

PUBLIC HEARING

before

AD HOC COMMISSION ON LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

"To allow several academic experts in the area of campaign finance to give their views on the major problems raised by the current system of campaign finance and to allow them an opportunity to offer any solutions to these problems that they may have developed"

July 11, 1990
Room 334
State House Annex
Trenton, New Jersey

COMMISSION MEMBERS PRESENT:

Dr. Alan Rosenthal, Chairman
Albert Burstein
Patricia Sheehan
Michael Cole
Thomas Stanton, Jr.
Senator Carmen A. Orechio
Senator Donald T. DiFrancesco
Assemblyman Thomas J. Deverin
Assemblyman Garabed "Chuck" Haytaian

ALSO PRESENT:

Marci Levin Hochman
Assistant Counsel
Office of Legislative Services

Frank J. Parisi
Office of Legislative Services
Aide, Ad Hoc Commission on Legislative Ethics
and Campaign Finance

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AD HOC COMMISSION ON LEGISLATIVE ETHICS
AND CAMPAIGN FINANCE

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Senator
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Assemblyman
Harold "Chuck" Haytaian
Assemblyman

PUBLIC HEARING NOTICE

TO: MEMBERS OF THE AD HOC COMMISSION ON LEGISLATIVE
ETHICS AND CAMPAIGN FINANCE

FROM: ALAN ROSENTHAL, CHAIRMAN

SUBJECT: COMMISSION PUBLIC HEARING - July 11, 1990

Anyone seeking further information on the commission's public hearing should contact either Marci L. Hochman at (609) 292-4625 or Frank J. Parisi at (609) 292-9106.

The Ad Hoc Commission on Legislative Ethics and Campaign Finance will hold a public hearing on Wednesday, July 11, 1990 at 9:30 a.m. in Room 334 of the State House Annex, Trenton, New Jersey.

The purpose of the public hearing will be to allow several academic experts in the area of campaign finance to give their views on the major problems raised by the current system of campaign finance and to allow them an opportunity to offer any solutions to these problems that they may have developed.

As of July 1st, the persons scheduled to speak include Dr. Herbert Alexander, Director, Citizen's Research Foundation, Dr. Ruth S. Jones, Professor of Political Science, University of Arizona, Dr. Larry Sabato, Professor of Government and Foreign Affairs, University of Virginia and Dr. Stephen A. Salmore, Professor of Political Science, Eagleton Institute of Politics, Rutgers University.



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(HEARING OPENS AT 9:50 a.m.)

DR. ALAN ROSENTHAL (Chairman): We'd like to get started. We'll call the roll.

MR. PARISI: (Committee Aide) Chairman Rosenthal?

DR. ROSENTHAL: Here.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Here.

MR. PARISI: Patricia Sheehan is not here. (Ms. Sheehan enters later) Tom Stanton?

MR. STANTON: Here.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Here.

MR. PARISI: Senator DiFrancesco?

SENATOR DiFRANCESCO: Here.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Here.

MR. PARISI: Assemblyman Haytaian? (no response; Assemblyman Haytaian enters later) You have a quorum, Mr. Chairman.

DR. ROSENTHAL: Today we will be discussing with four academic experts the subject of campaign finance, and receiving from them a variety of suggestions for how New Jersey might improve its campaign finance system. We're very appreciative of these four people taking their time from their valuable research, pushing back the frontiers of knowledge as, you know, all of us in universities do, to come here and, you know, try to help us in this real world of campaign finance.

We have, reading from my right to left: Larry Sabato from the University of Virginia, who has written extensively on political consultants, on PACs, on campaign finance, on political parties, and he's now writing on the impact of television on politicals called "Feeding Frenzy." Your new book is "Feeding Frenzy."

Larry, along with Herb Alexander, just served on a special committee appointed by the two leaders of the United States Senate, the Democratic and Republican leaders. A committee that was charged with making recommendations on campaign finance reform at the congressional, U.S. Senate level. And their recommendations are now being negotiated in the Senate.

Herb Alexander, from the University of Southern California, who is the head of the Citizens Research Foundation has been, certainly, the nations leading expert on money in politics for about 30 years. And in that period, Herb, you've made a lot of money out of that. (laughter)

MR. BURSTEIN: We have a very subtle Chairman, Herb.

DR. ROSENTHAL: Herb has written--

H E R B E R T E. A L E X A N D E R, P H . D . : I'm not yet a millionaire.

DR. ROSENTHAL: Herb has written extensively on campaign finance at the Federal level, and campaign finance in the states, and he has served as an advisor to Federal agencies, to the President of the United States, and to various elect groups in the states. So, his experience, both as an observer and as a researcher and as a consultant, is very great.

Ruth Jones, from Arizona State University is a relative newcomer to the field. You haven't been involved in campaign finance for 30 years.

R U T H S. J O N E S, P H . D . : I'm not as old as Herb.

DR. ROSENTHAL: Right. But we decided--

DR. ALEXANDER: Age before beauty.

DR. ROSENTHAL: --we wanted a perspective that is a little newer, and Ruth brings that perspective. You're now writing a book on campaign finance in the states, if I'm not mistaken. And I'm delighted that you could be here.

And my colleague, Steve Salmore, from the Eagleton Institute of Politics, who has worked on campaigns and

elections on matter of campaign finance, and who, with his wife Barbara, has a major book published by Congressional Quarterly Press on campaigns and elections. I'll repeat that, Congressional Quarterly Press, second edition, 1990, for any of you who want to take notes on that. (laughter) Steve also does consulting on politics, primarily to the Minority party, that at one point was the Majority party, and I guess at a point in the future, theoretically, hypothetically, could be the Majority party.

So, I'm delighted that you're here. Let me say that I've asked in a letter if you would, you know, think in terms of several questions. Now, in the letter that -- or in the memo that I addressed to the experts on June 18th, I said, "Let us assume that the Commission would like to make changes directed toward achieving the following goals: First, reducing the influence of money on the legislative process and on public policy; second, providing for fairness by making the electoral playing field more even; and third, by increasing public confidence in the legislative process and legislative elections." I mean, assuming that these are objectives, we'd like your suggestions as how to we might approach accomplishing these objectives.

We want this to be, really a discussion. And my aim is to have the members of the Commission ask as many questions as are on their minds of the people who have come in from around the country. So, the purpose here is for this to be kind of a discussion; quite interactive.

I'll start off with a question that I'll address to all four of you: In New Jersey we do not have contribution limitations -- limitations on contributions by individuals or PACs to a legislative campaign. So, we're going to be focusing on legislative campaigns, and not on other campaigns, not on gubernatorial campaigns. We do not have campaign contributions -- or limits on campaign contributions. That suggestion has

been made by a number of witnesses before this Commission. And I'd like your views of, you know, the utility of campaign contributions, in terms of, you know, how many states-- Whether that's the normal practice in the states, whether it's workable, what are the advantages, and what is the downside of limiting campaign contributions, and basically, whether you think we should go in that direction? Why don't we just go from right to left. Larry?

L A R R Y S A B A T O, PH.D.: Well, I'll leave the specifics to my colleagues and address the question theoretically, because I don't know the specifics. To me, in this whole field, the governing motto ought to be "less is more." Do less rather than do more in campaign finance because most reforms don't work. They just simply don't work. They sound great, but they're bad reforms. Bad reform ideas sound good in campaign finance. And I think contribution limits are in that category.

And I would never object to having contribution limits. I think they work reasonably well at the Federal level. But you have to consider whether they can actually work, and how well they can work, and if you enact them, you have to recognize that, in fact, they will not work as airtight limits. It's absolutely impossible as long as we hold the First Amendment as significantly as we do. Then any sort of limitations, whether they're spending limits or contribution limits, cannot work absolutely. They cannot be airtight.

So, as with any reform, I think the first question that has to be asked is, will this do more good than harm? And will it really work? Can it work? And what are the unintended consequences? Because almost all of these reforms have unintended consequences, and I think that contribution limits, inevitably, push money above the limit into other kinds of channels, whether they be grass roots participation, or

independent expenditures, or a whole wide range of other kinds of spending that cannot be limited under court rulings and under the Constitution.

So, there's no question that you can limit contributions if you choose to do so. But if you expect that to actually dam the flow of money, then you're very wrong, because you cannot dam the flow of money in a democracy. The money will simply cut a channel around the dam. And that will always be true so long as we hold the First Amendment to be dear.

So, I think that's the most important point about this reform and about any other reform in campaign finance. It will not work as well as you think it will work. And I will even add that that's a good thing, because it suggests to me that our political freedoms are more important here than they are in many other places, and that the limitations, by their nature, are not going to be able to work.

And I'll just conclude by saying, the fundamental reform, and the only reform that really works, the only reform that everyone seems to agree on, is full disclosure. And to me, it's much more important to make sure that every dollar raised and spent is disclosed than it is to put any sort of limitations on campaign contributions or expenditures.

So, if you were going to do anything at all that would matter, I would think it would be to try to increase or broaden the range of disclosure, and to make sure that your enforcement commission, which in my opinion -- I'm not from New Jersey, but watch a number of these commissions around the country -- I think it's the most effective state commission in the country, and one of the most active.

The best thing you can do is raise -- is to insure that the disclosure is full and to make sure that your enforcement commission has the financial resources to compile the material and release it in a format that the people and the press can understand.

DR. ROSENTHAL: Fred Herrmann got to you, too. (laughter) Thank you, Larry, and thanks for being brief. I would encourage each of you to be brief and succinct so we can really get around and get into questions? Herb?

DR. ALEXANDER: Picking up--

DR. ROSENTHAL: Do you agree with that guy?

DR. ALEXANDER: Yeah, Fred got to me, too. (laughter) Picking up from where Larry left off with respect to disclosure: I think that that is the keystone of regulation. That is important, but I think New Jersey has quite a good system of disclosure at the present time, and has an agency in the Election Law Enforcement Agency (sic) that is workable, that has a history that is accepted, and that is able to provide most of the information that I think the public has the right to know.

After disclosure, probably the most popular kind of public policy regulation in this field is contribution limits. Somewhere between 25 and 30 states have contribution limits, but it varies from state to state whether there are exceptions. Just as in your gubernatorial where, for example, you have limitations but there may be exceptions. Most states that have limitations on contributions, impose them at what I think is too low a level. I know in your gubernatorial campaigns the increase last year was from \$800 to \$1500 per contribution. In a state this size, with the amounts of money that are necessary in a gubernatorial campaign, it seems to me that 1500 is a rather low number, but it's manageable because public funding goes along with it.

If the State were to undertake contribution limits, my view is they ought to be generous enough to enable candidates to raise the money that is necessary in order to campaign effectively. I think too often reformers try to squeeze the candidates to minimize the amounts of money that are available, and to the extent that that happens, it puts more pressure on

candidates to spend more time raising smaller amounts. In theory, it would be nice to have big money in small sums. But in actuality, it's not that easy to raise. And so, if you go to a system of contribution limits, I think that you ought to think on the generous side, 2500, 3000, even 5000; so long as you have a good disclosure system to go along; so long as the disclosure is timely, in advance of the election; so long as the information is out there, as to who are making the contributions, I don't think there's a problem with imposing them on the generous side.

Just one more word about the gubernatorial in this State: Last year in the gubernatorial election you saw one of the impacts of on the one hand contribution limits, and on the other hand expenditure limits. What happens is, you get into a lot of soft money expenditure, or independent expenditure, and so, the more generous the contribution limits are the better. But, I agree with Larry fundamentally that you cannot have a strict structure of limitations, either contribution limits of expenditure limits, and not expect that there will be leakage, that there will be seepage through independent expenditures, through soft money, through the political parties, through issue groups which identify with candidates.

And so, while it may be desirable to impose contribution limits, you have to expect the seepages, and the lower the limits are, the more time candidates have to spend raising money; the lower the limitations are, the more seepage you will get.

DR. ROSENTHAL: Thanks. Thanks, Herb. Ruth?

DR. JONES: Well, I believe I take a slightly different tact, although I agree, in general, with what they said. One of your goals may be to restore public confidence, and to get people engaged in the electoral process a little more. And if that is a goal, then I think it's worth thinking about contribution limits, because if you have reasonable

limits at some point, you can sort of stop the floodgate of the really incredibly large gifts coming into individual campaigns. And I don't discount that.

Now, I come from a state, and as I go through the states looking at the effect of contribution limits, one of the boons of the citizen initiated contribution limits in the State of Arizona, one of the wonders of that and the people who like it best are the PACs, because it is such a low contribution limit that they now have-- I attended a workshop, and they have workshops on independent expenditures. They love it because the legislators can't put the arm on them because it's such a low contribution limit, and there's a max of what they can take. And so, the interest groups are going out and doing their independent expenditures and mounting their own campaigns, which the political parties and the candidates don't necessarily approve of, don't care for.

But Arizona has gone through some rough times politically recently, and citizen confidence is not real great in the system. And the one thing about stopping some of the big development money and the big money that comes from outside the State-- Don't forget, you're not talking about nickels and dimes that are raised in New Jersey. You're talking about money that comes in from outside New Jersey, outside legislative districts, and so forth.

So, I think that contribution limits are worth looking at. But I do agree with both Herb and Larry, that they have to be reasonable. The Arizona limits are ridiculous they're so low. And so, they've made a move in that direction to adjust them to inflation. Well, when you start with a real low limit, and you adjust it for inflation, it doesn't do any good. You've got to raise that to where it's reasonable.

MR. STANTON: How low are they?

DR. JONES: For a State legislative race, you can't give more than \$200 to a legislative race, and statewide

your're talking like \$500 adjusted for inflation, so they're really ridiculous. But we got that because the Arizona Legislature was not farsighted like the New Jersey Legislature, and decided to do something on their own.

DR. ROSENTHAL: And you have the initiative.

DR. JONES: We had an initiative.

DR. ROSENTHAL: We don't have the initiative, so we don't have to be farsighted. (laughter)

DR. JONES: But one of the issues of campaign finance is, who is going to exercise the leadership? In a state like ours, no one did, and you have initiatives. You see what happens. But if you look at some of the other states, and I hate to use it right now, but Louisiana is one of them, Arkansas is another of them, where the Legislature really drug its heals, the Governor starting exercising some leverage on the outside and put the squeeze on the Legislature to get some campaign finance and ethics.

DR. ROSENTHAL: But the point you're making is that with unreasonable or low contribution limits you do find those expenditures going into independent campaigns and interest group--

DR. JONES: Independent expenditures, yeah. And Herb's point about soft money: I think we have to be realistic about that, because it's coming in, and there's no way to stop that right now, unless the states are willing to do that, and that would mean some exercise on the state parties.

DR. ROSENTHAL: Thank you. Steve.

S T E P H E N A . S A L M O R E , P H . D . : I'd like to pretty much second what Herb and Larry said about focusing on disclosure. I think that the key to any system to build public confidence is knowing where the money goes and then letting the public decide in an election what they think of it. The problem is not the total amount of money spent, the problem is the perception that money buys something. And the public can

then judge, if there's a good disclosure system, if there was something actually -- some transaction that took place in return for that campaign contribution.

If you agree that disclosure is the key to a good system, then the contribution limit question has to be addressed: What effect does it have on disclosure? The example of Arizona, to me, is frightening because what it means is disclosure and the public's ability to see where money is going is almost gone if the money is going to independent expenditures.

DR. JONES: If they had to report the money.

DR. SALMORE: But even so, it means campaigns are not being run by the candidate or the party, that-- Who has control? Where is accountability?

