. Supp. 516.

If the political activities of labor unions were properly a cause of concern in 1947, when the Taft-Hartley Act was passed, it goes without saying that we must be close to a condition of crisis at present. The political power and activity of unions was substantial then; in comparison, it is colossal now. The Taft-Hartley restriction of political contributions and expenditures has obviously had no effect at all. What then is to be done?

(At this point Senator McClellan returned to the hearing room.)

The experience of the last 12 years indicates that Congress made a mistake in attempting to curtail the political power of unions while leaving their economic power, based on special privileges and immunities, alone. The mistake is not surprising when one realizes that Congress acted, and to my knowledge continues to act, on an invalid premise. Judge Hincks pointed out that Congress continued the special privileges of unions on the theory that unions were virtually an arm of government, discharging a "public economic function." What the judge had in mind was the prevailing assumption that by raising wages through collective action unions were in effect public servants.

Economists and the public generally have come a long way from that point of view. More and more persons in all walks of life are beginning to appreciate that far from serving a public function in their constant pressures for higher wages, unions are simply another special-interest group, selfishly concerned with increasing their share of the national income, regardless of the consequences to the public welfare. The outstanding economists of this country today are firmly of the conviction that the economic pressures of unions do not serve even the interests of all working men and women, let alone the general public interests of consumers, retired persons, and others on fixed incomes.

I refer the committee to a most interesting book, entitled "The Public Stake in Union Power," published by the University of Virginia Press in 1959. This book contains a group of essays by what I believe to be the outstanding economists of this country today. They are in agreement in support of the statement I have just made concerning the role of unions in society.

This being true, and it also being true that the method of direct prohibition of political activity by unions has proved a failure, it would seem that the only promising alternative is for Congress to reconsider its assumptions concerning the role of unions and the decision it made in 1947. Elimination of the special privileges and immunities is that the situation demands; with that will come a reduction in union power.

Under no circumstances should unions be burdened with restrictions which other private associations do not bear. To impose such restrictions is both undesirable and unnecessary. The principle of equal application of all laws is too important to the life of society to justify abandonment under almost any conceivable conditions. Certainly the current conditions, bad as they may be, do not call for an abandonment of that principle. As a matter of fact, our present troubles can be traced, not only in labor relations, but in the whole area of domestic

economy as well, to the wholesale abandonment of the principle which has occurred in recent years.

There is every reason to believe that the political and other dangers which the large unions pose will be substantially reduced if the special privileges of compulsion are removed—and if the removal is designed in an effective way. Specifically, all stranger picketing and other boycotts and all forms of compulsory unionism contracts would be prohibited; for they give unions a special privilege to restrain and coerce employees in the exercise of the basic right, recognized in Federal and State law, not to join unions. But a mere paper prohibition will not be enough. The experience of the last 12 years, under the Taft-Hartley Act, demonstrates that direct access to all courts, especially for immediate injunctive relief from the irreparable injury of unlawful union action, will have to be provided, if the strictures upon union compulsion are to be effective. In order to accomplish this, it will be necessary to repeal the Norris-LaGuardia Act, abolish the National Labor Relations Board, and specifically overrule the Supreme Court's preemption doctrine.

I am aware that these proposals are widely considered to be radical and most people think they have no chance in the current political conditions in the Nation. To say that they are radical, however, is simply an error in understanding and in perspective.

It should be remembered that we are faced with a seriously threatening condition, one which this select committee deserves a great deal of credit for working so hard to uncover. It should be also remembered that in a longer perspective the proposals advanced here are neither as momentous nor as "radical" as the subjects to which they are addressed. The Norris-LaGuardia Act, the National Labor Relations Board, and the preemption doctrine were, when they were introduced not very long ago, not only more "radical" but revolutionary innovations. They have worked very badly. We are suffering the consequences now.

(At this point Senator Ervin returned to the hearing room.)

Dr. PERRO. The candid intention of these proposals is to create conditions in which unions will be in fact the voluntary associations which they now incorrectly claim to be. When they are voluntary associations they should have the right, shared with all other voluntary associations, to run their internal affairs and to spend their money as they please, subject only to the general law prohibiting violence, coercion, fraud, and thievery. At present unions are in a position to spend funds for political purposes and objectives opposed by some of the very members who contributed those funds. Worse than that, a man may be forced into a union by coercive organizing devices, kept there by a specially privileged compulsory unionism agreement, and be forced to pay dues which are spent for purposes in which he has no interest and to which indeed he may be more or less vigorously opposed.

The present situation is one largely created by Congress, and only Congress can repair it. Confused and contradictory efforts have brought Congress to a frustrating impasse. On the one hand, by according trade unions special privileges, Congress has allowed them to become an enormous threat to the economic, social, and political life of the Nation. On the other, it has tried to remove the political



threat by legislation which threatens first amendment rights and thus has had considerable trouble in the courts. Principles vital to the life of the Nation are being mangled on both sides. The only wholesome solution is to restore the principle of equality under the law by withdrawing the special privileges which unions now have, and to eschew all the restrictions which now exist upon political contributions and expenditures. Neither those special privileges nor the restrictions upon political expenditures have a proper place in a free country whose central political institution is representative government. Moreover, they create the kind of trouble which ensues always upon the abandonment of any sound principle. For what makes a principle sound is that it works.

In conclusion, I should like to emphasize that I am greatly disturbed by the present character and scope of political activity by unions as any man. Yet I do not believe that direct controls are either sound in principle or that they will work. In precisely the same way that price controls and rationing are no sound answer to the problems of shortages and inflation, direct controls upon the political activity and expenditures of unions or any other group will not remove the causes of present concern.

The history of the present legislation, at any rate, proves that the approach I have suggested is the only effective approach around today.

Thank you.

Senator CURTIS. Mr. Chairman.

The CHAIRMAN. Thank you, Doctor.

Senator Curtis?

Senator CURTIS. Dr. Petro, what laws would you repeal in order to eliminate the special privileges and immunities of unions?

Dr. PETRO. You embarrass me somewhat, Senator, because as a matter of fact, I am content to leave a few special privileges around, because I think they are not harmful, and that, indeed, they may be establishing an idea of great worth to a country which prides itself upon being free. I have made this little speech because if all the special privileges of trade unions were to be removed, then a thorough-going repeal of the National Labor Relations Act would be necessary.

Senator CURTIS. But those that you would repeal, what laws would you have repealed?

Dr. PETRO. For present purposes, to meet the critical need that now exists, I think the first law I would repeal would be the Norris-La Guardia Act. This, although not very widely understood, provides the important special privilege which unions possess, the privilege to be free of effective relief against their unlawful conduct.

The CHAIRMAN. By court action, do you mean—

Dr. PETRO. There is no other effective relief.

The CHAIRMAN. That is what I say. They are immune from the same processes and means of seeking relief that can be applied against others.

Dr. PETRO. Everyone else in the country is subject to injunctive relief if he inflicts irreparable injury by unlawful conduct, every one but trade unions.

The CHAIRMAN. Excuse my interruption, Senator Curtis.

Senator CURTIS. That is all right.

The CHAIRMAN. Are there further questions?

Dr. PETRO. The National Labor Relations Board needs abolition, needs it very badly.

The CHAIRMAN. Needs what?

Dr. PETRO. Abolition. It has done a very bad job, I believe, in construing existing legislation. But even if it had done a good job in the technical construction of legislation, it should be abolished anyway, because it should never have been created in the first place. I genuinely believe that quasi-judicial administrative tribunals are fundamentally unconstitutional. The judicial power of the United States belongs to the U.S. courts, not to administrative tribunals. More than that, you see, no administrative tribunal is equipped to provide effective relief against even the most grievous kinds of injury. This is because we are hypocrites about the Constitution to a certain extent; we are not thoroughgoing hypocrites. We have created these administrative agencies contrary to the Constitution, but we have drawn the line at giving them complete judicial powers, injunctive powers, and the power to award damages. As a consequence of our fragmentary hypocrisy, we have made the situation worse.

Senator CURTIS. What would you have to repeal to abolish compulsory unionism?

Dr. PETRO. It is necessary, in order to abolish compulsory unionism, only to delete certain qualifying language from the National Labor Relations Act, section 8(a) (3), which is an excellent way of demonstrating, I suppose, that compulsory unionism amounts to a special privilege. The general prohibition against either pronoun or antiunion discrimination in the National Labor Relations Act, would, if unqualified, prohibit all forms of compulsory unionism. Therefore, in order to preserve the phases of compulsory unionism which the Taft-Hartley Act does preserve, there is a qualification added to section 8(a) (3), a long proviso.

Senator CURTIS. Which creates the union shop?

Dr. PETRO. Precisely. It is necessary only to withdraw or repeal that qualification, that proviso.

Senator ERVIN. Or if you cut off the last part of section 7?

Dr. PETRO. You would have to do that, too, sort of a cleanup operation. The same qualification is in section 7.

Senator CURTIS. Do you approve the principle of economic sanctions as a method of controlling abuse of union power?

Dr. PETRO. That expression is a little broad, Senator. I think I know what you mean, though, such things as boycotts, secondary, primary, picketing, and so on.

We get into the same kind of a problem that was raised to some degree this morning. It depends on who is using the terminology. Do you remember when you were talking about pressures this morning? Pressures and sanctions tend to cover the same ground and have the same ambiguity. The starting point for analysis, though, must be the fact that the Taft-Hartley Act unqualifiedly prohibits every form of economic coercion by employers in labor relations. As matters stand, it does the same for unions. Insofar as it is addressed to unions the National Labor Relations Board has never enforced it. Therefore, some of the most effective forms of economic coercion, forms which fall squarely within the prohibition of the statute, have not been held to be unfair labor practices.

Senator CURTIS. I have a couple of questions that Senator Goldwater wanted me to ask.

Has welfare state government assumed so many fields in which to legislate that it has so many laws to administer that it administers the laws badly?

Dr. PETRO. I feel that this, of course, is the root of all the problems we face in this country. I do not know whether it is true that one acquires a sense of a relationship with the Divinity when he gets elected to Federal office, but unless one is in very close contact with the Divinity, he is obviously incapable of doing all the things that are expected of you people in Congress.

Senator ERVIN. They do not get any connection with the Divinity. They do very directly fall victim of a disease known as Potomac fever, which exhibits itself in this way: As soon as they get to Washington, they come to the conclusion that the people that sent them here do not have sense enough to manage their own affairs, so they immediately start passing laws or advocating laws to take away the right of government from those who have elected them to come to Washington.

Dr. PETRO. There really isn't anything very ideological involved here, I believe. It is a matter pretty much of commonsense and common observation. No 600 men can do all the things that roughly 600 Senators and Representatives try to do.

Senator CHURCH. That is why we have set up these quasi-judicial agencies.

Dr. PETRO. This only aggravates the problem, but does not solve them.

Senator CHURCH. Whether or not the problems have been solved, that was one of the reasons for their creation.

Senator CURTIS. Then investing the judicial authority in the courts, you would, in general, make that concurrent in the State and Federal courts, would you not?

Dr. PETRO. Yes; again on the theory that that is the best and most workable system. We have a single court in these United States, the Supreme Court of the United States. On matters involving Federal law, this is the tribunal which can reconcile all differences in interpretation in the courts below. Indeed, if I don't sound too professorial about it, I might remind you that this was the understanding of the framers of the Constitution, that Federal laws would be to a considerable extent enforced by State courts, with the Supreme Court standing as a court of ultimate review to see that they went along in a pretty uniform way.

It doesn't make any sense to deny oneself of any route of law enforcement. This is the horrible trouble with the preemption doctrine, an arbitrary exclusion of judicial help in a field where it is very sadly needed. Meanwhile we find the National Labor Relations Board inundated with cases. What is the sense of this? Are we in favor of obstructionism? Surely our progressive Supreme Court is not in favor of obstructionism, is it, in terms of law enforcement?

Senator CURTIS. That is all I have, Mr. Chairman.

The CHAIRMAN. Senator Church.

Senator CHURCH. Doctor, looking to the section 610, if I understand your testimony correctly, there are a number of things that are wrong

with it. First of all, it attempts too broad a prohibition in the language in connection with any election, or in connection with any primary election, political convention, or caucus, that it has been construed in the few cases that have been brought to the courts so narrowly as to be largely emptied of any meaning. That is one problem.

Secondly, if it were not so construed, there is much evidence that the courts will hold it unconstitutional if it comes right down to it as interfering with the basic freedoms of citizenry.

Dr. PETRO. And only that they should.

Senator CHURCH. And in your opinion that is an unconstitutional provision if it comes to the final test?

Dr. PETRO. Yes.

(At this point Senator Curtis left the hearing room.)

Senator CHURCH. Would you advocate that this section be repealed? You have said that you would advocate the repeal of this section. My question is: Would you then reinstate the old provision of the law which prohibited actual donations to the campaign funds of candidates by unions or by corporations?

Dr. PETRO. In my opinion, the Congress should not have any law regulating political activity which goes beyond the category of what lawyers call the things *molum in se*, fraud, corruption, cheating, bribery as defined in the law, and so on.

I say this not because I think even such restrictions can work, or at least work completely, but I say it only because they have some chance of working consistently with fundamental political institutions, while no other restrictions, at least that I can think of, have the remotest chance of operating well.

Senator CHURCH. Evidently the history that you have related to us indicates that this section has had no effectiveness. However, barring such major revisions of basic law as you have advocated to strike at what you call the special privileges and immunities of labor unions, it seems to me it would be unwise for us to strike from the law all provisions that represent an attempt by the Congress to prevent unwarranted political activity by labor unions and corporations.

I think that a restriction that is directed toward contributions to political campaigns is enforceable, and probably is in accord with the public interest in that the use of union dues or the use of corporate money for this purpose is wrong if it is not contributed by the underlying membership for that purpose.