Whenever you think of reform, ask yourself the question, what impact does it have on disclosure? A low contribution limit means-- I just attended a finance meeting of a campaign, and if you have contribution limits -- we didn't in this campaign -- but still the discussion would be, well, we can only raise in \$1000 chunks, we'll get someone to give 1000 for the primary, 1000 for the general, the wife can give, they have some cousins or relatives. So you get \$10,000 in 10 different checks from five different people, not with necessarily the same name, and where is the money coming from? I think reporters would have a difficult time disentangling it.

The money will flow. That's the point Larry made. The money is going to flow into politics. It's going to flow into State legislatures as they become more important, as they start dealing with problems that affect people more and more. The money is there. The question is not how you stop it, but how do you expose where it's going, and then let the public decide whether it's right or not?

Another thing that I think you should keep in mind, that this is an area of regulation that is different than any

other area of regulation. The people who are being regulated, in a sense, are making the rules. The legislators themselves are setting the rules by which they are conducting their campaigns, and it is naive to believe that strategic consideration will not go into the setting of those rules.

Every time you have a rule, there is going to be a calculation made on will it benefit the candidate; the incumbent; will it benefit the party; who will be hurt; who will gain by it? No matter how much of good will a legislator may have, it's almost impossible to put those concerns aside. The result, very often, is a tinkering of the system one year to the next with an eye, not to the public good, but an eye to the next election. We're not talking about the gubernatorial election, but that's the best example. The public financing rules in this State have been -- "manipulated" may be a strong word -- but certainly involved in the whole political process. And every four years then there are attempts made to change it. The calculation is made of who will benefit and who will be hurt, and not what's good for the public in the end.

Therefore, Larry's suggestion of the less is more is right on target. Set up a system where the public can decide what they like or don't like, and set up a system where any money that flows into politics is disclosed, and disclosed in a timely fashion.

I really second the remarks about the N.J. ELEC. But N.J. ELEC can only operate with the funds it has, and it needs, I think, more funds in order to have a better system of disclosure that's more timely, that's more accessible, where a reporter or a citizen -- but basically reporters -- can go in and find out right away who gives the money, where it's coming from, and how much it is. And right now I think that there's a real struggle for that system to actually be in place -- that there is a funding problem.

So, I think that the rule is always look disclosure, and the impact these might have on disclosure. Disclosure is the one element that I haven't heard anyone object to, and if you have good disclosure, then I think you'll have a system that the public will have more confidence in.

Now having said that, I would argue for some contribution limit, because the one thing that the public gets upset about is the notion of a large amount of money coming into a single person. I mean the Keating example is certainly one of them. Here's a system, by the way, the Federal system, which is much more stringent than the New Jersey system in terms of contribution limits, yet one person was able to give essentially a million dollars through various channels. That undermines the confidence in the system.

Realistic contribution limits and the numbers that Herb was talking about, certainly, I think, would be in the ballpark. But a very good and comprehensive disclosure system, I think, is as far as you should go in terms of regulating finance in the State.

DR. ROSENTHAL: Before we open it up for questions, let me ask the experts if you want to respond to one another in any way or add something in light of the way the conversation is going? Larry, perhaps you want to retract your opening statement and take another position? (laughter)

DR. SABATO: Not at all, Al. As you well know, I don't do things like that. No, I just-- I don't find anything to object to that any of my colleagues have said, and I would agree entirely with Steve's last remark.

But I would also add that, while I have no objection at all to contribution limits as long as they're generous and as long as you have a COLA attached -- you have a cost of living increase so you that you don't get stuck the way we have at the Federal level with 1974 dollar limits that don't fit anymore.

If you want to have contribution limits, you want to add a COLA, fine, but I don't think anybody should fool himself or herself that that solves the problem because that fellow who wants to give a million dollars is still going to give a million dollars. If he really wants to give it, he'll find a way to give it. And it may be in a series of PACs, it may be soft money, it may be independent expenditures, it may be some form of party contributions, grass roots participation, but believe me, if he wants to get in there and give that money, he's going to do it. So, I think you have to approach campaign finance from that perspective. There is no perfect solution because there's a First Amendment.

DR. ALEXANDER: I would just add that I don't think that we should be negative about soft money to the extent that soft money means strengthening the political parties. Now, political parties differ from state to state, and across the nation, but to the extent that parties can participate in the campaigns, at least in the general election part of the campaigns, I think it's desirable. And, in fact, to the extent that parties are able to participate to a greater extent, there may be less reliance on PAC contributions or lobbyist contributions if the parties can make expenditures on behalf of candidates running for public office.

And so, I don't think that soft money ought to be thought of in derogatory terms. But I think it can be regulated, it can be disclosed, but it also can be thought of in terms of strengthening the role of political parties vis-a-vis the strengthening of lobby contributions or large contributions from individuals.

The last point I would make is that with no limits on contributions there is concern that you might not be able to gain public confidence in the system. People think that contribution limits are desirable. To that extent, they ought

to be imposed if the alternative is perception out there that money buys elections, or that unlimited amounts of money can come from any specific source or series of sources.

But if you go to contribution limits, as I say, I think they should be large enough -- 2500, 5000 -- to enable the candidates to raise the money. As long as there is good disclosure, I don't see any problem with contribution limits.

DR. ROSENTHAL: Would you have contribution limits on contributions to the parties and the soft money contributions, as well?

DR. ALEXANDER: Yeah, well of course there's variation across the states. In California there was an initiative in 1988 which enacted contribution limits on campaigns for candidates, and said absolutely nothing about contribution limits with respect to parties. The result is a great funneling of money through the parties. And the parties then get into party building activities, but also into registration -- get out the vote activities. The kinds of things the parties should be doing, in any case, they do it on behalf of the candidate, and it's not counted as a contribution to the candidates.

ASSEMBLYMAN DEVERIN: There's nothing wrong with that.

DR. ALEXANDER: But there's nothing wrong with that. But in other states where you have contribution limits on candidates, there may also be contribution limits on parties. That is, it doesn't have to be the same amount; it could be a larger amount. And I certainly take the view that parties ought to be able to raise significant amounts of money and ought to be enabled to participate in the system, because, again, parties are the most common denominator of agreement on policy issues, and they're different than a lobby group which has a specific interest, to the extent that candidates are receiving money from lobby groups, or from lobbyists, or from wealthy individuals, or whatever. You know, there may be that

imputation that there is a policy goal made with the contribution, whereas money that is funneled through the parties is sort of laundered. It's cleansed along the way, and to that extent, so long as there are no prohibitions of party participation in the process, I think it's all to the good.

DR. ROSENTHAL: Let me just go through the-- And then we'll take questions.

DR. JONES: Two points I hope we'll get back to, soft money and parties as a topic at some point, but if you follow Herb's line of reasoning, then it is critical that the disclosure for the parties and the PACs-- And I agree that those ought to be set differently. If you have contribution limits, it ought to be high; that that disclosure is full and timely and opened, and that puts a tremendous administrative burden on whoever is doing that because the party requirements and the sources of their funds and so forth, have to be available if you're going to put some limits on it.

We need to talk about what parties do in general, so I'd like to get back to that. But I want to make it clear that Steve, I thought, indicated that I was putting forth the Arizona model as a model, and that's exactly what I was not doing. But I think that in terms of contribution limits you asked about for parties and for PACs, we have lots of models of the different state legislation on that, and some states do not differentiate between a party and a PAC. And some keep the same contributions for parties, PACs, and individuals. And if you go contribution limits, I think you need to take those systematically, differently, disaggregate them, as Herb was doing, talk about what limits seem reasonable for contributions to those units.

DR. ROSENTHAL: Steve?

DR. SALMORE: Yeah, let me make some comments: One is, if you want an example, I think an unintended consequence is the whole way parties are treated in campaign finance. The

problem with soft money is not that it's going to the parties, but it's undisclosed. I think that's really what -- people talk about sewer money or soft money.

But the notion that, you know, if you give money to the party, the party then will speak for the common good, avoids or ignores the political fact that if the parties control the money, the candidates will take it over.

And let's not talk about the rest of the country, let's talk about New Jersey. If you believe that soft money -- party money was spent by the party and not by the candidate, that was not the State I was in. I mean, in this State, the money the parties spent were controlled by the candidate. It's candidate money, it's not party money. And I think the distinction becomes false if the party is able to raise large amounts of money and the candidates are restricted, the candidate has a vested interest to take over the party, and the party has an interest in letting the candidate take it over, essentially, and dominate it.

The other point I'd like to make is, I don't see what's wrong with encouraging PAC contributions because you can tell where they're coming from. I'd much rather have the money coming from a builders' PAC than from John Smith, Jane Smith, Minnie Smith, Dick Smith, all members of the Smith family who own a development company. I can tell where it comes from. And if disclosure is what you're interested in, letting the public see where the money is coming from, let's encourage the money to come from identifiable sources, not encourage it to come from unidentifiable sources. So I see no problems with PACs per se, I think that problem is the perception that something is being bought.

And the people who are going to decide whether that's an issue or not, ultimately, are going to be the voters, and if there is a disclosure system, then a candidate can stand up and say, "My opponent took money from 'X' company or 'Y' company of

'X' PAC and 'Y' PAC," and it becomes a political issue, which it should become.

DR. ROSENTHAL: Thank you. Questions? Assemblyman Haytaian.

ASSEMBLYMAN HAYTAIAN: Yeah. Talking about party dollars versus PAC dollars, one of the problems that I see we'll be going back to is the back room political party boss pulling the strings on candidates; for instance, sitting with legislators on the floor of the Legislature when votes come up. So, if the perception is that if PACs give money it's bad, what is the perception of party chiefs giving money? What does that mean? That means, in Steve's words, it seems to be okay; it's laundered; it's fine. I mean, someone is pulling the strings if that's what you're saying happens with dollars.

I don't believe that, by the way. I truly don't believe that. And maybe I'm too naive in this whole business, but I don't believe that that's the case. So, explain to me what we would be returning to if, in fact, we would be going back to that party situation, because we've had problems that way also where party chiefs then become the bosses of not only candidates but party positions in the county, as well as in the Legislature.

DR. ALEXANDER: Well, I think there is an advantage in cooperative campaigns. That is, I don't see any objection to what Steve said, that the candidate Florio, or--

DR. SALMORE: Courter.

DR. ALEXANDER: Yeah, the other one.

MR. BURSTEIN: Charlie Sandman, was it? (laughter)

DR. ALEXANDER: The Democratic or Republican gubernatorial candidate are coordinating their campaigns with the party, or the parties are coordinating the spending of money on behalf of the campaigns for Governor. I don't see--

SENATOR DiFRANCESCO: No, that doesn't happen in the legislative. If you were having a year where you don't have a gubernatorial race, that would not happen the way you said it.

ASSEMBLYMAN HAYTAIAN: That's right.

SENATOR DiFRANCESCO: You're the expert, I agree. But I'm telling you that legislators do not run the party, nor do they control the party money.

ASSEMBLYMAN HAYTAIAN: Unless you're party chairman and legislator.

SENATOR DiFRANCESCO: I don't agree with that.

DR. SALMORE: No, but, Don, isn't it true the legislative leadership raises the bulk of the money?

SENATOR DiFRANCESCO: Yeah, we--

DR. SALMORE: And isn't that the equivalent?

SENATOR DiFRANCESCO: No.

ASSEMBLYMAN HAYTAIAN: That's not the case.

ASSEMBLYMAN DEVERIN: That's something we--

SENATOR DiFRANCESCO: We went through that in '83. We did not raise the bulk of the money.

ASSEMBLYMAN DEVERIN: You have the party, you have the candidate, and then you have the leadership party -- the PAC leader. Now I don't know whether that happens in other states, but the party raises money, the candidate raises money, and the leadership raises money. Now I don't know whether you call that soft money or "smart money." (laughter) So, should there be limitations on all three, or should there be a limitation just on the total amount divided among all three?

DR. ALEXANDER: I have more of a problem with the leadership money. This is from a non legislative point of view, but I have more problems with the leadership money than with party money, you see, because what happens is the leadership of the party in the Legislature is out raising money in his name, not in the name of the party in order to raise enough money, in order to pass it along to -- as a transfer of funds, or as a contribution to candidates running on the party ticket. Why give that power to the legislative leader who then will use it in terms of public policy demands later in votes

that are taken in the Legislature? Why not cleanse it through the party, and the party leaders raise money for the party and the money is funneled through the party?

You know it's more like what exists at the Federal level -- at the national level -- where there's a national committee, a senatorial committee, and a congressional committee. The party leaders, while they do have their own PACs, are also raising money for the senatorial committee and for the congressional committee, so then it funnels through the party to those candidates, whether in the form of contributions or in the form of coordinated expenditures on behalf of the candidates.

ASSEMBLYMAN HAYTAIAN: You're saying that--

DR. ALEXANDER: It's better than a cult of personality.

DR. ROSENTHAL: But Herb, when you have the party-- I mean, the party as an abstraction doesn't exist. Somebody will control the party, and very often the Governor will control his party, so then you have the Governor basically running legislative campaigns and allocating funds to legislative candidates rather than legislative leaders doing it. I mean, aren't there dangers there?

DR. ALEXANDER: Well, not if you have a senatorial committee and an assembly committee that are lead by the leadership or by members in both bodies who are funneling money then to candidates on the ticket.

DR. ROSENTHAL: So, you basically think there is a pluralistic system--

DR. ALEXANDER: It's a pluralistic system--

DR. ROSENTHAL: --of party, of leadership PACs, and of individual members getting funds, and that's the kind of workable system.

DR. ALEXANDER: Yeah, and there's a tension between, on the one hand the national committee, or the state committee which may represent the presidential wing, or the gubernatorial

wing of the party, as against the senatorial or assembly wings of the party that are represented by the campaign committees -- party campaign committees in those bodies.

ASSEMBLYMAN HAYTAIAN: Reality seems to be escaping everybody here. I don't think you understand what happens in campaigns.

Let me explain something to you. If we had an Assembly Republican Majority Campaign Committee for the last four years, now it's the -- still Assembly Republican Majority, but we're anticipating that to occur. (laughter) The point is--

ASSEMBLYMAN DEVERIN: Dream on.

ASSEMBLYMAN HAYTAIAN: --if I didn't have as Minority Leader, my members who in essence donate to Assembly Republican Majority to help challengers go against incumbents, then I really can't raise a whole lot of money from the Assembly Republican Majority. Whereas, if there's a gubernatorial campaign, and the State party is raising money, then there is an awful lot of money coming in, whether it be incumbent or challenger. The point is the leadership dollars that I raise in a "Friends of Chuck Haytaian" -- started off the ARM '91 -- or ARM '89. That's the way it works in reality, so you know, what you're saying in essence is, as long as legislators raise money and give it to a committee of the Assembly or Senate, that's okay. That's, in essence, what we do in New Jersey, by and large.

DR. JONES: Many states have addressed this issue in terms of leadership PACs or leadership fund-raising, and if you have disclosure of that-- There are many restraints, contribution limits on what a leadership PAC can give to any one individual in some states, or what any one individual's candidate committee can transfer, because you can get into the transfer issue, but as long as those rules are there, clear and disclosed, I think that benefits everyone. The leadership

still has this ability to move money where it will be most helpful for electoral victories. You still have people knowing that it came from the builders to the leadership committee and went back out in the sum. Then contribution limits become important because if you can give \$100,000 to a legislative campaign out of your leadership PAC or if you can only get \$30,000 per candidate, it makes that level playing field for the non "in" part of the party, a little more level. So, a lot of states have played around with this. Leadership PACs have transferred--

DR. ROSENTHAL: You would not eliminate leadership PACs--

DR. JONES: Oh, no. Absolutely not.