In other words, I think that there is a difference between voluntary money used for political purposes, and dues money used for political purposes, and that a law that undertakes to prohibit unions or corporations from using dues money or corporate funds for political contributions is enforceable, and ought not to be stricken from the statute books.

Dr. PETRO. I happen to disagree. I think it is neither desirable nor enforceable. Furthermore, I do not think that after considerable searching thought on the subject, it is quite accurate to say that the problem in respect of unions is the same as the problem in respect of corporations. The corporate investor is not the analogue of the union member. The corporate investor has market alternatives, freely and readily available to him, which the union member does not. The corporate investor has no love, no interest, no emotional attachments

to a share of stock, normally, while the workingman has all sorts of ties, emotional and economic, with the particular job that he has. Therefore, there is a much greater coercion upon the union member than there is upon the corporate investor. Quite apart from that—

Senator CHURCH. Well, I think that is so, but I do not think that that goes to the point involved here. Of course, there is a lot of difference between the stock investor and the union member, but I think the public question that is involved here is whether any organization ought to use money that is either corporate money or dues money for political contributions.

Dr. PETRO. That is the heart of the problem, Senator, that is right.

Senator CHURCH. That is the heart of the problem. I think that this kind of prohibition is in the public interest. Your position is that you would strike even that restriction from the statute books, and eliminate any restriction at all other than the acts that are *molum in se*?

Dr. PETRO. Yes, because you see if you dig as deeply as you have been digging, you get to the point that I think was reached this morning. You realize that most political parties are private, voluntary organizations, and there is not the slightest reason in the basic principles of our system, for giving them any privileges which trade unions or businesses, medical associations, or bar associations, do not have.

Furthermore, I think you negate the basic principle in that we are a political system. That is what democracy, representative government, is. It is all politics. Every European who comes to this country sees immediately, since Montague, that it is most of our life. To start putting restrictions which I think I have demonstrated to be arbitrary upon this process is certainly to lead to results inconsistent with the basic drive of our system. I do not think there is anything inconsistent with the public interest in any voluntary association engaging in as much nonviolent and nonfraudulent political activity as its membership wanted.

Senator CHURCH. We will get into a philosophical argument here, because I can see very large corporations with hundreds of thousands of stockholders whose purpose of investments is to make 5 or 6 percent, who are very little concerned with the political questions that may concern the management. The management, having use and control over large amounts of corporate funds, turning those funds to political ends, may not accord with the sentiments of a broad majority of the stockholders. Yet at the same time, the stockholders paying little heed to how this money is being used for political purposes so long as they are realizing 5 or 6 percent on their investments.

At the same time I see serious questions where large unions are concerned, where those unions use dues money for political purposes which may not accord with the majority view of the membership. So I do think that restrictions as to the use of compulsory funds are appropriate and ought not to be stricken from the statute books. But you have expressed your view and expressed it very well. It is not my purpose to delay the committee as we dispute this point. I think your testimony is extremely interesting and valuable. I am glad to have it.

The CHAIRMAN. Are there any questions?

Senator ERVIN. I want to say that I share the view you expressed about the abolition of the National Labor Relations Board.

Dr. PETRO. That is two of us.

Senator ERVIN. I wish there were more down here, because I think that would be the solution to a large part of the problem of coercion, both on the part of management and on the part of labor. I think you could pretty nearly eliminate it.

Dr. PETRO. Among other reasons for the creation of these administrative tribunals was the assumption that they would do an effective job very swiftly. Of course, nothing emerges more clearly from records of the National Labor Relations Board, and I might add the Federal Trade Commission, than their dilatory and ineffective efforts. It turns out, in fact, that the old courts, which all the great progressives and liberals think were such stick-in-the-muds, are still consistent with legal principles the best source of swift and just remedies available.

Senator ERVIN. I think if we abolish the National Labor Relations Board and set up an agency to handle routine matters, like supervising elections and things of that kind, in the Department of Labor, and then gave jurisdiction to enforce unfair labor practices to the courts, both Federal and State, give them concurrent jurisdiction, we would have every reason to think that many of these evils would vanish.

Dr. PETRO. On this I would agree that it is fair to talk both about management and union coercion. There is a lot of delay in getting relief from management coercion, too.

Senator ERVIN. For example, we found out in investigation last fall where for this little trucker who had, I think, seven employees, Mr. Coffey, it took from January to April before they could count the ballots. If they had counted the ballots in the first instance, they would have found out that even if the points they were making—that certain ones were illegal—would not have made any difference anyway.

Dr. PETRO. Or if in the meantime the destructive boycott has been enjoined, in an ordinary interlocutory equitable relief.

Senator ERVIN. I have in times past given a certain amount of what I thought was correct or proper respect to the Norris-La Guardia Act. But a short time ago I took it up and studied it more fully than I have ever done so in my life. I came to this conclusion, and I would like to know if you share it: In the first place, the Norris-La Guardia Act, by providing very severe limitations on situations in which even an injunction can be procured in any case, makes such a severe limitation on the power to seek an injunction that it is almost impossible for any person to qualify for an injunction in time to make the injunction of any use to him.

In other words, he almost has to stand by and see the irreparable injury which he fears inflicted upon him before he can get relief, and then it is too late.

Dr. PETRO. I believe, Senator, that every disinterested student of the field would agree that the Norris-LaGuardia Act has made equitable relief in labor disputes in the Federal courts completely worthless. Furthermore, I think a large number of students of the law would agree that the Norris Act makes equitable relief available

in the Federal courts only in cases where violence amounting to civil insurrection has already occurred.

Senator ERVIN. That is the way I diagnosed it.

Dr. PETRO. Violence which the police are unable to cope with, is the language of the act, and, of course, I guess that is how you define insurrection.

Senator ERVIN. In other words, it has to appear that the authorities charged with preserving the peace are incapable of doing so. Ordinarily, the only way you can prove that is to have it happen.

Dr. PETRO. That is correct.

Senator ERVIN. It seems to me that it is a terrible thing when the Government, itself, denies people the benefit, denies people in a selected class of cases a remedy which is available in all other classes of cases of a similar nature, and denies the only remedy which is effective at all. It is sort of like nailing the door of the courthouse shut.

Dr. PETRO. Yes. And this, of course, is the ultimate negation of good government, not to provide people with a remedy for unlawful harm they have suffered.

Senator ERVIN. I will agree with that. I have the feeling that if any function of government is more sacred than another, it is the function of administering justice.

Dr. PETRO. That is correct.

Senator ERVIN. Now, with reference to the preemption doctrine, I have never been able to find anything in the Constitution which justifies striking down a State law under the theory of preemption where the State law is in a field where both the Federal Government and the State are authorized to legislate, unless the State law is inconsistent with the Federal Government.

Dr. PETRO. I believe, Senator, that if you search from now until doomsday you will never find the provision permitting the Supreme Court to strike down State laws consistent with Federal legislation.

Senator ERVIN. Yet, we have a doctrine of preemption in the labor field and also the subversive field in which a State statute has been struck down on the doctrine of preemption, notwithstanding the fact that the statutes are perfectly consistent and notwithstanding the fact that the Federal statute cannot be claimed in any absolute sense to occupy the entire field.

Dr. PETRO. This is a very, very disturbing line of decisions, this preemption line. It has occupied a great deal of my home time in research.

Senator ERVIN. I have been struck, going back in connection with the so-called Smith bill, H.R. 3, which Senator McClellan introduced in the Senate, that all the old decisions are to the effect that Federal law never invalidates a State law unless there is an express declaration to that effect, or that they are so inconsistent that they cannot stand together. This preemption doctrine of recent years is absolutely contrary to all words of the Constitution itself.

Dr. PETRO. Yes. I believe I called it both new and revolutionary in my statement. Therefore, I agree with you.

Senator ERVIN. Is it not true that one of the inadequacies or one of the things that brings about this condition in which people are denied remedies is the provision of the Taft-Hartley Act restricting the right to seek injunctions?

Dr. PETRO. If only this were more widely known, we would be in much better condition, I believe, but that is the trouble. The sources of the current critical problems are so deeply hidden in devious legislation.

Senator ERVIN. I would like to say that you have rendered a signal service to the country in your writings.

I have just completed reading your very excellent treatise on the subject of how the national Labor Relations Board has nullified the Taft-Hartley Act. I think the points you make in there are inescapably true. At least that is the way it strikes me.

Dr. PETRO. I guess we are both old-fashioned lawyers and that is why we are in so much agreement.

Senator ERVIN. I was observing at lunch today, when they were talking about a certain Senator's views. I said, "The trouble with those views is that they are just too sound for this generation."

Thank you, sir.

The CHAIRMAN. Thank you very much, Doctor.

I read your book, "Power Unlimited," and I gave out some comments about it.

Dr. PETRO. Yes. The publisher was considering whether or not you deserved a slice of the royalties.

The CHAIRMAN. Thank you very much. I read it with great interest. I think its pronouncements are very profound in many respects.

Thank you very much.

Dr. PETRO. Thank you for inviting me.

The CHAIRMAN. Dr. Hacker, will you come forward, please?

You do solemnly swear that the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HACKER. I do.

#### TESTIMONY OF ANDREW HACKER

The CHAIRMAN. We will have to take a moment's recess to go to the floor and vote.

(Brief recess.)

(Members of the select committee present at the taking of the recess: Senators McClellan, Church, and Ervin.)

(Members of the select committee present at the reconvening of the session: Senators McClellan and Ervin.)

The CHAIRMAN. The committee will resume.

All right, Dr. Hacker, you have been sworn. Will you give us your name, your background, please, sir?

Mr. HACKER. My name is Andrew Hacker. I am an assistant professor of government at Cornell University, in Ithaca, N.Y. One of my academic research interests is the American corporation. I have been engaged in this for almost 3 years. I have been asked to speak today on some aspects of political activities and spending by corporations and labor unions.

As I told Mr. Adlerman, I was not competent to speak on trade unions, but I could offer some comments and perhaps some suggestions concerning corporations; so, Mr. Chairman, I will confine my remarks to corporations.



The CHAIRMAN. All right, Doctor; we will be very glad to have that. We will also have testimony regarding the labor organizations with respect to political spending. If you feel you can testify and be helpful to us on the other side of the coin, the corporation spending in politics, we will be very glad to have it.

Mr. HACKER. Thank you, sir.

I will just speak from some notes I have. I hope to keep it very short.

The CHAIRMAN. If you do not have a prepared statement, you may use your notes.

Mr. HACKER. First of all, I would say that corporations in this country have always been active in politics and in an entirely legitimate way. I am sure there is not a Congressman in Washington who has not at one time or another received a telephone call from a representative of a corporation who has discussed the interests of that corporation in relation to current legislation. And I am sure that this has always been regarded as a proper activity of corporations in America. Certainly, this is not improper.

I think one of the reasons I was asked to come here, however, is that I have been engaging in some study and writing about recent changes in corporations' mood and approach in politics. I think that among more and more corporations—and I have a great deal of evidence for this—there has been a tendency to begin to get into politics in an open, planned way.

In other words, in my office at Cornell University, I have almost two dozen speeches by presidents of large corporations in which they talk about the ways in which their companies are going to get into politics, that this entry into politics is very important, and so forth.

I am not going to go into the reasons which are given for this. Some of them are well thought out; some of them are rather frivolous. Some are easy to understand; some are more difficult to grasp.

For example, I have a pamphlet from one corporation which, in effect, says that, "It is time for our people to get into politics because we now have a labor-dominated Congress in Washington." I think this may be effective as a battle cry. But in my own opinion, Senators, I do not consider the current Congress as being labor dominated, although some people may sincerely believe this.

Another reason for corporations wanting to get into politics, I think, is a more serious one; and this is one that I think all of us will have to do a lot of hard thinking about.

The CHAIRMAN. May I interrupt briefly at this point?

Do you think it would be well for the country, a healthy situation in our democracy, for labor organizations to dominate the Congress?

Mr. HACKER. Certainly not, sir.

The CHAIRMAN. And the converse is true with respect to corporations?

Mr. HACKER. That is right, sir.

The CHAIRMAN. I agree with you. I do not think any one interest, whether it is a major interest, a minor interest, or a combination of interests, should dominate the legislative body of our Government.

I think the legislators, individually and collectively, should be responsive in a way to the sentiment of our people. I do not mean by that that they should necessarily sacrifice principle when there is

a momentary, popular wave of sentiment. But I mean that which is based upon conviction and fundamental principle associated with our way of life, yes.

However, I think it would be tragic for organized labor or organized finance or organized anything, as such, ever gets control that it can dominate the legislative policies, the legislation or the governmental policies, of our country.

Mr. HACKER. I agree with this, Senator. I do not think there is much of a chance of this happening. But I do think that we will hear a great deal of political rhetoric from one side talking about the political domination of the other, and the other side talking about the political domination of the one.

But this, I think, we can take in our stride, the rhetoric, that is. I think, furthermore—and here I am speaking as an academic political scientist, even a political theorist—there has been an important change in corporate thinking in this country. Since the end of the war there has even been, you might say, the development of a corporate philosophy.

Books have been written about this. You can read the speeches of top executives. You can look at the sort of talk that goes on in the classrooms of the more sophisticated business schools. You will see that more and more of our corporate spokesmen are beginning to talk about their broad social—and now political—responsibilities.

In other words, even though businessmen do not want to dominate the Government—for I think that is the last thing in their minds—I think they are beginning to feel that they have an obligation—and I say this advisedly—not unlike that of the English aristocracy in the 18th and 19th centuries, an obligation to use their power and influence for the well-being of society as a whole.

The CHAIRMAN. Do you think they feel they must do that somewhat in self-defense in view of the power that is being asserted and exercised by labor or allegedly being exercised and asserted by labor?