DR. ROSENTHAL: --as they have done by the ballot in California?

DR. ALEXANDER: But, some states they are undertaking prohibitions of transfer of funds from one candidate to another or, from limiting them. That's something I don't think you ought to get into.

DR. SALMORE: But, the point is--

DR. ALEXANDER: Those prohibitions really hamper the leadership, whether it's party leadership or legislative leadership, in terms of their ability to help challengers, particularly--

ASSEMBLYMAN HAYTAIAN: Especially challengers.

DR. ALEXANDER: Especially challengers, who need those infusions of money from State level committees whether they are leadership committees or party committees, in order to have enough money to conduct competitive campaigns.

DR. SALMORE: I think the third point, the level playing field, the only way -- not the only way, but the major way challengers will get money is if it's raised for them by leadership, party. If you want to have competitive races, and we know that incumbents more and more are getting reelected,

there are fewer and fewer competitive races, you need a system where challengers can get money, and we now are developing, ad hoc, that kind of system.

The other point is, is that it's not only important who gets elected, but -- I'm sure Assemblyman Haytaian would agree -- it matters who controls the house, and that we want to give money not just to see if one individual person is elected, but where control goes. And that's a legitimate reason why people want to contribute money; to influence the outcome. They're not so concerned as to who the individual members of the Majority are as long as the Majority is the Majority that they want. Leadership has a role in that; I think a very important role.

Just to go back to the earlier point that I made about the parties and the candidate: In New Jersey in 1981 when Tom Kean won, the Democratic party went into debt, and did not come out of debt, essentially, until eight years later and did not operate as an effective entity. In 1989, Jim Florio won, the Republicans now are on the out, and as far as I can tell -- I know Bob Franks is working hard, I'm trying to help him -- but it has not yet replaced the kind of fund-raising that was possible when Tom Kean was Governor, and that essentially when the party is in power, it raises money because the Governor can raise money. When the party is out of power, well, we'll see what we can do.

DR. ROSENTHAL: I've heard complaints from lobbyists that they don't like leadership PACs because then the member doesn't know where the money is coming from. In fact, the leader, of course, can take money from a group and give that money to an incumbent or a challenger who is really an antagonist of that group. Does that bother you?

DR. SALMORE: Well, I would say I don't have much sympathy for that. They have to make a decision as to where they want the money to go. If they are interested in control,

then they have to give it to the leadership and trust the leadership to do what has to be done to gain control.

If they want to get a specific person elected, well, give it to that specific person, but I don't really-- I mean, they know what's happening, and they're saying, well, they have to give the money. Well, they have to make a judgment as to the best way of spending their resources.

ASSEMBLYMAN HAYTAIAN: Alan, generally money is given to challengers rather than incumbents, and we're constantly hearing, leadership money going to members. That's not the case. It's really not the case. I mean the monies that leadership raises or individual members raise that go, say, into a Senate fund or an Assembly fund, or a leadership type fund, that goes to challenger districts -- all marginal districts.

DR. ROSENTHAL: Marginal.

DR. SALMORE: One advantage that leadership has -- leadership funds -- is they take money out of safe districts, from legislators who don't need them but always would like to have it available since it's nice to be comfortable, and give it to those where the money really is needed. One of the abuses that people do see is people in safe seats raising large war chests. Of course, one of the reasons is to scare off challengers, and there's a reason for that, but one good point of the leadership PAC is that it does move the money to a certain degree out of those safe districts where the money really isn't needed and puts it into districts where it is needed.

I don't want to dwell on leadership PACs, because there's something else I want to get to, but there's another side to the leadership coin; that is, it solidifies leadership in their leadership roles, which may not be the best thing in the world but, I mean, present company excepted. (laughter)

DR. ROSENTHAL: Al?

MR. BURSTEIN: The common theme that I've heard from all of the people here today -- and I think their testimony has been most valuable for us -- has been that whatever the campaign contribution limitations, PAC limitations and so on, the underlying theme is that disclosure is the most important of the elements that go into whatever package is put together. I'd like to address the matter of disclosure for just a few moments, to see how effective disclosure really is.

You have one sort of disclosure during the course of a campaign, where in our system at least -- and I'm sure other states as well -- you have reporting of campaign contributions during the course of that campaign. But what impact does that have on the campaign itself, if any? What does the public learn about it, if anything? Has there ever been a connection that you know about between disclosure and the ultimate outcome of a campaign? That's one part of the question.

The second is: Let's assume that there are these disclosure laws to the broadest possible extent, and that a private interest group having a PAC has donated sums to candidate "X" who is now an elected official, and he is now faced with a vote on a bill that is of interest to that interest group, and he votes the way the interest group wanted. Does that necessarily mean he has voted because he got that money?

You're talking in terms of public perception and the down side of the way in which the public looks upon their elected officials and the nexus between money and the votes that they are about to cast in their public duties. How do you get away-- How do you counterbalance the idea that everything is a bought vote, which frankly, from our collective experiences, we know to be utterly untrue, but the public thinks otherwise? How do you counteract that kind of a perception?

DR. SABATO: Well, I think you raised a very important point, and it's one that people in this field ought to give more attention to. The problem is that in American life and history there's always been an enduring suspicion of the mix of money and politics. I think it's ingrained in the American character. There's absolutely nothing that you or anybody else can do to get away from that. However, I think it is also true that a number of special interest groups -- I call them special interest groups, they call themselves public interest groups -- are responsible for stoking the fires of cynicism in this country, and rightly or wrongly, their ally in many cases is the news media.

I've got a thick file of stories in my office in Charlottesville from all across the country, written by newspaper reporters, some of them transcripts of evening news broadcasts in which the press releases of these public interest groups are produced as stories without a word being changed. They capitalize on this public suspicion of the mix of money and politics, and they promote the idea that every dollar given results in a favor received legislatively, and it isn't true.

So, we have to do what we can. I think academics have been doing this to counteract what the public interest groups -- or the special interest groups that masquerade as public interest groups -- say about campaign contributions, because it just isn't true.

There also is that capital "P" Progressive bias in the news media that presents that side of the story and only that side of the story. As Alan mentioned, I'm currently working on a book about the news media, and one thing I've found is that when they concentrate on their bias, when they recognize their bias, they account for it; they step back from it, and they try and counterbalance. It's when they don't recognize that they are biased that we really get into problems, and one place where they don't recognize they're biased is in the field of

campaign finance. They don't recognize another side to the issue. They assume -- as I think your reporters did in this long series that Alan was telling me about here in New Jersey-- They assume that there is a direct connection between money given and votes cast in the Legislature.

Not only is that wrong, I think it's insulting to every elected official. It's just not the way the system works.

DR. SALMORE: Al, the initial question you asked was: Is there any example of an election which turned on disclosure? Now in my experience, I am not aware of any election that turned on the amount of money spent. I don't know of any candidate who lost because they spent a lot of money, and the opponent mentioned it. That's not the same thing that you mentioned.

Now, what about getting money from particular sources? I've seen campaigns where that's used as a way of characterizing the opposition. It's very rare, however, in my experience, that that is particularly effective. That really leads to the next point which is, what's the good of disclosure?

I think the good of disclosure is the information is there but at least Larry's point, once the public finds out, it's not entirely clear they rise up in righteous indignation and throw the rascals out. That it is not surprising that legislators vote their interests. I mean, when I talk to a candidate about a campaign I say the hardest thing you can do is change someone's mind. What you want to do is find out your supporter and get him to the polls.

I think the hardest thing for an interest group to do is to go to a legislator who is against them and give them money to change their mind. What you do is to go to someone who agrees with you, and say, "I want to make sure that you get your point of view out," and that the causation is usually the other way around. The person who supports the interest group's position gets the money because they support the position. Not the other way around.

If you had disclosure and the public had the opportunity to judge, my guess is that they wouldn't be all that upset. In fact, that's sort of -- in my mind at least -- the pattern that we've already seen.

DR. ALEXANDER: There's a false perception out there, and as social scientists we complain about it because there's a kind of unidimensional analysis in which the equation is, a contribution is made, then a vote is made by a legislator in the Legislature, and that's cause and effect. We know studies at the national level in which party loyalty, in which constituency interest, in which personal principle are greater determinants of voting than are political contributions, but groups like Common Cause and others -- and then they're echoed in the media -- get picked up with this unidimensional kind of cause and effect relationship: The person voted this way; the reason was because he got contributions from this lobby or this interest group.

We have had frustrating times trying to get the view across that there are these other variables, there are these other factors, but the media's not very interested in them, and certainly the public interest groups are not interested in them, and so it's true, when you get a good disclosure system it's easy for whoever wants to do it to pick up those two factors. This is how the member voted, and this is the pattern of contributions to that member, and therefore, that's the reason that he voted the way he did.

DR. ROSENTHAL: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: That's so true. I wish we could figure out one way, when sometimes there is a contribution made to a candidate who becomes a legislator and he votes opposite to the way the money would-- I never hear that mentioned by anybody. For instance, the interest groups or groups or the special groups or the newspapers will never say, "Candidate so-and-so got a \$5000 contribution and voted against the

bill." That never shows up, so it never balances out that one time you get a contribution you vote yes, and the reason you voted yes is because you got the contribution. Next time you vote no, nobody mentions that. That's the problem. How do we balance that? How do we show that?

DR. ROSENTHAL: Tom?

MR. STANTON: Just before the meeting we were talking about that in relation to the series of articles. Three very powerful groups: the American (sic) Rifle Association, the New Jersey Education Association, and the insurance lobbies all took major hits just in the last few weeks here in New Jersey. I think it's a classic example of three very powerful groups not getting what they tried very hard to get.

ASSEMBLYMAN DEVERIN: Those factors that you talked about: Party loyalty, the idea that the Governor's program is best, are the reason those votes are all "yes." The negative votes came for different reasons.

DR. SALMORE: Let me follow that up and make a proposal that might address some of the problem. I think one thing that makes it more newsworthy -- the stories about finance -- is that some of it is seen as being under the table, that there isn't full disclosure and that if you go through the files you're doing a good investigative story if you uncover these "secret" flows of money. If the money was disclosed, disclosed quickly and completely, I think you take out that element, and I think it's to the advantage of the contributor to have it disclosed, to make it as public as possible. One of the problems that ELEC has in this State -- and I'm sure in every other state -- is they're dependent on appropriations from the people they are going to report about. They are subjects of the vagaries of the political process.

What I would like to propose is that we look upon the Election Law Enforcement Commission as an agency who is serving the benefit of contributors as well as the public, and that

they should be funded by contributors as a form of a user fee. And that a percentage of political contributions be given to ELEC, and that it be done on a sliding scale: that if a contribution is less than \$500, nothing goes; above \$500 to \$2000, 2% or 3% -- you can work the figures out -- and that the larger the contribution the more that disclosure is important, the more that person should pay. Think of it as simply an agricultural company paying the government to inspect their crops before they go to market. This is the stamp of purity. If they are going to disclose it, it moves ELEC from the political process, it makes it self funding. The more money that's given, the more work they have, the more money they get.

I think it addresses disclosure, I think, in a way which encourages more of it, and, I think, answers some of the question, not completely, of how do you avoid the press', investigative reporting, discovery of "secret" money. Let's stop making it secret. Let's put it out in the public and let the people making the contributions fund the system to make it public.

DR. ROSENTHAL: Let me ask the other experts about any examples in other states of where an election law enforcement commission is funded by fee. Or what do you think about this kind of idea, as long as we're on the subject?

DR. ALEXANDER: I don't know of any. Ruth?

DR. ROSENTHAL: Ruth, did you--

DR. JONES: California is dependent in terms of its constitutional arrangement, so it is safe.

DR. ALEXANDER: Well, the appropriation is made--

DR. JONES: Right, the appropriation part is separate.

DR. ALEXANDER: Right, is guaranteed.

DR. JONES: I think you ought to think seriously, Steve, about a user fee. Look at the flip side. I want to give \$500 to a candidate, and I find out I have to give Fred Herrmann \$25 of that, you know, something like that.

(laughter) Now, I think it's different. I think if you are talking about PACs and candidate committees and party committees and so forth that are ongoing, sustaining kind of organizational entities, then you might talk about some kind of sliding scale.

We were talking earlier, I wouldn't want to make that on the amount of contribution. I'd want to find some standard, otherwise it would be an administrative nightmare, but the notion of docking the individual contributor to pay the bureaucratic fee-- We have enough trouble. We have less than 13% of the population help contribute as individuals to candidates anyway, and if I think that part of mine is going to go to fund a bureaucracy, I, being of right mind would say, "Okay, I understand bureaucracies," but maybe other people don't, so I'm a little concerned about putting that on individuals.

DR. SALMORE: It's a good response. For small contributors you're right, and I wouldn't put it on there. Large contributors, of course-- The number I picked is \$500. You can work the numbers out. I think they know what is going on. It wouldn't be their responsibility to send the money in; it would be the campaign's. The campaign would get it. They'd have to report the size of the contribution anyway. I think there are obviously administrative problems, but I don't think if you kick it in at a \$200, \$300, or \$500 level it will materially affect contributions. I think somebody who wants to give \$1000 is just as happy to give \$950, even if they know that \$50 is going to go to the ELEC.

DR. ALEXANDER: It's just that--

DR. JONES: Well, if these are registered committees, dock the committee when they register and they can pay up-front, and then don't make the candidate keep track of adding on the--

DR. SALMORE: The problem with that is that means every committee pays the same amount.

DR. JONES: No. You can take a sliding scale of net worth, number of members, you know. There are a lot of things--

DR. ALEXANDER: But just remember that to the extent that you institute a policy of user fees, you're dipping into what is essentially a scarce resource, which is political money. Even if it's only 2%, or 3%, or 5%, whatever it is, it's that much less that's going to go into campaigning. It's that much less which is going to go into the needs of candidates and committees and parties.

DR. SALMORE: I'd rather dip into that than dip into the taxpayers' money. I mean, I'll be very political about it. I feel much more comfortable funding it out of people who give to politics than funding it out of the taxpayer. Why should the taxpayer have to pay for this if the people who benefit from it -- the contributors, they obviously benefit from participating in the system -- pay for it?

DR. ALEXANDER: Well, we were arguing that disclosure is very important, and it's the public's right to know, and if the public has the right to know, then they have to pay for funding an agency like New Jersey ELEC.

DR. JONES: My response to that is that 87% of the public are free riders anyway. They all benefit from a healthy democratic elective process, and they ought to pay for some of it. I mean, I'm not sure I personally would make that, but I think that's a response.

DR. ROSENTHAL: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Alan, can I ask Fred Herrmann a question? I would just like to bring him in.

DR. ROSENTHAL: Sure.

ASSEMBLYMAN HAYTAIAN: Fred, how many campaign expenditure reports based on the campaigns, say in the last year, have raised over \$5000? How many campaigns, a guesstimate?

F R E D E R I C K M. H E R R M A N N, P H . D . : A
guesstimate?

ASSEMBLYMAN HAYTAIAN: Yeah.

DR. HERRMANN: It would be pretty tough, Chuck.

ASSEMBLYMAN HAYTAIAN: Over a thousand?

DR. HERRMANN: Certainly over a thousand. We have
some committees that are raising \$10 million.