Mr. HACKER. I agree, Senator; but I think it is more than this. Perhaps I am just speculating out loud with you, but I think that the gentlemen who run our large corporations are beginning to think of themselves as—what shall I say?—statesmen of our society; that they have an obligation to education, to urban renewal, to juvenile delinquency, to a whole range of questions.

The CHAIRMAN. In other words, they are more wholesomely motivated than putting it upon a challenge from executive sources?

Mr. HACKER. I believe so; yes, sir.

The CHAIRMAN. In other words, they feel they owe something to their country and they ought to contribute.

Mr. HACKER. I think in this way: It is the old axiom that power has its responsibilities. These men are beginning to sense the power of the corporation. Mind you, this is in many ways not the language of the 20th century, but it goes back to the 14th and 15th centuries. It is the idea that a corporation is—take this advisedly—kind of a feudal barony in a larger society and it has social responsibilities to carry out.

As I say, this is all very vague and just beginning to take form in our own time. The question is, first of all: How do businessmen go about exercising their social and political obligations? One of the

ways in which this is done, and I think entirely legitimate, is to encourage corporation employees to participate more actively with local political parties.

I will not go into this in detail now, but a number of corporations have set up "managers of public affairs" and "offices of civic affairs," where several things are done. One is to encourage businessmen in these companies to run for local office, to identify with local parties, and to become active. I think part of this, Senator, is a response to labor pressure, but I think part of it has the broader motivation that I have just talked about.

For example, there is one very large company in this country which has directed all 153 of its branch managers, who reside in 153 congressional districts, to get in touch with their local Congressmen and Senators in those States, to keep records on how the Congressmen voted, and to generally, you might say, act as grassroots spokesmen so far as the interests of the corporation is concerned.

All that I will say here is that company resources are being used politically in a greater and greater way. By resources, I mean the money and the time of various executives expended for political purposes. The goals, however—and I will come to this in a minute—are not the election of particular candidates so much as they are aimed at influencing the course of legislation. The corporations themselves—and I have talked with quite a few corporate executives about this—are coming to take "official" political positions on legislation.

It is my suggestion, Senators, that this committee has perhaps limited itself, and indeed, the entire Congress has restricted itself, when it confines its attention to the support of particular candidates.

In other words, the provisions of the law—especially section 610—that we have been hearing about, only forbids corporate contributions for the election of candidates to office. I think that one must confront fairly, squarely, the question of whether we want to concern ourselves with the overall use of corporate corporation resources for purposes of political persuasion.

By the way, when I say "corporation," you can add the phrase "and union" at any time. That is when we are talking about support for particular legislation.

I will give a specific example here, although it took place on the State level. One company, in a State where there was a right-to-work law up for statewide referendum last year, spent \$30,000 of company money—and a great deal more when you add in the time of managerial personnel—to distribute petitions, to put out advertisements, and to exhort the voters of that State to vote in favor of the right-to-work referendum. The company took the "official" position that they were in favor of the right-to-work referendum. It thereupon used its resources.

I might say here, also, that there is a move in a number of corporation circles to work for the repeal of the statute that Dr. Petro was talking about—the one which now prevents corporations from spending money on candidates. There will be a paper given at the American Bar Association in Miami Beach next week in which it will be seriously suggested that corporations should be allowed to spend their money on the campaigns of candidates.

The CHAIRMAN. That will apply, I assume, to labor organizations, too?

Mr. HACKER. That is right.

The CHAIRMAN. That either might spend money on candidates?

Mr. HACKER. That is right. I think, also—and again I say this with some hesitation because I can only speculate—that corporations really do not fear opening both labor's and management's gates at once because they know that their resources for spending money are quite equal to those of labor unions. This raises some interesting speculations about the future because even though corporations have the money to spend on politics, they are very frequently timid about this. They are afraid they will get a bad name if they are associated with political activity.

The CHAIRMAN. And so will the candidate, if he gets elected and large sums of money have been contributed to his campaign by a particular company or some companies.

Mr. HACKER. Then they will say he is a prisoner of theirs.

The CHAIRMAN. That he belongs to them, bought and paid for.

Mr. HACKER. For some reason, or other, corporations fear this criticism more than labor unions. In other words, labor unions are more willing to spend their money. Corporations are trepidatious about this, I think, partly because they are worried about the consumer: the fellow who won't buy an electric toaster, who will not buy a product because of the political activity of the company which makes it, whereas the union just does not care.

I might say, personally, that I was asked down to White Sulphur Springs about a month and a half ago to speak to representatives from 40 corporations. All of these men were charged with the responsibility for corporate giving—that is, in their individual corporations—and they were, of course, interested in corporate donations to charity, education, and so on.

What they wanted me to talk about was: Should corporations begin to make efforts to give money for political purposes? This is the first time they had considered this. The meeting was under the auspices of the National Industrial Conference Board. I can simply say as a kind of forewarning here that I think there will be a great deal more talk in corporate circles about getting into politics. I think this raises a number of questions which I hope my academic approach does not render too abstract.

I think the question we really must face up to in the second half of the 20th century is, quite simply, What is a corporation? You know, we tend to pair off—you did it yourself, Mr. Chairman, at the beginning of this hearing—corporations and trade unions.

I would deny that a corporation is a "voluntary association" in any real sense. In fact, I really do not know what a corporation is. I know it has shareholders, but I tend to think most stockholders are really in the position of being bondholders—indeed, they are rather like the holders of Government bonds. They are legal "owners" of a corporation but they do not and cannot take much interest in its management.

The CHAIRMAN. Why do you say they are not voluntary?

Mr. HACKER. I am talking, I hope, in a realistic sense—certainly not in a legal sense.

The CHAIRMAN. I am not challenging it. I have always thought, if a few people go out and set up a corporation, they do it voluntarily,

that there is nothing compulsory about it. If I want to buy stock, I buy it from the board or somebody coming around and selling stock. I do it voluntarily. I may have been persuaded, but not coerced.

Mr. HACKER. With all due deference, I made a study of stockholder activity in the 100 largest corporations in this country. Now, I am speaking as a professor. Please forgive me if I get too abstract.

The CHAIRMAN. I just want to get enlightened.

Mr. HACKER. I think we tend to take many of the old attributes of the small corporation—such as the idea that the five of us here might get together and set up a limited liability company—and transfer these ideas to our large national corporations, without thinking too deeply about what happens when we make such a transition.

In other words, in the case of the large corporation today, I daresay that many of them could dispense with their shareholders if they had to because two-thirds of their capital comes from internal undistributed dividends.

The CHAIRMAN. Comes from what?

Mr. HACKER. From undistributed profits of their own. In oil companies, for example, when they need money for capital expansion, they raise it themselves out of their own earnings. This is a development which seems on the increase. The corporation legally is the possession of the stockholders. But, actually, it is becoming more and more of an independent body, independent of the shareholders.

I realize I may be projecting into the future, but I think this is rather important.

The CHAIRMAN. Even if it is independent, how does that make it involuntary?