ASSEMBLYMAN HAYTAIAN: Okay. So, if we take Steve's
idea -- which I think is a good one, by the way -- not on
individual contributions, but if we set a limit, if a limit
were set: If you raise \$10,000 in the campaign, \$100 is the
fee to be paid ELEC; \$15,000, \$150. Go up the scale. I don't
know what the scale would be, but that's not a bad idea, and
that's not a bad idea to fund ELEC. You're not going on
individual contributions. You're going on the total campaign
and how much it raises. I'll tell you, I think that would
work, and work very, very, well, because it is a user fee. We
use a system. They have to report it. They have to disclose
it. I think it is well worth thinking about.

DR. ROSENTHAL: So, the Legislature would not have any
control over the budget of ELEC. It would be--

ASSEMBLYMAN HAYTAIAN: Well--

MR. COLE: That's not true, Chuck. I mean, even if
you are being funded by fees, all it takes is one sentence of
language in the appropriation act to prohibit the expenditure
of those fees, and to send them to the General Treasury. The
Legislature and the Governor always control the expenditure of
money except where there is a Constitutional guarantee that it
goes in a particular direction. So no user fee system will
"remove" ELEC from the political budget process.

DR. SALMORE: It would insulate it.

MR. COLE: You don't really insulate it. If you want
to, it's simple. If the Governor writes it in, the Legislature
isn't going to take it out, or if the Legislature changes it,

or affirms it to a negative, the Governor changes it back in the line item. I think everybody agrees that ELEC should be funded at an appropriate level, but I don't know if a user fee is the way to go, and I don't know that we have any--

ASSEMBLYMAN DEVERIN: I don't think it could exist, Mike, without the State appropriation. I see that as well as an appropriation plus a user's fee but, if you take the appropriation away -- I'm sure that you agree with me -- that would go down the tubes. It wouldn't exist. It would be-- You couldn't raise the fees high enough to raise enough money.

DR. HERRMANN: What we had thought about was going through the regular appropriation process, but then we would be able to reimburse the State up to whatever we collected, but we would be guaranteed the appropriation.

MR. BURSTEIN: A likely story, a likely story. (laughter) I never heard of the State being reimbursed.

One of the questions that Alan put together, or the staff had put together in preparation for today's meeting had to do with your perception of the effectiveness of public campaign financing, particularly of legislative races, particularly in Wisconsin and -- where else -- Minnesota. I guess those Midwestern states are the only ones that can run a clean system. What's your perception of it? Is it working? Does it sanitize the process at all? Is it any better than what we have here?

DR. SALMORE: We had a conference at Eagleton with the people from Minnesota and Wisconsin. I think the report was mixed. The Speaker of the Assembly in Wisconsin, now the Governor, essentially said that while he was a believer in the system when it started, he now no longer is, and the problem is is that public funding in Wisconsin is tied to expenditure limits. Once you opt for public funding, you're limited to the amount of money you can spend. If you're in a tough race, you're not going to opt for public funding, because you need to spend more money.

MR. BURSTEIN: And there's no penalty to nonacceptance?

DR. SALMORE: Well, the penalty is that your opponent, if he doesn't exceed the limit, will get, you know, the public funding. But the opponent, to win a contested race, has to go above it also. What it means is, people in safe districts get public funds, people in competitive districts, the old system obtains-- I'm very much opposed to public funding because I think inevitably it's going to be part of the political process.

I think we have to just look at the gubernatorial funding in this State. I know that there is a perception that this system has "worked," but I think it only worked partially; that it has been manipulated by almost every incumbent Governor and that it is not a coincidence that the limits were not raised on the expenditures until '89 and not in '85, and if we look ahead to '93, \$5 million is not going to be enough to run a campaign. We have a Senate candidate -- a U.S. Senate candidate -- who has already said he is going to spend \$9 million with very weak opposition. That you are going to end up with public funding is -- just as Larry said -- the money will go elsewhere.

You'll have all the soft money raised, which we had in this election. If that's stopped, you're going to have independent expenditures, and the problem is that public funding is seen as a device to limit expenditures. Now, you can have public funding as a floor. In other words, you get public funding, and that sort of levels the playing field and then you can raise more money. My guess is that's going to be even harder to sell and the public is going to say, "Why should I spend my money on a candidate who can go out and raise \$10 million more? Let him raise all of it."

I think that the problems with public funding, being so tied to the appropriations process, so tied to the actual rules, is just begging to be manipulated in a partisan way.

DR. ROSENTHAL: What's the experience in Minnesota? You mentioned Wisconsin.

DR. SALMORE: The Speaker there was more optimistic, but even he, I don't think, gave a ringing endorsement. He said there were the same kinds of problems that happened in Wisconsin.

DR. SABATO: That's exactly right, and I wonder if you would want to share with your Commission some of the transcripts of that commission, because when I came to that conference I was convinced that I was going to hear glowing reports from the states where they did have public financing of legislative elections, and I didn't. I didn't hear a single strongly phrased endorsement of public financing the entire time I was there.

DR. SALMORE: There's one advantage of it. The one advantage was that the candidates in safe districts accepted public funding and then just opted out and didn't attract the large amounts of contributions that they would have otherwise. But other than that, the Speaker of Minnesota, I think, was guarded in his criticism, whereas Loftus (phonetic spelling) was outright--

DR. ROSENTHAL: That's basically it. It caps the campaign finance in the safe districts, because they--

DR. ALEXANDER: I did a background paper for that conference in December which was held at Eagleton, and that has since been shortened and is going to be published and, I'm sure you would make it available -- Eagleton would make it available--

DR. ROSENTHAL: No, we won't. (laughter)

MR. BURSTEIN: Except at a fee.

DR. ALEXANDER: --but, the fact is, that of the 50 states, the only states with legislative public funding are Wisconsin and Minnesota. Hawaii has a system which is minimal and hardly worth considering because a candidate there has to

agree to an expenditure limit in order to get \$250 in public funds. It's just a very nominal system. But in both Minnesota and Wisconsin the systems are widespread; that is, they apply to not just the Legislature but to all statewide offices, and in one case to judicial offices and affirmation campaigns and so on. But the fact is that the monies are minimal that the candidates get. Most of the money tends to go to incumbents, because they are the ones who are willing to accept the expenditure limits because they're well entrenched.

The challengers have a harder time accepting the money because they feel they may need to spend more in order to put on competitive campaigns. There is some acceptance by challengers of the money and of the expenditure limits, but as a general proposition, I agree with Steve. My formula has always been floors without ceilings; that is, provide the public funds because they help challengers obtain access to the electorate. That assists in providing competitive campaigns in a healthy election system.

The problem with public funding in my view is not the money involved, but it's the expenditure limits that go along with it, because the expenditure limits are ineffective. For the most part, they do not restrain the amounts of money spent because the money takes other courses -- independent expenditures or soft money. On the other hand, it's very hard to argue with a Legislature that we ought to put tax dollars on top of unlimited private dollars, which is what you're arguing for when you say floors without ceilings.

But that's only a question of perception. If the perception is that the challengers and even some incumbents ought to have floors, ought to have enough money in order to reach out to the electorate during the campaigns, then public funding is the way you ought to go, but it ought to be looked at as alternative money. First of all, it's an optional

system. Second of all, it's alternative. The candidates might prefer to accept the public money than to accept money from PACs or lobbies, and that's fine.

DR. ROSENTHAL: But do you really advocate such a system, or are you just talking about--

DR. ALEXANDER: I've always advocated floors without ceilings.

DR. ROSENTHAL: --public financing without--

DR. ALEXANDER: Yeah, but it's a hard sell in the Legislature for that reason.

DR. ROSENTHAL: Despite the fact that challengers can get, presumably, funding through the parties and through legislative party leaders, if they are in the right places and if they have a chance, despite those--

DR. SALMORE: But, challengers need all the sources they can get, including the party, including public funds if they are made available, including their own sources, and one of the problems is, of course, that often the challenger is a wealthy candidate who ends up spending their own money.

DR. ROSENTHAL: Ruth, yes?

DR. JONES: I've spent ten years looking at State level public campaign finance and I'd like to, for the record, say that the programs are very different. I think we're getting the misperception here that Minnesota and Wisconsin are sort of in the same kinds of programs, and they are not working. They are very different programs.

The point I would like to make is, each state has to tailor a public funding program to the politics and to the ambience of that state, and the creativity and the insight of a group like this-- I would want to give it a go, if in fact, you decide that you want to explore that, I think that you sit down and look at your situation and what your goals are, and so forth. Minnesota funds primaries, but they fund it out of a special fund that is after the fact, so if you cleared the

hurdle and came through the primary, you get money to help compensate. If you look at people who have gotten into the primary, if you value competitive kinds of elections, then you've gotten more people in. Now, that's a different kind of value. Party leaders don't necessarily want competitive primaries, but if you have people who want to contest elections-- So I would caution that we not say all public funding programs are alike, because they are clearly very different. Twenty-two states have experimented with different forms of public funding, and all 22 have been very different. Some states have had two different programs in the short history of the program.

DR. ROSENTHAL: But, is it true that Wisconsin and Minnesota have the largest programs at the state legislative level?

DR. JONES: They have the only ones that have consistently targeted two legislative races. Some of the states fund parties, and then the parties can funnel that into legislative races, but those two states--

DR. ALEXANDER: California has one on the ballot for November, which will be a state legislative public funding program, if it's enacted.

DR. ROSENTHAL: Let me just ask Ruth another question. From your studies and observations in Wisconsin and Minnesota, do you find that in the competitive races they do not accept public funding but raise money without, so that they don't have to cap out at a limit, but instead can fight it out to gain victory?

DR. JONES: It depends on the race and the year. One Minnesota gubernatorial election, one candidate opted out, one was--

DR. ROSENTHAL: I mean in the Legislature.

DR. JONES: In the legislative races, you have to understand that Minnesota has a very different kind of ethos

sometimes in its campaigns, so there's heavy political pressure -- public pressure -- for people to stay within those limits. For a while they had something that the contributors had to sign, and the candidate had to sign to say I will stay within the limits, to make their contributions to be tax deductible. They had a very complicated system.

In cases where it's going to be a flat-out, highly competitive race, both candidates may opt out. One may opt in and use that as leverage, and in a state like Minnesota, that's a heavy leverage because it's, you know, the clean person who is staying within the rules of the game sort of thing.

In Wisconsin they have tied the acceptance of public money to limiting PACs' involvement in the campaign. So if you take public money, you depress what you can take from PACs. When they instituted that, the amount of PAC money coming into legislative races diminished considerably.

Now, whether that's the kind of model you want, I don't know, and whether or not it's out-of-date, that it was put in play at a time when races were different, I'm not arguing that. I'm just saying that there are some positive things about these public funding programs that have been in place, but the people who have been involved with those all agree that they haven't been the salvation that they thought public funding would; that it hasn't cured all the ills, and I think that's just being realistic. Nothing you do here is going to cure every ill that you identify.

MR. BURSTEIN: Then you have my resignation.
(laughter)

DR. ROSENTHAL: That might come close to curing all the ills.

DR. ALEXANDER: In fact, Wisconsin puts an expenditure limit on amounts the candidates can spend in the primary but doesn't provide public funding. They just make it one of the conditions of eligibility for getting public funding in the

general election, that they agree to abide by an expenditure limit in the primary, even though there's no public funding provided. If that went to court that might not be acceptable to the court, I don't know, but in any case, if you do go to public funding, you ought to provide it for primaries as well as general elections.

DR. ROSENTHAL: Larry, you had a comment.

DR. SABATO: I was just going to say, to make a point on Ruth's statement. I think she made several good points on public financing, but in the case of PAC money for example, when you attach a limitation on what candidates can accept from PACs, you're not reducing the PAC money in the system. You just reduced the direct contributions from PACs to candidates. Again, the money flows around the limitation, and it goes to grass roots organizing campaigns, and soft money, and independent expenditure campaigns, and so on.

My own view of public finance, I think, is a little more critical than some of my colleagues'. I tend not to favor public financing. I have yet to see a system that works well. I have yet to see a system that doesn't actually complicate the lives of almost everybody in the system, while accomplishing little good.

DR. SALMORE: I thought I was pretty critical. (laughter) I'd just like to comment on what Ruth said. It may be true that different states have different ethos and ambience. I'm sure that is true, but I would suspect that many of the differences in rules have more to do with perceptions of partisan advantage than people writing the legislation, and that that's why you get the complex rules, and that again-- Going back to what Larry said, the more is less, in that it's just another means of political competition through the writing of the rules, and I think that's what we've been about.

DR. ALEXANDER: Well, there's another factor here in New Jersey which is that the tax checkoff in New Jersey has

brought very good returns in terms of the percentage of the taxpayers who check off; much higher than any other state with the exception of Hawaii at one time, and apparently public opinion polls, which I guess you undertake, have shown support for a public funding system. So I guess that's something else that you want to take into consideration; that tax checkoff has received declining rates of participation across the country at the Federal level and in every state, but for example in Minnesota, when it dipped enough, they increased the amount. Now you can check off \$5 in Minnesota. In Rhode Island you can check off \$5, and that has brought in more money with fewer taxpayers participating.

ASSEMBLYMAN HAYTAIAN: Alan, I'd like to get back to the memo that was sent to our distinguished guests here, but first the question: You say, let us assume that the Commission would like to make changes directed toward achieving the following goal. I don't agree with the premise that it's, one, reducing the influence of money on the legislative process and the public policy. I guess the question is, and I don't know how familiar all of you are with New Jersey, but, do you believe in New Jersey that money influences the legislative process and public policy? I think that's a question that really precipitated this whole Committee's being, and I'd like to get an answer. Based on what I heard earlier, that's not the case, what you're saying, and I think it's media driven. I think the media likes to have people feel that that is the case. I don't believe it is as a legislator. I truly don't. And so therefore, I don't know if that is so -- that we want to reduce it, because I don't believe it's true.

DR. SALMORE: Well, I think you should add one word: the perception of influence.

ASSEMBLYMAN HAYTAIAN: That's different.

DR. SALMORE: I think that's what you should be doing.

ASSEMBLYMAN DEVERIN: Or how about "the nuisance" of giving us money?

ASSEMBLYMAN HAYTAIAN: I'd like to get the answer from all of our guests, truly. I think it's important.

DR. ALEXANDER: There's not a state where there isn't some influence of money, but there are also these other influences that I mentioned before, and people don't take those into consideration. The perception is money, and you know, it's very curious to me. I don't belong to the ACLU, the American Civil Liberties Union, but I'll tell you that there are people who are devoted to the First Amendment, who would in no other case agree to limitations on speech, only in politics, and the curious thing is that political speech is the most important speech, you know, according to the founding fathers and the history of a democratic society. The only thing that drives them that I can see -- that drives them to be willing to limit political speech, is because of their perceptions about money. You know, that money is dominant, that there is too much money in the system, the money comes from special interests, that special interests have influence, you know, and all the rest.

I just bring that to your attention because on-- What's always curious, you know, we talked about the media before in terms of amplifying and reflecting what the public interest groups say. The fact is, the media is always talking about freedom of press, and yet they're saying that campaign money ought to be limited, you know. And one of the reasons that I think they want campaign money limited is because they want to tell the readers about the candidates and they don't want the candidates to tell it directly themselves.

DR. ROSENTHAL: Assemblyman?

ASSEMBLYMAN DEVERIN: You know one of the perceptions of money, of being an influence, is the fact that of all the fund raisers we have, do any other states limit the time or the

place that a legislator can raise money? I mean, is it limited to a certain year, a certain number-- How do they do it?

DR. JONES: Well, some states-- Connecticut has just passed recently a bill that limits fund-raising during the session. Texas has had such a--

ASSEMBLYMAN DEVERIN: Just during session?

DR. JONES: They also have--

ASSEMBLYMAN DEVERIN: What kind of sessions?

DR. JONES: During the legislative sessions.

DR. SALMORE: During the legislative session.

SENATOR DiFRANCESCO: What does that mean?

ASSEMBLYMAN DEVERIN: We're in legislative session all of the time.

DR. JONES: Okay, other than--

DR. SALMORE: Some of the states have fixed terms -- fixed times in which the Legislature meets.

DR. JONES: Other states have election cycles, and they define the cycle, and you can only give so much during a cycle. You can give it all the first day, or you can give it all the last day, or you can give it right before a crucial vote. It doesn't make any difference, but you can only give that much. It's tied to contribution limits.

States have played around a lot with that kind of--

DR. ALEXANDER: Of limitation. Minnesota, for example, has a differential system and the contribution limits are higher during the off season, that is when the Legislature is not in session. When the Legislature is in session contributions are still permitted, but at a lower level.

ASSEMBLYMAN DEVERIN: Do they limit the-- For instance in New Jersey, you can have a legislative PAC. I mean you can do a PAC of John Johnson, Assemblyman, and then you can have a campaign fund of John Johnson the Assemblyman. Do states allow that or do they limit it and say there's no individual PACs allowed or they're only allowed one account under the election laws or--

DR. JONES: States have said that if you have an individual candidate account you can give "X" amount. If you have a PAC, and you define PAC by membership and so forth, you can give "Y" amount. If you have a leadership PAC, they have a different arrangement for that. But, yes, they have accommodated all of them.

DR. ALEXANDER: But most of them require that the candidate have a principal campaign committee, and that is the one that is responsible for his or her campaign.

DR. JONES: That money goes into as well as out of.

DR. ALEXANDER: Principal and authorized, and some are unauthorized, and some make conditions for leadership PACs, I guess.

DR. SALMORE: I think it's hard to believe that saying that you can't contribute at a certain time has any real impact. I sort of think of some state putting up signs in front of the Legislature saying, "Contribution Free Zone." (laughter)

ASSEMBLYMAN DEVERIN: Within 1000 feet of the State House.

DR. SALMORE: It deals with perception. I think the money will get there anyway.

DR. SABATO: What happens, it's very interesting though, because this whole point demonstrates the absurdity of regulation in this field. What many of the states that make those limitations have found is that during the time, during the contribution free zone time, staff members are simply lining up contributions, and the first day that you can send those contributions in, you would have thought it was a free day at the bank, you know. That's what happens. So what's the point? It's absurd. It's silly legislation for no reason.

ASSEMBLYMAN DEVERIN: I don't know what is the point. One of the complaints you hear is that they're always out to fund raisers, you know.

DR. JONES: Except one of the ways that states have addressed that is to say, you can accept whatever money you want from PACs, but you can only accept a certain total amount from PAC, period. Therefore, the first PAC with the foot in the door gets the contribution in, and the PAC that the staff didn't get to until about the third day is out of luck, because you've already maxxed out on your PAC--

ASSEMBLYMAN DEVERIN: You mean accumulated--

DR. ALEXANDER: Those are what are called aggregate limits. They limit the amount that a candidate can accept from all groups -- not from individuals, but from all groups. Those aggregate limits are, I think, a terrible idea because you know, the concept is to try to limit special interest influence and all the rest, but what it means in effect is, whoever gets there first and helps the candidate get up to the limit, still has the benefits whatever they are -- whether they're access or policy influence, or whatever. Those are the sleek and well organized interests that get there first. The citizens, little groups of like-minded people on this issue or that issue are the ones who have less money and get there last and can't make contributions, so I think aggregate limits are a terrible idea.

DR. ROSENTHAL: Could you clarify that for me? This is aggregate limits. These would limit the type of contributions that you can get without any expenditure limitation.

DR. JONES: You can accept \$100,000 from groups PACs.

DR. SABATO: All PACs combined.

DR. JONES: Total.

DR. ALEXANDER: All PACs combined. Yeah. Arizona has that.

DR. JONES: And what happened the first time around, everybody lined up to get their check to the leadership first, and then they realized, no. They were really scarce, because what they want to do is let other people fill that max, then

they want to come in with independent expenditures when, in fact, there's a real need, because it maximizes the leverage they get off their money.

DR. ROSENTHAL: So, you would all agree that that is very unworkable.

DR. SABATO: A terrible idea. A terrible idea.

DR. ALEXANDER: I think there's two things that you really ought to try to avoid if you go to a system either of contribution limits or of public funding: One is that those aggregate limits on PACs don't work and shouldn't be considered. The second thing is don't go to a system that prohibits or limits transfers of funds among candidates.

DR. SABATO: Or any kind of expenditure limit.

DR. ALEXANDER: Those are two of the favorite things that the reformer groups are advocating.

DR. SABATO: Or any expenditure limits.

DR. ROSENTHAL: Or expenditure levels?

DR. ALEXANDER: Well, we haven't talked about expenditure limits, but if you want to start on that, I'll be glad to do it because that is my issue.

DR. ROSENTHAL: Well, Herb, I think you ought to do it, because you came all the way from California to visit with us, and even though we're not interested in it, I think you ought to-- (laughter)

ASSEMBLYMAN DEVERIN: While you're doing it though, will you talk about the Constitutional challenge? As I understand it -- and I'm not a lawyer -- unless it's funded, unless there's some state money in it or Federal money in it, there's no way you can limit a contribution.

DR. ALEXANDER: An expenditure.

ASSEMBLYMAN DEVERIN: An expenditure, I mean. No way will the court allow you to do that.

DR. ALEXANDER: Yeah, that's right.

ASSEMBLYMAN DEVERIN: Because we had it in New Jersey and we went to court, and we lost. They threw it out.

DR. ALEXANDER: In the case of Buckley vs. Valeo, which was decided by the United States Supreme Court in 1976, the Court said that expenditure limits are unconstitutional except in one case. That case is where the public or the government is providing public funds to the candidates on an optional basis. The candidate accepts the money and as a condition of the acceptance of those public funds, certain conditions can be set or imposed by the government, and one of those conditions is the government can say you can't spend more than a million dollars -- you know, whatever the amount is -- and so the only case in which expenditure limits are acceptable and this applies not just at the Federal level, but state and local, all across the country as a matter of principle is if you provide public funds.

Now in Congress, they're trying to get around that because they don't want to appropriate the money for public funds and what they are saying is, if you agree to expenditure limits we'll cut your broadcast rates, and we'll impose it on the broadcasters to provide lower rates, you know, or we'll provide postage rates that are lower as a condition. But as a general proposition, what the Supreme Court said was you can only impose expenditure limits as a condition of the acceptance of public funding.

DR. SALMORE: Let me expand on that. What they said was that money was speech, and the ability to give money is also the ability to influence the system. That meant that you cannot have contribution limits on individual contributions to their own campaign. So there's no way you can limit someone who is wealthy, who has the money, from spending whatever they want, which is something to think about in terms of contribution limits. I mean one reason why the U.S. Senate is tending more and more to be a club of millionaires is that they are people who can afford to run for the seats, very often out of their own pocket.

DR. ALEXANDER: No, but with public funding you can impose contribution limits.

DR. SALMORE: Yeah.

DR. ALEXANDER: Really expenditure limits by wealthy individuals.

DR. SALMORE: Only if they agree to public funding.

DR. ALEXANDER: Only if they agree to public funding.

DR. SALMORE: But short of that, you can spend as much as you want. Not only can you spend as much as you want on your own campaign, you can spend as much as you want on any campaign that is not coordinated with the candidate. In other words, independent expenditures are unlimited. And I just would ask people who talk about limiting expenditures, and all the kinds of complex rules, do you really want a system where two candidates running for office -- there are five or six campaigns, not all of which are controlled by the candidate? I think that amounts to even less accountability than you have in a system where at least you can hold the candidate responsible for what goes out in that candidate's name.

MR. BURSTEIN: Herb, you had said something in the course of your remarks about limitation, or you don't advocate a limitation on the transferral of monies from one candidate to another, or from a leadership group to another.

DR. ALEXANDER: Right.

MR. BURSTEIN: Can you give the rationale for that?

DR. ALEXANDER: Well, the rationale, I think, applies mostly to challengers who have a harder time raising money than incumbents. And if we want to have a healthy competitive two-party system, challengers need to get more money. Now, they can try to raise it among their friends and from party activists and whatever, but normally the money goes to the incumbent, so challengers have a hard time.

Now, what happens is that-- Out in California, for example, Assembly Speaker Willie Brown is able to raise

millions of dollars and then could make contributions in the hundreds of thousands of dollars to challengers who he thought, or he was told, had a chance if they had the money; beating an incumbent or it was an open seat. And so, sometimes he would make contributions \$300,000, \$400,000; I mean, very large amounts. The initiative in California then restricted that, and said no transfers of funds from one candidate, or one candidate's committee to another.

And so, what does a guy like Willie Brown do now? He talks to the interest groups, and he says, "Now you make your contributions," you know, "to these candidates 'X,' 'Y,' and 'Z,' and I find out whether you're making them or not." The interests are doing it at his behest anyway, and so what was thought to be a way of prohibiting this largess that came largely from lobbyist money in Sacramento, is turning out to be an indirect system in which it's harder to raise the money, but it's nevertheless being raised at the behest of the legislative leaders.

MR. BURSTEIN: Yeah, isn't the--

DR. ALEXANDER: And so transfers of funds don't make any sense.

MR. BURSTEIN: Isn't the other side of that coin that you're solidifying incumbency? You talk in terms of challengers being able to get funds from leadership.

DR. ALEXANDER: Right.

MR. BURSTEIN: But if you're out of control--

DR. ALEXANDER: Yeah.

MR. BURSTEIN: If you're not the Majority party and you are a challenger trying to get in, you're not going to have a leadership to funnel money to you.

DR. ALEXANDER: That's right.

MR. BURSTEIN: So, doesn't the limitation at least serve as a complicating factor, because with disclosure and with the idea that if money is going to be funneled as Willie

Brown does through private interest groups, that, at least, that might have some complicating feature, in the course of a political campaign, that's beneficial?

DR. ALEXANDER: Yeah.

DR. SALMORE: But Alan, you're assuming that the Minority has no leadership PACs.

MR. BURSTEIN: I assume that all the time. No, not that they don't-- Oh you stopped too soon, a leadership PAC. (laughter)

DR. SALMORE: The answer, though, is that any kind of rule like this just encourages people to be creative, and that if you limit the transfers, they'll find other ways. If you limit PACs to \$5000, they will then solicit checks from individuals, bundle them together, and give the bundled money.

And again, going back to the point Larry made: If you create rules to make it more complicated, people-- There are enough lawyers, non lawyers even, who can think of ways around it, and the problem is, as long as it's in the interest of leadership to contribute or finance other races, challengers primarily, they will find a way of doing it. And why not do it aboveboard where you can see the money, you can track where it goes, and you know where it comes from?

DR. JONES: But the money that now comes from the PACs to the challenger candidates, not through Willie Brown, makes it up-front, aboveboard. When Willie Brown gives \$400,000 to a legislative candidate all I know is it came from Willie Brown. Now, as a citizen-- I mean, I think you're arguing against yourself in terms of disclosure, because now I know that 5000 came from the builders, 150,000 came from Pacific Power and so forth. So--

ASSEMBLYMAN HAYTAIAN: But wait a minute: Question though, excuse me. Doesn't-- In California, again, I'm not familiar with California, other than the Governor who I know

very well, but in California, doesn't Willie Brown have to disclose where he gets his money from, as we do in New Jersey?

DR. ALEXANDER: Oh, sure.

ASSEMBLYMAN HAYTAIAN: So, so--

DR. JONES: Yeah, he does. But when a citizen looks at my campaign list -- where I got my money -- all it has is \$400,000 from Willie Brown. Willie Brown tells me your Pacific Power, your this, your that, this is where I got my money. And so, one thing, it provides more disclosure. I'm not arguing--

DR. ROSENTHAL: But actually, it could be even misleading disclosure, because when you give to a party PAC, a leadership PAC, you know, and your builders, your money may go to somebody who opposes you.

DR. ALEXANDER: Sure.

DR. ROSENTHAL: And so it can be misleading, you know, if it goes direct-- If Willie Brown says, "You give it to that guy," they're going to give it to that guy whether they agree with him or not if the Speaker says so.

ASSEMBLYMAN HAYTAIAN: Well, what's the difference? I mean, what are we accomplishing? There's no difference if you give it to Willie Brown, or if Willie Brown -- Willie Brown in California, not Willie Brown in New Jersey. (laughter) If Willie Brown tells the individual PACs to give it to individual candidates, what's the difference?

DR. ROSENTHAL: There's no difference in where the money goes.

ASSEMBLYMAN HAYTAIAN: None whatsoever. And you can't--

ASSEMBLYMAN DEVERIN: There's a difference because now the taxpayer knows where the money came from.

ASSEMBLYMAN HAYTAIAN: What does it--

MR. BURSTEIN: Whatever extent disclosure is beneficial, at least you have it.

DR. SABATO: Well to a Californian, it would be more significant--

ASSEMBLYMAN DEVERIN: If it just comes from Willie Brown, it could come from 15 different PACs. It could come from the gun lobby, or the teacher lobby, or somebody. When Willie Brown gives it to me it's in my contributions as \$400,000 from Willie Brown.

DR. SABATO: Yeah.

ASSEMBLYMAN DEVERIN: At least if you do it the other way, it's in my contributions, the same \$400,000, but people know I got it from the gun lobby, and I got it from the teachers, and I got it from the doctors. That's the difference.

DR. ALEXANDER: Yeah, but you're not going to get the same \$400,000 because it's harder to raise that way.

MR. BURSTEIN: That's the risk of the business.

DR. ALEXANDER: It's a risk of the business, but you're not going to get that full \$400,000 because you as a challenger don't have the appeal--

ASSEMBLYMAN DEVERIN: That's right. Yeah.

DR. ALEXANDER: --for all of those lobbies, whereas the Speaker does.

ASSEMBLYMAN DEVERIN: Yeah, but for disclosure-- Disclosure: That's the better of the two systems.

DR. ALEXANDER: Yeah.

DR. SABATO: But from the disclosure point of view though, it seems to me the California legislator getting that money from Willie Brown is going to be more responsive than to the PACs that gave the money originally.

ASSEMBLYMAN HAYTAIAN: You got it.

ASSEMBLYMAN DEVERIN: Right.

ASSEMBLYMAN HAYTAIAN: You got it. That's it exactly.

DR. SABATO: And they're more--

ASSEMBLYMAN HAYTAIAN: And in fact, you're better off.

DR. SABATO: That's the disclosure that matters, that it came from Willie Brown.

ASSEMBLYMAN HAYTAIAN: The public is better off because now the individual, the candidate, is not-- If what we're assuming is true, that money buys the influence, then the individual candidate is not beholden to all of the different PACs, but is beholden to the leadership, which is, in essence, the Legislature.

MR. BURSTEIN: That's the point.

ASSEMBLYMAN DEVERIN: Yeah, and that doesn't make the best system.

ASSEMBLYMAN HAYTAIAN: Well, how did you get your tax bills through?

ASSEMBLYMAN DEVERIN: Leadership.

DR. ALEXANDER: You're creating obligation--

ASSEMBLYMAN HAYTAIAN: Come on, let's be realistic here, please. Let's not be in a fairyland.

DR. ROSENTHAL: Senator. Senator DiFrancesco.

ASSEMBLYMAN HAYTAIAN: That's the way it works.