Mr. HACKER. Let us put it this way, that it is certainly “voluntary” but it is not an “association”—that we cannot say that a group of free citizens came together to set up a corporation the way in which the five of us might do it in our hometown. Rather, what we see in the case of the large corporation is an established institution—let us say, General Motors. It is there and you can buy into it if you want to, in a voluntary way. But I am not prepared to say that you and almost a million other shareholders came together and set General Motors up in a purposeful way.

(At this point, Senator Church entered the hearing room.)

Mr. HACKER. I am simply raising a rather practical question; simply the question of “What is a corporation?” I am mystified about it and, really, gentlemen, I am asking that you be mystified along with me. I think we get too many easy answers by transferring our ideas about the small company into the realm of the large corporation.

The reason I raise this is because when corporations decide to use their funds politically, one has to ask a question of “Who is ‘represented’ here?” In other words, when a company in one State spends \$30,000 for the passage of a law, one has to ask: Are employees being represented here? No, we cannot safely say this. Are shareholders being represented? There is no indication that they are.

In effect, I am saying that the same questions that we asked about unions—that is, the representative character of union political activity with relation to the members—have to be asked about corporations.

As far as the political "policies" of corporations go, they are made by top management. We do not expect that they conduct a ballot among employees; we do not expect they ballot among shareholders.

I do not think that we should expect that top management take such a ballot. But this, then, raises rather curious questions about the political status of a corporation. For example, does a corporation have a "right" to free speech? Well, following from all that I have said up to this point I doubt if it does. If it is a voluntary association in the way that the American Legion is, then it has a "right" to free speech. But if it is not an association, but rather an on-going institution which is actually independent of the individuals who are affected by its policies, then can we endow a corporation with "rights"? It is a "person" under the 14th amendment, but for political purposes it is not a citizen.

I am rather dubious of the claims that corporations have "rights" in the way that other associations do. I am, perhaps, asking you to resolve my doubts here. I think this is a question that we are going to face more and more as we discover that the men who manage corporations act with a great deal of freedom. When the president of a company says, "Our stand on this bill will be such and such," there is no person or group in the internal structure of the corporation who can actually contradict or oppose him on this. A top executive has a great deal in the way of corporate resources to spend politically—on lobbying and on various approaches to legislation.

I think that is all, Mr. Chairman, that I wanted to say here. In a practical sense I am afraid that what I say will have severe limitations; but I do believe that in the years to come we are going to be faced with these questions more and more.

Perhaps if we settle our thinking on them as early as possible—and center on the definition of a large corporation—then we will be better able to legislate.

The CHAIRMAN. Let me see. The corporation finally becomes one man, virtually; that is what you say.

Mr. HACKER. A small group of men. Maybe three or four or six or eight, yes.

The CHAIRMAN. And they can determine whether they will spend corporate money for political purposes or not spend it for political purposes?

Mr. HACKER. That is right.

The CHAIRMAN. Therefore, if they determine to spend it for political purposes, the stockholders possibly are defenseless; they have no voice, they do not have to be consulted in the first place; and in the second place, they could not do anything about it anyway—there is so much money power in the hands of the few that they control the majority of the stock and, therefore, can do about as they please.

Mr. HACKER. That is right. And I do not think the stockholders care. In other words, I do not think they would want to object.

The CHAIRMAN. The stockholder is concerned not about what the president of the company does as far as politics; all he wants is his dividends—to do well financially and get his dividends. Politically, he will do his own out at the polls, on political hustling; but he wants that corporation to operate to make money.

Mr. HACKER. That is right, sir.

Senator CHURCH. This is the point that I intended to make earlier this afternoon, with the need to retain in our Federal law some restrictions with respect to both corporations and unions as to their contributions of corporate or dues money to Federal election campaigns.

Would you agree with Dr. Petro that we ought to simply strike from the Federal statute books any prohibition against corporate contributions to political campaigns or union contributions to political campaigns? I am talking now about the use of dues money or the use of corporate money.

Mr. HACKER. Before you came in, Senator Church, what I was saying was that it is my belief that you will not find many corporations desiring to spend their money on the political campaigns of Congressmen and other elective offices.

This is not the way they will spend their money. But I think they will be spending their money more and more on persuading the public to favor or oppose certain policies, issues, and so forth. In this case, you then raise some questions about the "right" of freedom of speech of a corporation.

I am waiting for the courts to decide on this. I would disagree with Dr. Petro when he says that the courts will say that corporations have the "right" of freedom of speech. In other words, even though under section 610 corporations and unions are coupled together, I conclude that the courts obviously have said that unions have free speech.

I think the courts are going to stub their toe a bit when they come to a corporation. I am not sure that they will decide that a corporation can spend its money politically even though a union can. I refuse to anticipate the courts on this. But I certainly would say that the legislation in section 610 should stand. I certainly do not think it should be repealed.

Senator ERVIN. You suggest that while the corporation is a person, as we used to say in the old days, without a soul, that you think it might be without certain rights, too?

Mr. HACKER. Yes, sir.

The CHAIRMAN. It cannot take the fifth amendment; can it?

Mr. HACKER. No; it cannot.

The CHAIRMAN. That is one right it is without.

Senator ERVIN. As a matter of fact, the corporations have spent considerable amounts of money for political purposes, that is, in lobbying, hiring lobbyists to present their views to legislative bodies.

I live in a small town which has a number of industries, and I notice an increasing tendency there among corporate executives not only of a political nature but all matters. There seems to be a resurgence of a feeling that they have civic obligations which they must discharge, which I think is a very healthy thing.

The CHAIRMAN. Thank you very much, Dr. Hacker. We do appreciate your coming down.

Mr. HACKER. You certainly are welcome.

Senator CHURCH. Thank you, Doctor.

The CHAIRMAN. The next witness is Dr. Alexander.  
Please be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. ALEXANDER. I do.

### TESTIMONY OF HERBERT ALEXANDER

The CHAIRMAN. Doctor, give us just a little of your background, your name, your position, and so forth.

Dr. ALEXANDER. I am presently director of Citizens' Research Foundation, which has been in existence about a year, dedicated to the study of money in politics. Previous to that I taught in the department of politics at Princeton University. Previous to that I had been associated with Dr. Heard in his national survey on money in politics.

The CHAIRMAN. Thank you. Do you have a prepared statement?

Dr. ALEXANDER. Yes, sir.

The CHAIRMAN. Do you wish to read it?

Dr. ALEXANDER. If you would permit me; yes.

The CHAIRMAN. You may read it and then comment as you go along. Senator Church, will you act as chairman for a few minutes? I have to go to the floor. I will be back as soon as possible.

(At this point, Senator McClellan withdrew from the hearing room.)

Dr. ALEXANDER. The views I express are my own and do not reflect in any way those of the Citizens' Research Foundation.

I think there are two goals to consider while discussing political activities and political spending by both labor and management. These are:

1. That political participation by individuals, whether union members or businessmen, is desirable and we should seek to encourage it in ways consonant with political realities.