DR. ALEXANDER: Yeah, to the extent that you're creating obligations to the leaders, that's how public policy gets developed, if not enacted.

ASSEMBLYMAN HAYTAIAN: Maybe the leadership should be changed in order to change the policy. But that may be the end result of that.

DR. ALEXANDER: But I just wish that more of it was done in the name of the party than in the name of the leaders.

ASSEMBLYMAN DEVERIN: Because the suspicion of--

DR. ALEXANDER: Then it becomes a cult of leadership.

ASSEMBLYMAN DEVERIN: The suspicion of the public is not that you're going to follow a leader on a particular vote, it's that you're going to reelect him as leader. That's the problem with that.

DR. ROSENTHAL: You may have a cult of leadership in California, but we do not have a cult of leadership in New Jersey. (laughter) Senator DiFrancesco? I'm saying that for the record. I don't want that remark to get by.

SENATOR DiFRANCESCO: Alan, I'd like to get off transfers and back to contribution limits, because I know we've talked--

DR. ROSENTHAL: Contribution limits or--

SENATOR DiFRANCESCO: --limits.

DR. ROSENTHAL: Okay.

SENATOR DiFRANCESCO: Not expenditure limits, because it's been discussed quite a bit, and I guess Dr. Sabato-- Is that it?

DR. SABATO: Sabato.

SENATOR DiFRANCESCO: I'm tough with Italian names.

DR. SABATO: Yeah, that's right.

SENATOR DiFRANCESCO: I don't know if Virginia, Arizona--

DR. SABATO: I would think you would pronounce it correctly.

SENATOR DiFRANCESCO: Right. It would seem to me that -- and let me preface this by making two statements: One, I've always been in the Minority party in the house that I was serving in, and so I haven't had the benefit of being a committee chair, or Senate President, or Assembly Speaker, or any of those positions where you can get large contributions, substantial contributions. So, I want to say that, number one.

It would seem to me that when you talk about limits, you know, the way you're talking like \$2500, who gives \$2500 to a candidate running for the Assembly, a legislative candidate who will probably be serving as a member of the minority party, one of perhaps 30 or 40 members -- 30 or 39 members of a minority party? Who give \$2500? I can tell you that in 15 years-- And I'm not a big fund raiser, I must admit that. In

15 years of running campaigns, with the exception of my mother, father, brother, sister -- take out the family -- I can probably count on my hand the people that have given me over \$1000 for a particular campaign outside of PACs, the PACs. If you eliminate PACs' contributions and your own contributions -- I'll treat my family members as say my own contributions -- who gives large contributions other than people who are trying to influence your vote?

Therefore, isn't it helpful, as Al Burstein said, to create complicating factors, complicating factors of monetary limitation, knowing full well that I can go around and collect a handful-- If I am LEGAL-- And Karen (referring to Karen Kotvas) represents LEGAL. If we are LEGAL I could say -- you could say to me, "Okay, you're going to go to five different law firms, you're going to collect \$1000 from each lawyer, and just give me \$5000, instead of LEGAL giving me \$5000." I know that's real. It's a complicating factor, though, that comes to play in opposing the limitations.

KAREN KOTVAS: (speaking from audience) But what you could do is put the occupation and the employer next to the contribution limit. So, you have the name, the occupation and the employer down.

SENATOR DiFRANCESCO: Karen's response is that you'll be able to trace those contributions as long as you have the person's employment, and address--

DR. ALEXANDER: Occupation and principal place of business is--

SENATOR DiFRANCESCO: Go ahead.

DR. SALMORE: Your own comment, without contribution limits you would not be inundated with large contributions.

SENATOR DiFRANCESCO: That's correct. Absolutely.

DR. SALMORE: I mean, so why have the contribution limits?

SENATOR DiFRANCESCO: I have gotten large contributions from PACs.

DR. SALMORE: The second is, if you go get a large contribution, and it is reported, what's wrong with that?

DR. SABATO: There's always a threat your opponent will use it in the campaign.

SENATOR DiFRANCESCO: Because the contribution limit presumably limits the influence that the PAC or the individual has over me.

DR. SALMORE: No, all it limits is the amount of money they can give in one lump sum at one time. That's all it limits them. They'll give money other ways--

SENATOR DiFRANCESCO: Well, do you think that in--

DR. SALMORE: --if they want to give it.

SENATOR DiFRANCESCO: --the Majority party, they had a number of people this last election give a substantial amount of money. Do you think that-- And I won't use individual names, sometimes I do, but do you think that any one of those individuals could have raised -- given \$100,000 to the Democratic party rather than just write a check for \$100,000?

DR. SALMORE: Well, it may have taken them more time, but I think--

SENATOR DiFRANCESCO: You think that happens?

DR. SALMORE: If they wanted-- Yeah.

SENATOR DiFRANCESCO: It happens.

DR. SABATO: Also, what's happened at the national level is what happened at the State level. You shift power from people who are perhaps very, very wealthy on their own, to the gatherers. The new slogan at the national level is "Blessed be the Gatherers." It's not the people who have enormous wealth, it's the people who know a lot of wealthy people and who can put together the smaller capped contributions from lots of people and bundle it and deliver it. So you'll shift the power, but the money will still be there.

DR. ALEXANDER: And that's one of the things that we say at the Federal level: We've exchanged the big giver for the big solicitor. That is, when contribution limits were imposed, instead of people being able to give 25,000, 50,000, 10,000, whatever it is, they can now give only 1000 per candidate, per election. But we put a premium on the gatherers, the solicitors. And who are these people? They're a new political elite, in effect. You know, they're the PAC managers, they're the direct mail specialists, they're the lobbyists.

DR. SALMORE: One big group--

DR. ALEXANDER: They're the people who can have--

DR. SABATO: Entertainment.

DR. SALMORE: The entertainers.

DR. ALEXANDER: Well, they're people who can have fund-raising events--

SENATOR DiFRANCESCO: We don't have anything like that in New Jersey.

DR. ALEXANDER: They're people who can have fund-raising events in their homes, you know, because they have fashionable places.

SENATOR DiFRANCESCO: You're talking about people who have fund-raising abilities.

DR. ALEXANDER: Yeah.

SENATOR DiFRANCESCO: Right. I don't-- First of all, there aren't a lot of those people. There are very few people that can raise a lot of money.

ASSEMBLYMAN HAYTAIAN: There's more than you think.

SENATOR DiFRANCESCO: There are--

ASSEMBLYMAN HAYTAIAN: There's a lot out there. There's a lot out there. (laughter)

SENATOR DiFRANCESCO: Well, let's check your report, and we'll see who's raising the money.

ASSEMBLYMAN HAYTAIAN: I'm telling you, there are a lot of people who gather up the dollars from different people. They are the people who raise the money, and there are an awful lot of those people.

DR. SALMORE: New Jersey is not suffering from those--

DR. ALEXANDER: From a lack of those people.

DR. JONES: But that's not new in 1990. I mean, our conversation sounds as though we have just created a terrible thing here, and now we've got to solve it. I mean, we're talking about something that has evolved over time. I think we have to be realistic. If money wants to get into the system, it gets into the system. And what we're talking about is ways to make as much of it up front as we can. I think you want as wide a participatory involvement in the process as you can. You want to have competitive elections if you can. We've got a set of goals that Alan spelled out for us, but the conversation is sort of going as though we have all of the sudden--

SENATOR DiFRANCESCO: Well, the message I get is, don't have any regulation.

DR. JONES: See that's not the message--

DR. SALMORE: Beyond disclosure.

DR. JONES: --you're hearing from me.

SENATOR DiFRANCESCO: That's the message that I'm getting is why have regulation because everybody can beat the system.

DR. SALMORE: Beyond disclosure; now that's an important exception.

DR. SABATO: Beyond disclosure.

DR. SALMORE: Beyond disclosure there's a case to be made that you don't really need anything beyond that. But I think disclosure is very critical, and that's-- I don't think you should--

DR. ALEXANDER: The message--

SENATOR DiFRANCESCO: What does disclosure do for us?

DR. ROSENTHAL: I think there's another point-- Another point that should be made that I thought Herb was going to make, and that has to do with limiting expenditures, because that's really a basic point. I think that a lot of the discussion of campaign finance reform is always predicated on the perception that there's too much money in the system; that too much is being spent that it is becoming obscene and what have you. And knowing these cats up there, they will probably argue that too much is not being spent, and you don't have to limit expenditures because these are a necessary cost.

DR. SALMORE: There's another argument, Alan.

DR. ROSENTHAL: And that's what I-- I wanted to get that point out, is that--

DR. SALMORE: Well, the other argument is that expenditures have not been limited. We have a system in the Federal government, and Governor of New Jersey, for instance, where we have expenditure limits. Does anyone in this room really believe that the amount of money spent on gubernatorial campaigns has been limited under that law?

DR. ROSENTHAL: No, that point has been made, but I want to see if there is an agreement among you people that there shouldn't be limits, because there isn't too much money being spent on politics or political campaigns?

DR. ALEXANDER: You know, my personal belief--

ASSEMBLYMAN DEVERIN: You know-- Excuse me. The problem with the amount of money spent is that they pick out five or ten districts where they spent a half a million or a million and they forget the districts who only spend 25 and 30. So, out of 120 districts, they pick one or two, and that becomes--

DR. ROSENTHAL: But even in those districts, somebody like Herb would probably argue, well, that's what it costs to reach voters.

DR. ALEXANDER: That's what it costs to be a challenger, or that's what it costs where an incumbent is vulnerable, or that's what it costs where there is an open seat, or that's what it costs where there's a challenger who looks like he or she could be successful. But the general composition of expenditure limits, it seems to me, is misplaced. You see, a lot of the reason that people advocate expenditure limits is they say too much money is being spent. The amounts of money that are being spent are obscene. Candidates are spending too much time raising the money to spend it, and therefore, we ought to cap it.

Well, I told you earlier, in my view, that, you know, these First Amendment people -- this is the only area in which they're willing to put caps on free speech. But apart from that, the experience that we've had in Federal campaigns and you've had here in New Jersey, is that the expenditure limits are not really very successful. They give the illusion of limiting. What they really limit is what the candidate can spend, but they don't limit, you know, all the rest that is being spent.

Now, I've done studies of presidential, in particular, and you start with the public funding subsidy in the general election. Let's take that. And then you add to that coordinated expenditures by the party which are limited, but which are acceptable because that's the law. But then you get into state and local party money on behalf of the presidential ticket. Then you get into parallel campaigning by labor unions. Then you get into whatever corporations and trade associations may be doing. Then you get into independent expenditures, and some of these are constitutionally protected. And the result is in 1988 when the cap was \$54 million; what Bush and Dukakis could spend plus the national parties -- \$54 million dollars each.

When you begin to add up all these other things: The parallel campaigning, the independent expenditures, which is parallel campaigning also, and the soft money which is mostly party money, you ended up with between 90 and 100 million being spent by each candidate or on his behalf. And so, it's an illusion to say that because you are imposing expenditure limits, that they're effective. All they're effective in doing is restricting what the candidate can control.

Now it's true that the party spending is controlled by the candidate, but it's kind of an indirect way because the candidate is really limited to the \$54 million.

DR. SALMORE: But Alan, the question you asked is, is too much money being spent? Let me answer that in an analogy that I've given to other groups. Often politics is compared to advertising, usually in a negative way, but I think it's a useful analogy. And think of a campaign, especially a challenger's race, as introducing a new product. It's a new product because of the declining party loyalty. Brand name is no longer important.

So, you're just not introducing a product, you're introducing a product which there is no brand loyalty to. Furthermore, the product can only be bought on one day. Furthermore, you can't just sell 15% of the market, you have to see half the market or you get nothing back. Now, how much would a company spend to roll out a new product under those conditions? I think a lot more than we spend on advertising for both candidates.

Furthermore, think also what politics is competing with. We think candidates compete with each other, but they're really competing with every other kind of entertainment medium for the public's attention.

Steve DeMicco has pointed out a number of times that when he sends out mail, he's not worried about what the other candidate is saying. He's worried that when the person who

gets the mail picks up the mail at the end of the day and flips through it, how -- is he going to even look at it? He's competing with L.L. Bean, with Spiegel, with all the other slick mail that's coming into someone's home.

MR. BURSTEIN: Much better products. (laughter)

DR. SALMORE: On television you're competing the same way.

ASSEMBLYMAN HAYTAIAN: Now you can say that.

DR. ROSENTHAL: Ruth?

DR. JONES: Well, at the risk of throwing a fact in here, it is true.

DR. ROSENTHAL: At the risk of throwing a fact here. (laughter)

DR. JONES: It is true--

DR. ROSENTHAL: I can rule you out of order. (laughter)

DR. JONES: It is true that in state after state we are finding more and more state legislative campaigns that end the campaigns with surpluses, often large surpluses. And I think the issue is not is too much money being spent, but is the money that is available being spent to accomplish what we want as the system to accomplish, because it is true, as I go through the states we're getting more and more large surpluses in campaigns, generally incumbents.

DR. ROSENTHAL: What can be done with the carryover of surpluses?

DR. SALMORE: Let me ask you: Are those incumbents in safe districts or incumbents in competitive districts?

DR. JONES: Well, they're incumbents in safe districts.

DR. SALMORE: Well, okay. I think that's an important distinction.

DR. JONES: But the point is that you're getting a lot of fund-raising out there that ends up in surpluses and we're talking a little bit about the perception of people, and so you see that-- And so you're dealing with it; you know, what can

you use surplus funds for and so forth. I think that it's too much money overall. It depends on what kind of value are you going to put on an open democratic elective process? I don't know how you do that.

DR. ROSENTHAL: But what do you do with the surpluses that are accumulated?

DR. ALEXANDER: There are some proposals to require zeroing out at the end of an election year.

DR. JONES: But it isn't State Treasury--

DR. SABATO: Another crazy idea.

DR. ALEXANDER: I think it's a crazy idea too.

DR. ROSENTHAL: Now wait, wait, I want Sabato-- Don't be wishy-washy about it. (laughter) What do you think of the idea?

DR. ALEXANDER: You know what you could do, you could zero out at the end of the year and give it to Fred Herrmann's operation. (laughter)

DR. ROSENTHAL: Oh, no. Oh, no.

ASSEMBLYMAN HAYTAIAN: Eagleton wants it. (laughter)

SENATOR DiFRANCESCO: Eagleton wants the money.

DR. ROSENTHAL: Fred has gone too far with that one.

ASSEMBLYMAN HAYTAIAN: Now we understand what we're looking at.

DR. ROSENTHAL: Fred Herrmann is the premier lobbyist in this State. And if he isn't registered, nobody should be registered.

DR. SABATO: Alan, I want to disclose a campaign contribution that I got from Fred prior to this meeting. (laughter) But, no, you asked about zeroing out. Again, it's just a charade. It's just a paper cynical gem is really all it is because people give the money, and then they arrange to have it retransferred to their accounts again on the first day of the new cycle. I mean it just doesn't make any difference.

ASSEMBLYMAN DEVERIN: Maybe we could outlaw the challengers altogether and do away with this?

ASSEMBLYMAN HAYTAIAN: That's what expenditure limits are all about.

DR. SALMORE: We'll also have a rotation system, first one party or the other, and campaigns.

ASSEMBLYMAN DEVERIN: Put in a tenure of some kind.

MR. BURSTEIN: Can I put a mea culpa on the record?

DR. ALEXANDER: Well, you could go to term limitation, but you don't like that either.

DR. ROSENTHAL: Al.