2. That comprehensive public disclosure of union and corporate practices is essential as a preventive or deterrent to abuses, and as a means of informing the public.

The political realities as I see them are that corporations, business or trade associations, and labor unions, are natural financial constituencies and their leaders should not, and constitutionally cannot, be debarred from asking stockholders or members to contribute individually to political candidates.

It is also unrealistic and perhaps unconstitutional to try to prevent political appeals to other than members through disguised institutional advertising, sponsored broadcasts, or other means. But it is realistic and desirable as well, to try to prevent the political use of corporate or union funds collected for other purposes.

My reasoning follows:

Great changes are occurring in our political practices. For example, both parties are attempting mass solicitations to get more contributors to help foot the political bills. The parties have been aided in these efforts by the joint "give a buck" campaign of the American Heritage Foundation and the Advertising Council. This trend toward mass fundraising is desirable, but political money in small sums is hard to come by and to be successfully raised requires well-organized efforts in the recruitment and dispersal of solicitors for person-to-person confrontation, which is the most successful fundraising method.



Thus far, the national parties have failed to receive the full cooperation of many State and local party committees necessary in organizing widespread solicitations. That cooperation will not be forthcoming on a large scale until political leaders recognize the desirability of spreading the financial base and can come to rely upon small contributions for their campaign funds.

This will take many years to achieve and meanwhile, corporations and unions exist in natural financial constituencies, wherein there are readymade channels for soliciting votes, political money, and volunteers for political service, in short for mobilizing the efforts and energy of large numbers of persons.

In a sense, these institutional constituencies may be replacing—or competing with—the ward and precinct as the center for mobilizing political energy.

The labor unions have had 15 to 20 years of experience in such mobilization among its members and at the highest corporate levels, activity in fundraising and recruitment of volunteers is long established. By 1958 corporate managers were reaching into the middle, junior, and lower executive and technical levels activating a high potential for political work.

I see no immediate dangers in these activities as presently practiced, though I would prefer the party organizations to exercise their rightful functions. Ultimately the trend could be dangerous if economic institutions were to replace party structures.

Barring a rationalized party structure, we must recognize that corporations are more than profitmaking organizations, and unions are more than adding machines for increased wages. Both are essential parts of our social and political fabric; both have, we hope, sensitive social consciences.

Since Government regulation impinges at so many points upon both corporations and unions, their leaders must be sensitive to their broad political interests, to Government policies that will help or hinder them. Both will at times try to mobilize by persuasion and propaganda, latent political inclinations amongst members. Both will try to activate members to vote, to contribute money, to give political service. And both will at times try to influence nonmembers, or the public at large, in political campaigns or propaganda—or more politely “educational”—campaigns, to achieve an atmosphere congenial to their ideas.

I see no reason at present to restrict such activities. If it is union or corporate membership that gives one a political interest, then let's recognize and accept his participation in defense of his interests as he sees them. Legislatively, I think we should try to guide, to channel in proper directions, to publicize such activities, but not to restrict them.

For example, we should encourage democracy in labor unions, in the means by which political endorsements are made, and I favor any legislation that promotes such democratic internal processes. We should try to protect the right of dissent in unions and prevent compulsory assessments or compulsion of individuals to engage in political activities against their wishes. The individual member's response often is not the result of coercion, as some would have us believe, but of social pressure or the need to conform or the urge to succeed. In

many cases of cross-conflict between one's own viewpoint and that taken by the organization, the result may be apathy—also something to be deplored.

But to expect a two-party system within unions, or to expect union organizations not to endorse candidates or take positions on issues, is unrealistic. Thus voluntary methods are desirable, and should be favorably publicized. But union funds collected for other purposes should not be used politically.

The line between a registration drive or a citizenship or educational drive, and activities that may directly aid one party or candidate more than another, is legislatively difficult to draw. The best safeguard I know is to require detailed disclosure of union funds and then to publicize those activities which are partisan or of direct aid to a party or candidate.

Senator CHURCH. May I interrupt there?

Dr. ALEXANDER. Yes, sir.

Senator CHURCH. I take it from your testimony up to this point that you first recognize the legitimate right of unions or of business enterprises to participate in politics, to endorse and support candidates of their own choosing because this is the very process of self-government.

But that unions for this purpose should use voluntary funds and businesses for this purpose should use voluntary as distinct from corporate funds?

Dr. ALEXANDER. Yes, sir.

Senator CHURCH. And that where unions do, in fact, employ dues money for registration drives, for citizenship training, for editorializing of one kind or another, or for educational purposes, whatever it may be, that here it is extremely difficult to prohibit and restrict legislatively and to establish penalties, that the best device for regulating that kind of function is through enforced disclosures and then bringing publicity to bear upon the kind of activity that these disclosures reveal.

Dr. ALEXANDER. Precisely.

By the same token, try as we may, I doubt that we can curb institutional advertising or other corporate practices that may directly or indirectly aid a party or candidate.

(At this point, Senator McClellan reentered the hearing room.)

Dr. ALEXANDER. The line between education and propaganda is rarely clear. If you are for it, it is education; if you are against it, it is propaganda. The need, again, is for disclosure, publicity, and long-term reeducation.

The need is for greater enforcement of existing statutes and rules, by the Internal Revenue Service and the Department of Justice. The need is to channelize disguised yet blatant political appeals to better purposes, to nonpartisan efforts like those of the American Heritage Foundation. The need is to commend such efforts as the aerofjet program, which was thoroughly nonpartisan and impartial, and to point out their advantages over those corporate efforts which are more partisan than not, and then to encourage imitation of the former.

In both cases, I think that exposure resulting from congressional hearings, investigations, and reports is essential. The work of this

present select committee is one example. The work of the earlier Senate Special Committee to Investigate Political Activities, Lobbying, and Campaign Contributions, headed by the chairman of the present committee, is another.

The work of the so-called Gore committee in 1956-57 is still another. In this latter connection, I would urge more investigatory and disclosure activity by the Senate Subcommittee on Privileges and Elections, on a permanent basis with special emphasis upon campaign years. And at the same time I would urge improved disclosure and publicity provisions for all political campaigns.

One other brief point. I believe the use of large sums of money in political campaigns is so easily dramatized that it leads us to forget or minimize the tremendous number of corporate and union man-hours, paid or unpaid, voluntary or captive, that go into political activities. The bookkeeping of man-hours may be difficult, especially if we try to translate their worth into dollars and cents, but I think that someone ought to look into the possibilities of such accounting for time and services. Only then will we know the true cost of political campaigns and the extent of labor and management spending.

Senator CHURCH. That completes your prepared statement. Have you anything else you would like to add in light of the testimony that has been given here to the committee this afternoon?

Dr. ALEXANDER. I would like to, with your permission, make one distinction in regard to the corporate programs that have been undertaken by various corporations in the country.

I quote here from pamphlet No. 8, "Businessmen in Politics," in the "Action Course in Practical Politics," put out by the Chamber of Commerce of the United States in which they say on page 3 that—

The General Electric Co. has spelled out the difference between nonpartisan political activity to improve Government and business climate generally, and partisan political activity in behalf of one party or specific candidates.