MR. BURSTEIN: When I was young and naive, a century ago, I was the sponsor of this gubernatorial campaign finance bill in New Jersey, which incorporated, of course, the expenditure limit. I think it worked in perhaps the first two gubernatorial campaigns, but certainly hasn't since. And the one difference, among several, that I had, Brendan Byrne had to do with changing that system -- eliminating the expenditure limitations, because I think ELEC -- predecessor of Fred Herrmann's -- had made that recommendation and I was convinced -- I think it was Lew Thurston as a matter of fact, who had made that recommendation -- and I was convinced that it ought to go. And I still am, and I think that the paradigm of the reason for it was this past campaign, because of the leakage of money.

But, now that that's on the record--

DR. ALEXANDER: By the way-- Can I just interrupt--

MR. BURSTEIN: Yeah.

DR. ALEXANDER: --long enough to say, that three times the New Jersey Election Law Enforcement Commission has recommended eliminating or abolishing the expenditure limit. And it's the only State in which I know that it has happened by an election agency. But the Legislature, in its wisdom, or lack of wisdom, has not--

SENATOR DiFRANCESCO: The legislative leadership.
(laughter)

DR. ALEXANDER: --has not accepted--

ASSEMBLYMAN HAYTAIAN: This year and three years ago.

DR. ALEXANDER: --has not accepted that. But I'd like to point out that you had four members of the Commission three times -- and they were differing members -- agree to the notion that expenditure limits ought to be abolished. And I was a consultant-- I used to live in New Jersey, and I was a consultant to the Commission the first time around and may have played a little role. Frank Reiche could talk to that.

But, in any case, the Commission here has consistently opposed the idea of expenditure limits, on the view that as long as you have contribution limits, as long as you have good disclosure, you really don't need expenditure limits, and expenditure limits are actually inhibiting of the free speech, the robust exchange of ideas that's supposed to occur in an election system.

DR. ROSENTHAL: Steve?

MR. BURSTEIN: I beg forgiveness. That's all I can say. (laughter)

DR. ROSENTHAL: Steve DeMicco?

S T E P H E N D e M I C C O: Not that you've invoked my name, Steve. Just in general reaction to a lot of what has been said here about what is real and not real about what we could or couldn't do here. It sounds to me like we've attached quantitative, intangible terms to every proposal, or every problem we're trying to solve except public perception.

And I think that we should not be under any dillusion here that whatever set of recommendations we put out on this is going to, in any major way, solve a public perception problem. I think that we should start out with that assumption because, as Larry said before, this public perception problem is not new. It just has taken different forms.

So, you know, I think that's an important perspective to have, and I'm not suggesting, therefore, that nothing be done. But, in general, to just expect that any set of recommendations is certainly going to win the hearts and minds of the public with respect to our process, I think, is mistaken.

DR. SALMORE: But, in fact, what happens is that there's a feeling that something must be done in order to change the perception. It doesn't matter; just do something. And I think what we're suggesting is that that just leads to new commissions and new problems. You're right, it's not going to go away.

But, again, to go back to disclosure, I think one thing we do agree on -- I haven't heard anyone speak against it -- is full disclosure, and how can you address that issue, how can you improve the system of disclosure? There have been some very substantive proposals from ELEC about attaching information to the names of committees, occupation of the person giving money. All those, I think, are real proposals which will not solve it, but, at least, point in that direction.

DR. JONES: There are things in disclosure that we haven't talked about such as having the employers of lobbyists also register and disclose, as opposed to what the lobbyist has to disclose. I mean, there are states that are doing things like that, so it's the employer of the lobbyist not just the lobbyist.

MR. STANTON: Don't they have to list their clients?

DR. JONES: But you can have one company that can have 12 lobbyists, whereas-- And so it takes an investigative reporter that knows what those linkages are to put that together. But if you also have the employers of lobbyists registering, it's all very -- in that particular industry or whatever.

I'm just saying states are doing things like this to go at disclosure rather than regulation. I mean, it is a

regulation, but you put down not only that you're lobbying, but what your primary interests are and the bills on which you are involved. And those are timely. They're updated every month or something like that, and then if you get closer to election, or whatever you require, even more timely kinds of reporting.

So, if the tact that you take is disclosure, there are a lot of experiences out in a variety of states that might be helpful for you to look at in this area.

MR. BURSTEIN: We're talking about disclosure, and focusing on the legislative side, and obviously that's the scope of our jurisdiction here. We can't do anything about anyone else. But we're just a part of the process, or at least the legislative side is part of the process. Do you know any state which requires disclosure on the part of the Executive?

DR. JONES: There are states that are working on that, and--

MR. BURSTEIN: Are there any in being?

DR. ALEXANDER: You mean the lobbying activities by Executive?

MR. BURSTEIN: The lobbying activity in the Executive office, yes. In other words, if a lobbyist comes to visit with the Governor of the state, does he have to disclose that fact?

DR. JONES: Yeah, I think there are. And I'm trying to think-- I was reading on the plane yesterday coming over here, and I'll try to drudge that up.

DR. ROSENTHAL: Mr. Reiche, did you--

F R A N K P. R E I C H E, ESQ.: (speaking from audience) I would just like to set the record straight in terms of N.J. ELEC's response on spending limits, because you told part of the story, Herb. But what should be added to it -- and this is 1978 -- was that with respect to a 3-1 vote in favor of abolishing spending limits, that was only after we took into account the fact that New Jersey had a more comprehensive system of other limits which applied. For example, you had a

cap on the total amount of public funds, you had a cap on the individual candidates, you had loan limits and the loans had to be repaid, you also had a cap on the amount of personal funds that could be expended by the candidate.

So in other words, what we did at that time, by the 3-1 vote was to say, "Taking into account the fact that New Jersey has this comprehensive set of limits, we'd be willing to try the abolition of spending limits." And I think that's the full story of that vote at that time.

DR. ROSENTHAL: Thank you.

SENATOR ORECHIO: Can I just make a general comment?

DR. ROSENTHAL: Yes, Senator Orechio.

SENATOR ORECHIO: The question is, you know, how far will we go, and to what degree will we go, to sanitize the process to satisfy the public's perception about the influence that lobbyists have and PACs have on the process? And secondly, do we conclude that every group has an evil, self-serving motive when they contribute money? For example, Dr. Alexander remarked before in his study, that New Jersey had the largest number of citizens participate in the check-off system. Well, it seems to me, those people aren't contributing because they expect something in return. They're interested in good government.

Why wouldn't groups, for example PAC groups no matter who they represent, be interested in good public policy? As a matter of fact, I've seen many times, and I'm sure my colleagues have as well, where lobbyists, who are interested in good public policy, have given us legislation to change laws that are for good public policy, and their lawyers have crafted these bills. They've helped us in this end and objective. It just seems to me that there is so much cynicism out there that I think sometimes we imagine the system being so bad and corrupt, and it really isn't.

DR. ALEXANDER: Well-- Go ahead.

DR. JONES: I would think that whatever you do you don't want to discourage the group involvement. We have very little participation. We get a lot of participation through groups and leadership, and it's aggregated that way. And I'm a very old fashioned pluralist. The more groups involved, the better, as long as people know what's there. So, I think your point is really important not to lose sight of; that the groups that are involved in the legislative process, through their money, through their lobbying, through their contributions in-kind, whatever they do, are contributing to that process.

And maybe they have something, but they're helping make public policy. And it's your job, as a legislator, to make sure it's good public policy. And if they're advocating poor public policy, then you'll stop it. I mean, so I don't think you ought to lose sight of that.

SENATOR ORECHIO: And Chuck Haytaian earlier indicated that we look at one side of the picture. And, I myself -- I don't know about these fellows who are all in safe districts.

SENATOR DiFRANCESCO: Don't pull me in on anything--
(laughter)

SENATOR ORECHIO: They're in safe districts, but there are big chunks of money given to the challengers -- against me in the '81 election, I think--

SENATOR DiFRANCESCO: '83.

SENATOR ORECHIO: --by two big groups. '83, yeah he's probably the-- Two big groups because I voted against NRA, and I voted against the builders. And they spent huge of sums of money to defeat me. That's never recorded.

SENATOR DiFRANCESCO: I know.

SENATOR ORECHIO: Never recorded. Nobody ever knows about it, just to look at one side.

DR. ALEXANDER: Yeah, I think Larry once said that the solution to pollution is diffusion. Is that what you said?

MR. BURSTEIN: No, he didn't say that, he--

DR. SABATO: Hold it. (laughter)

DR. ALEXANDER: No.

DR. SABATO: Not that I--

DR. ALEXANDER: And so the more groups that are involved in the system, the better. And those groups ought to be encouraged to participate, not discouraged. You know, one of the things about the electoral process and the use of money is that because of these perceptions out there, what a lot of legislators do across the country is restrict here, restrict there, you know, rather than think through the process and try to make it easier for candidates to raise money, not harder. And every time you put on a restriction, you make it harder, not easier.

Some of the reason for that restriction sometimes is well-founded, but other times it's just making it more and more difficult to raise the money, and then people complain that the candidates are spending too much time raising money, or they're accepting too much money from the special interests, and they're not trying to broaden the financial bases. One of the best things you could do, for example, might be to try-- Here in this State you have a State income tax. Try a tax credit for political contributions; the idea to encourage people to contribute and give them a tax benefit as a result of their contributions.

Now, it's hard to dip into tax revenues at a time, I guess, when the State is confronting deficits--

SENATOR DiFRANCESCO: Not anymore. (laughter) We're going to have a lot of money now.

ASSEMBLYMAN HAYTAIAN: We're going to have a lot of surpluses; about 1.8 billion a year, easy.

SENATOR DiFRANCESCO: But Herb, let me just-- I feel directly the opposite. I'm trying to see if all is right. The more restrictions you have on PAC contributions or on PACs or with contribution limits, the more people are going to

contribute to my campaign? In other words, the more you force me to reach out to raise money, and albeit there will be more time spent, the better off I'm going to be because I'm going to expand my base. The less restriction you have on PAC contribution or on contributions the more I'm going to rely upon the larger contributions, and the less I'm going to rely upon finding-- I won't have a \$50 fund raiser, I'll have a \$2500 fund raiser as the Governor is going to do in August.

ASSEMBLYMAN DEVERIN: Nobody will show up for you.
(laughter)

DR. ALEXANDER: Well, you know, Ruth is--

SENATOR DiFRANCESCO: Who gives \$2500?

ASSEMBLYMAN HAYTAIAN: I'll bet you they'll be sold out.

SENATOR DiFRANCESCO: Yes, they'll be sold out.

DR. ALEXANDER: Ruth has written on the subject of the financial base or the, you know-- Why don't you talk about it?

DR. JONES: Now that you've set me up, what
(inaudible) (laughter)

DR. ALEXANDER: You've written about it.

DR. JONES: No, we don't have a lot of good data on who are contributors and where they -- who they give to and so forth. And what I did was I looked at people who give to parties, to PACs, to individual candidates, and look to see if they're different kinds of people with different profiles, different background sort of things. And they are really different. And I think that interest groups appeal -- from my data, international data -- appeal to different sets of people. And this goes contrary to what people might think, but the people who give to the interest groups are the people who are less involved, less concerned, less informed, not likely to vote. They are not the model of a good citizen, you know, contributor, whatever that textbook thing is.

So, the people who give to interest groups discharge their duty. They write their check, they give it, and then they don't want have anything more to do with it. I mean, they've discharged their duty.

So, you're talking about a very different kind of contributor bases. The people who give to party--

SENATOR DiFRANCESCO: That's pocketbook contributor. Those are people that are interested in what their interest is--

DR. JONES: Or they're people--

SENATOR DiFRANCESCO: --law, dentistry, or whatever.

DR. JONES: Right. Or they're who-- Then we looked to see whether these were primarily union people or non union because the union has a different way of collecting and so forth, and that washed out. You know, those kinds of things washed out. So, I think when we talk about contributors, we have to realize that there are different motives for giving, and people do different things.

And one of the questions about cynicism is it would be wonderful to have a good study of political contributors in which you could find out what they do. I don't mean these case studies that go to the PAC people and they say, "Well, I go for good policy and yes, I want to have access, but I'm not trying to influence." You know, we get enough of that.

But it's the individual citizen kind of thing to try to get back at that cynicism, and we haven't-- I guess the flipside of all this is it's somebody's responsibility to educate, and we haven't talked about whose responsibility that is, to have people say that just because I get \$100,000 from the builders doesn't mean that I vote for them. In fact, I voted against them.

I mean, there's a responsibility to make your case too. I don't know whose responsibility it is to educate--

ASSEMBLYMAN HAYTAIAN: But it was mentioned before by Assemblyman Deverin, that doesn't happen.

DR. JONES: No, but I'm saying it's somebody's responsibility, but whose?

ASSEMBLYMAN HAYTAIAN: And so, you know, we try, we try. I mean, there's no doubt we try, but that doesn't sell newspapers, for instance, because newspapers don't want to hear, or at least the people they think they're writing about, and the people that they're writing for don't want to hear that. They only want to hear, well, if you received "X" amount of dollars. And we had a legislator who came in here and gave us a set -- and it's in the minutes, I think -- of donations and how the votes went. And when I pointed out that, wait a minute, you really didn't prove your point. One newspaper or two picked it up. The rest didn't even touch on it.

DR. JONES: Yeah, but the press is easily the whipping boy, but I think it has to be something else.

ASSEMBLYMAN HAYTAIAN: No, no, I'm not-- No, the point is, I think it's important that -- when Assemblyman Deverin talked about that -- it doesn't appear. How do we educate the people? You're right. Whose responsibility is that?

DR. JONES: We haven't talked about that. I raised the topic, now Herb can give us a lecture on that. (laughter)

DR. ROSENTHAL: Steve.

DR. SALMORE: Let me get back to the original question: There's an argument to be made for contribution limits of a reasonable sort.

SENATOR DiFRANCESCO: Steve, if your contribution limit was \$50 you'd have so much more public participation at fund-raising activities than when it's unlimited.

DR. SALMORE: By putting a limit on the real big spender, the one who can bankroll a campaign with one check, you force candidates to grass roots fund-raising. And, in fact, during the '70s when the Republicans were out of the White House they were forced to do direct mail fund-raising

programs. And, in fact, the Republican party now nationally has a much larger direct fund -- smaller donor base than the Democrats because they were forced to do that. McGovern did that in '72 but that list was never really, you know, followed up on.

I think one of the indirect effects of the contribution limit, as you say, is more grass roots activity, but that may not be a bad thing. There should be ways of encouraging candidates to reach out to the small contributor. And if they can depend on the three or four checks coming in and funding the campaign, obviously there is no incentive to do that.

SENATOR DiFRANCESCO: If you can have a fund raiser for \$2500, then you're not going to worry about the person that wants to go to your fund raiser for \$25.

DR. SABATO: But should that be enforced? You're making a good point, but should that be enforced, or should it be an option? I think some of us are saying it ought to be an option rather than enforced, because there are bad side effects to that kind of contribution cap. And you're not going to stop the PAC from coming to you. You were saying by putting that cap on, you'd force yourself and other candidates to go out and maximize participation from small contributors. That's not necessarily true.

SENATOR DiFRANCESCO: You're not going to stop the PACs from contributing. I agree.

DR. SABATO: Exactly. The PACs are still going to give you the money. They're going to give it to you one way or another. Under the current system you still have the option of seeking small contributors, and I think you can structure the system without contribution caps to encourage small contributors.

DR. SALMORE: Now, do you have any--

DR. SABATO: Small tax credits, as Herb was suggesting.