I think there has been a lot of loose talk in regard to the businessmen in politics. We are becoming rather accustomed to labor in politics, but over the past year there has been an upsurge in emphasis upon business in politics.

I think we fail to recognize in many cases two distinct kinds of activities. One is nonpartisan, generally, and attempts to create an atmosphere that is congenial to the ideas of the corporation, ideas in which the corporate officials believe that the corporation will prosper.

But on the other hand, there are the partisan political activities in behalf of one party or specific candidates.

If you will permit me, I will give a very brief illustration of what I mean. The Aerojet General Corp. in California conducted a good citizenship campaign in the 1958 elections. This was thoroughly impartial and objective. It collected funds for both Republicans and Democrats among the management and from among the general employees.

Upward of \$25,000 was collected for the two parties in California. The registration drive that was also carried on by the corporation netted 2,000 new voters in the 1958 election. This is one type of nonpartisan political activity on the part of a corporation. Compare this with the program of the Gulf Oil Corp., whose plan was to analyze the records of Members of Congress by, one, their attendance

at important sessions; two, their vote on significant measures; and three, their attitudes as revealed by speeches and committee activity.

Archie D. Gray, senior vice president, said that the company is studying everything, "that may help an individual shareholder, employee or dealer, determine whether his Senators and Congressmen are serving him well, little or not at all."

It seems to me that there is quite a distinction between the kinds of programs promoted by the American Heritage Foundation, "Contribute to the Party of your Choice," "Register in the Party of your Choice," generally emphasizing increased citizen participation, as opposed to the general kind of endorsements of candidates by corporations, going over the voting records and trying to determine whether the voting behavior of the Senators and Representatives has been favorable to business.

The same thing applies to labor. I do not believe that it is possible to prevent endorsements of political candidates by labor. By the same token, I believe that every time an endorsement is given, a candidate has the right to accept it or reject it. I do not find very many rejections of labor's support.

I think part of this is attributable to the fact that many politicians, candidates, must be dependent upon labor money. It is because of this that in my statement I brought in the problems of fund raising, and broadening the political base.

I think this is crucial to our democratic system. I think that if we can bring in large sums of money in small sums, that we will decrease the reliance of candidates upon labor money, or upon any kind of tainted money, any money that is given with any strings attached.

I do not believe it a general condition of our political life—that money is always given with strings attached—but I believe that if the political system leaves the candidate in such a position that he may have to rely largely on labor money or on money from corporations, or money from executives of corporations, then there is this chance that he will become beholden to them.

That is also the reason why I emphasize the importance of the National, State, and local parties engaging in kinds of activities which will attract citizens so that we do not have to depend upon the natural constituencies which exist where there are large aggregates of people in corporations and in labor unions, in order to mobilize political energy.

Senator CHURCH. Somebody has observed that this country has become a country of big government and small parties. I think that is so. Do you have any specific recommendations to make with respect to how party organizations could more effectively collect money on behalf of their nominees in political campaigns in such a way as not to leave these men overly beholden to any particular groups?

Dr. ALEXANDER. I believe this is largely a matter of education over a period of time. The national parties have supported the American Heritage Foundation campaign, "Give a Buck to the Candidate of Your Choice."

I believe when you get down to the State and local level, and in the last analysis it is at the local level where solicitation must take place on a door-to-door basis, a neighbor-to-neighbor basis, in personal confrontation, that it is the job of the national parties to attempt to achieve that kind of cooperation on the part of local leaders where

they will be willing to mobilize groups of solicitors to go out, raise money, and bring it in in small sums.

But I know that that cannot be done overnight, no matter how good the intentions of the national committees are. We have a splintered party system, partly reflecting federalism, and partly reflecting the separation of powers, and it is very difficult for Senator Morton or Paul Butler—well, it is impossible for them to dictate to local party leaders.

But we must admit that many local organizations are, in effect, closed clubs; they are not interested in bringing in young people. On the other hand, there are some that are trying to interest new people to participate in politics. It is a long-term proposition and I do not know all the answers. I believe along with Professor Heard this morning, that a tax credit for political contributions would have some beneficial effect, not that the dollar or two that the individual realized as a benefit would induce him to make the contribution, but rather, the notion of a tax credit would give Government sanction to the act of political giving.

I think that there is a long established tradition in this country, an image of politics, that political money is dirty. I think it is important that this Government sanction be given, that the Government encourage the act of giving, to create an atmosphere again, in which the Congress of the United States, the President in signing the bill, indicate that they are in favor of giving.

I think the tax credit is very important for that reason. But I think in many respects it will not bring in large sums unless the political parties are willing to organize their solicitation drives. It is much easier to rely on 10 or 15 large contributors in any political organization than to mobilize contributions from 10,000 or 15,000 people.

THE CHAIRMAN. Is there anything further?

SENATOR ERVIN. The only thing is I was very much impressed with your observation about the amount of man-hours put into political efforts and the difficulty of computing them or their value. I have always been interested in that. I live in a county in North Carolina in the foothills of the Blue Ridge Mountains, about half Republican and half Democratic. In my younger days I always found that in putting forth tremendous political activities you got along better without any money. I know I used to get all the precinct registration books copied. I would go in to each precinct and get people who were interested in politics and get them to get other people who were interested, and go to meetings and decide how many were Democrats, and make arrangements for somebody to see that every Democrat got to the polls.

I found out that if you had a man that worked because his heart was in it he was worth a whole lot more than a man you paid to work. I even appointed somebody to see that I voted for certain on election day. That is the type of politics which takes a tremendous amount of time and a tremendous amount of energy, but I found that where a man's heart is, he is more likely to do something and you can get it done without money.

DR. ALEXANDER. Senator Ervin, in that regard, I would say that we should look at our corrupt practices legislation which puts the emphasis upon money, not upon service. This is the tipoff to the

attitude that the Congress has taken over the years toward political participation. This may have a bad effect because we put so much emphasis upon the accounting for money, whereas money in itself is neutral and has to be spent to buy service or to buy goods.

By the same token, service, which is given voluntarily, has a monetary value. So I think you have to look at both money and service. In effect, money is just a kind of service. In some ways it is a substitute for other kinds of participation.

For many people, it is easier to give a few dollars than to devote a few hours.

The CHAIRMAN. Thank you very much, Dr. Alexander.

Senator CHURCH. We appreciate your coming very much.

Senator ERVIN. We certainly do. You have presented very interesting thoughts and concepts.

The CHAIRMAN. Thank you, Doctor.

Dr. ALEXANDER. Thank you.

The CHAIRMAN. Have we any other witnesses scheduled for this particular hearing?

Mr. ADLERMAN. No, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess subject to call (Whereupon, at 5:20 p.m., the hearing in the above-entitled matter was recessed, subject to call of the Chair.)

(Members of the select committee present at the taking of the recess: Senators McClellan, Church, and Ervin.)









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