DR. SALMORE: Larry, when they removed the tax credit on the Federal income tax return, is there any data on the impact of small contributions? Was there an impact on the amount?

DR. SABATO: It's too soon. It just happened in '86, so we don't really know--

DR. ALEXANDER: The IRS takes--

DR. JONES: Well, you won't be able to--

DR. ALEXANDER: --years to come up with that data. But I don't think there's--

DR. SALMORE: Oh, no, that won't tell you. I mean, what you want to know is did tax credits encourage people to give, and did the removal then discourage?

SENATOR DiFRANCESCO: Yes, I'm sure it encouraged them to give.

DR. SALMORE: Well, then, you know, it might be one way of encouraging it.

DR. SABATO: It's got to have some effect.

DR. ALEXANDER: It has some effect--

MR. STANTON: Well, it was very helpful when raising money on your own PAC. I mean, the PAC for our bank, we could tell our people that they could get a \$200 tax credit. That was a lot easier to sell.

DR. SALMORE: That may be something to think about. There's an incentive to the small contributor which I think is something which is useful.

DR. JONES: But, it's not the small contributor, you know, depending on where you put that list, because if you're talking about a tax credit of \$50 you appeal to a very different group than \$200.

DR. SALMORE: Well, you can always (inaudible) the numbers.

DR. JONES: David Admani (phonetic spelling) has written on that.

ASSEMBLYMAN DEVERIN: You know, you run a \$250 cocktail party, and then you run a \$5 spaghetti party and the same people are there.

DR. ALEXANDER: Really?

ASSEMBLYMAN DEVERIN: Absolutely.

SENATOR DiFRANCESCO: No, you're kidding.

ASSEMBLYMAN DEVERIN: The same people are there. Except they buy--

SENATOR DiFRANCESCO: That's in Carteret. That's only in Carteret.

ASSEMBLYMAN DEVERIN: They buy 50 tickets and pass them out to their friends, but the same--

DR. ROSENTHAL: Senator Orechio?

ASSEMBLYMAN DEVERIN: When you wind up adding up the money, it comes out from the same contributors all the time.

DR. ROSENTHAL: Senator.

SENATOR ORECHIO: Yeah, we were talking about public perception. I was wondering, has anybody seen any data that's been compiled as to maybe the major ingredient in the low turnout of voters? Does that mean they feel the system is good? Does it mean that the system is bad, and they just don't go to vote for that reason?

DR. ALEXANDER: Well, you know--

SENATOR ORECHIO: Or whatever funding mechanism we have--

DR. ALEXANDER: There was a survey done by one of the pollsters who is concerned about the downturn in voting turnout. And one of the questions he asked was, "What do you think is most detrimental to the future of democracy, ignorance or apathy?" And one of the respondents thought for a minute and said, "I don't know, and I don't care." (laughter)

You know, we've observed in the presidential elections-- We've observed in the presidential elections since 1960 a decrease in voting turnout. We've also observed a

decrease in checkoffs, which is a kind of participation since the early '80s, and that is at the Federal level and in all of the states.

I don't know if those two are related, but the fact is, it seems to me, that there is some kind of malaise out there. There is some kind of feeling that voting doesn't count, that contributing doesn't count, because the policy is in the hands of the special interests. And whether that perception is right or wrong, it's the mix of money and politics that is endemic in this country, and that is not going to be changed by a lot of new regulations.

Now, a lot of people back in the '70s, when the Federal government was undertaking reform, and you know, the Federal Election Campaign Act consisted of four enactments during the 1970s-- And then the big argument was we have to raise confidence in the electoral system, and the way to do it is to undertake all these reforms. And the fact is, that confidence hasn't been increased. It's been decreasing along with the decrease in voting turnout and the decrease in checkoffs.

I don't know what the answer is. You know, there's an argument among political scientists as to whether it's a deep problem or whether just because if you change your registration regulations, if you undertake motor voter, if you undertake mail registration -- that's M-A-I-L -- you know, that it will make a difference. But nothing seems to make a difference because of some of the perceptions that are out there. And you're right, Senator, that the perception is the key, and we're unable to measure perception except to know that it's pretty deep-seated, and its manifestations are occurring in different ways.

DR. SABATO: There's also a paradox here. We have the strongest ethics and campaign finance laws in American history, and we also have probably the greatest degree of public belief

that all politicians are crooks. And there's a direct relationship there: Because we have the strongest ethics and campaign finance law ever, the public finds out more about what is really happening and more instances of corruption are revealed. They were always there. They were just not revealed.

And the public is convinced that everyone does it, when, in fact, anyone who watches government knows that we have the most honest government we've ever had, comparatively speaking, when you go back to the 18th and 19th centuries. So there's a paradox there.

So, the more you strengthen your ethics and campaign finance laws on this Commission, the more problems you'll probably be creating for yourselves. (laughter)

DR. ROSENTHAL: We might just weaken them then. Ruth?

DR. JONES: But there is an anomaly here, and I don't like to disagree-- I love to disagree with Herb, but not in public. If you look at the national election data, at the same time that voter turnout has been going down, other forms of citizen participation have been increasing. So the kinds of involvement from giving money, talking about politics, writing letters, doing those kinds of things, the NES data show an increase. We bottomed out in cynicism according to the measures that we use, and I'm not real happy with those measures.

The cynicism has bottomed out and is starting to be back up toward more positive feeling, not high, but at the same time, we've had lower voter turnout; we've had more participation, not high rates of participation, but we've never had them. But the national data show us there is a hard core of people that have been growing during these times when everything else has been going downhill, and I don't know how to explain that. But I know that's what the data--

DR. ALEXANDER: But it's among people who are very emotionally involved in the pro-choice, pro-life movements, in

to vote and don't want to participate is they're sick to death of hearing about it. It interrupts their soap opera, or it-- Petty reasons, but, you know, we don't like politicians anyway, we don't trust them, and now they're around all the time, so I'm really turned off.

I'm wondering if in your experiences, you have some suggestions as to that perception? I mean, I know constitutionally we can't set off the cannon and say campaigns can only run from Labor Day to Election Day. And we can't say you can only give money on odd-numbered Tuesdays when the moon is full, but are there things that would aid that perception?

I mean, I, for one, don't think there's anything wrong with requiring some kind of free radio and television time in a restrictive way to candidates. I mean, those are our airways, they have to pay for a license to run them, and the fact that they won't allow some controllable free time just boggles my mind. But are there things that you would suggest that hit on those attitudes, problems?

DR. SALMORE: Well, a number of things that you raised, one is on the free time: I feel reduced time is fine, but if you look at an urban area like New Jersey where you have a limited number of electronic outlets, and it seems, an unlimited number of elections, you would overwhelm any kind of broadcast system if you allocated even minimal amounts of time to every campaign.

The Federal government which controls through the FCC the airwaves has the leverage. At the state level, we don't. And I think that if you try to do that, there are some technical problems.

DR. SABATO: You can do it through the parties, Steve.

DR. SALMORE: By the way, cable-- Yeah.

DR. SABATO: You can do it through the parties.

DR. SALMORE: Yeah, but cable also is helping that because with the public access channels, with the very low fees

the gun control, or lack of gun control movements. You know, a lot of the participation these days is increasing. I agree.

DR. JONES: Sure.

DR. ALEXANDER: But it's pinpointed on issues.

DR. JONES: Well, that's okay.

DR. ALEXANDER: And that's fine. It has its impact, of course, in elections in terms of what candidates get supported and what ones don't and where money flows and where money doesn't flow in terms of the candidates' positions on some of these issues. But we go from a sort of macro system to a micro system where the macro used to be the voting. You know, that was where the participation was.

Now there's a lot of micro pinpointed participation in a lot of these issues and in a lot of detail also reflected in lobbying activities. There's a lot more-- You know, there's been a growth of lobby activity. Any state that registers lobbyists has seen a tremendous growth. There's been a tremendous growth in the number of PACs, not just at the Federal level, but at the state level. And so, what we're finding is this kind of diffusion that takes place, and a lot of it is pinpointed on specific issues, and it's unfortunate in some ways because it means that there's a litmus test going on in many minds, you know. And unless you're pro-choice or unless you're pro-life, you know, I'm not going to vote for you.

DR. ROSENTHAL: Yeah, Pat?

MS. SHEEHAN: We talked a lot about the perception, and I agree that that's a problem. And I think that there's another perception out there in terms of fueling the cynicism, if you will, in that campaigns never end anymore. And legislators, incumbents, attempt to raise money annually. Where TV is used, there are commercials earlier and earlier. I mean, Labor Day does not start the election system anymore, etc. And at least among some of the people that I know, one of the reasons that they don't get involved anymore and don't want

for cable advertising, you see more and more candidates turning to cable as a way of getting through.

But the point about the permanent campaigns: I think some people say they're turned off by the campaigning, but at the same time in New Jersey levels of knowledge about politicians -- and I'm talking about simple name recognition -- are extraordinarily low; and that the ability of an elected officeholder to communicate with the public in this State is very, very poor; and that we don't need less ability to communicate, we really need more; and that what's really happened is the line from campaigning to governing is gone; and that everything has to do with getting your name out, getting your message out, and there is no start or end to a campaign.

One reason why incumbents have such a huge advantage is not because people love incumbents, per se, but they're more likely to hear about incumbents. The problem the challenger has, if an incumbent can't get known when they're an officeholder, how is a challenger, who has no stature, who has no standing, going to get known? I think that the public may say that they're-- It's like junk mail. Everyone says that, you know, they don't like junk mail, but obviously they read it. People spend a lot of money sending it out. And I would take with a grain of salt, at least, that they're disgusted with the system, there's too much of it. I think that's a surface rationale. They still get information, and that's still useful.

DR. ROSENTHAL: Any final questions?

MR. BURSTEIN: I won't get into another subject, it's pretty late to do that. You told us when you invited this quartet that they knew nothing about ethics, either personal, practice, or otherwise. (laughter) And I didn't want to get into the ethics issues because that's something else, and again, it's late in the game.

DR. JONES: But, I do think that you won't be successful in handling campaign finance unless you look at issues -- I don't mean you as a group, but in the broad scale -- that unless you include things like ethics, disclosure, conflict of interest, lobbying, and campaign finance-- They're part of a whole.

MR. BURSTEIN: We are going to look--

DR. ALEXANDER: And honoraria.

MR. BURSTEIN: That's part of our charge.

DR. JONES: That's right.

DR. ALEXANDER: And honoraria.

MR. BURSTEIN: Yeah. Oh, absolutely. We have had some incidental discussion about it. But how to put restrictions or disclosures on it is the difficult issue.

DR. ALEXANDER: The thing is about honoraria, for example, that honorarias emanate from many of the same sources as political contributions, and sometimes in a complementary way. And so, if you look at the sources of political contributions you also have to look at the question of honoraria to legislators, and it's getting more and more risky for many legislators to accept honoraria.

In Los Angeles we just passed a local charter amendment in which honoraria are prohibited for members of City Council, but they increased the salaries. Some of the members of the City Council put the increase in their salaries in the legislation in the view that tax conscious voters would turn it down. And instead, they bought it with the view-- And you know, and it's being rationalized now as saying they're willing to raise salaries if its accompanied by what looked like practical legislative restrictions on ethics.

MR. BURSTEIN: Well, that's what the House of Representatives did.

DR. ALEXANDER: Yeah, yeah. And the same thing happened at the State level in California where the State

Legislature increased salaries, and it was put on the ballot with a legislative package, and it passed. So, both statewide and in Los Angeles that accompaniment-- Now, I don't know if I'm arguing to you legislators that you ought to raise your salaries. (laughter)

ASSEMBLYMAN DEVERIN: And don't mention badges either. (laughter)

ASSEMBLYMAN HAYTAIAN: What's the salary in California?

DR. ROSENTHAL: Higher salaries and larger badges.

ASSEMBLYMAN HAYTAIAN: Do you know what the salary is?

DR. ALEXANDER: The City Council is going to be up to \$85,000 in Los Angeles.

ASSEMBLYMAN HAYTAIAN: How about the Legislature?

SENATOR ORECHIO: They're full-time.

ASSEMBLYMAN HAYTAIAN: The California Legislature?

DR. ALEXANDER: The Legislature, it went up but I'm sorry to say I don't exactly how much.

ASSEMBLYMAN HAYTAIAN: Are they full-time or part-time?

DR. ALEXANDER: Yeah, it's really full-time.

DR. ROSENTHAL: Essentially full-time with an outside--

DR. SABATO: It's at least as high as congressional salaries. I think they're higher than congressional salaries, aren't they?

DR. ALEXANDER: No, they're not. No, they're not higher, but there are a lot of perks that go along with-- You know, you get a car, you get all your transportation--

SENATOR DiFRANCESCO: You get a car phone? (laughter)

DR. ALEXANDER: Yeah, even a car phone -- even a car phone.

DR. ROSENTHAL: Let me just repeat one of the questions I asked before because I got one response and that is, surplus campaign funds. Larry argued you don't try to deal with that because it will work its way around the system. Does everybody agree that surpluses just ought to be carried over and used however--

DR. SALMORE: One issue you might want to deal with which is the conversion of campaign funds for private use. At the Federal level they just end at the grandfathering where after I think the beginning of 1992 any campaign funds cannot be converted, after a member retires, for private use. But I certainly agree with Larry, that it's just another detail to be gotten around.

DR. ROSENTHAL: But they can't be used for private purposes.

DR. SALMORE: They can't. Yeah, I think they shouldn't be converted to private uses; contributed to the party, charity, to another candidate, but not for private use.

DR. ALEXANDER: Well, part of the question of those surpluses is the--

ASSEMBLYMAN DEVERIN: There's nothing wrong with carrying them over to the next election.

DR. SALMORE: It's going to be done anyway.

DR. ALEXANDER: --ability or inability of legislative leaders to get their members who have these surpluses, you know, to transfer the money to challengers who need it. And that's a good if that occurs. The reason a lot of these candidates build the big surpluses is not just to fend off possible challenges in the primary or in the general election, but it's because they're ambitious and they want to use the money eventually to run for other kinds of offices. You know, they want to run for Governor, they want to run -- from the Assembly they want to become a Senator, they want to run for a House seat, you know, and some--

ASSEMBLYMAN HAYTAIAN: But you can't do that in New Jersey. You can't convert-- First of all, you can't convert campaign funds for the Legislature to a congressional campaign because that's considered dirty money, congressional campaign is clean money. That's what it's considered.

DR. ALEXANDER: Unless you can cleanse it.

ASSEMBLYMAN HAYTAIAN: Well, I don't know how you can cleanse it, though.

DR. ALEXANDER: You can cleanse it. Well, because it's a \$1000 contribution--

ASSEMBLYMAN HAYTAIAN: Separate accounts?

DR. ALEXANDER: There's \$1000 contribution limit at the Federal level. Pete Wilson converted State money to Federal money out in California simply by taking the \$1000, you know, and rejecting the rest -- returning the rest.

ASSEMBLYMAN HAYTAIAN: Okay.

DR. ALEXANDER: So, you can do it to some extent.

DR. ROSENTHAL: Ruth?

DR. JONES: One of the things with surplus funds that causes some problems among the general public is that converting campaign funds to officeholder accounts then becomes a slush fund for the elected official. And most of the states that have had those are in the process of trying to phase those out, so that the more normal things are that it can be used for the party, it can be used for other campaigns, it can be given to charities. You get a lot of leverage out of taking your surplus money and giving it to the boy's club in your district, and the women's club in your district, and all that kind of stuff.

But I wouldn't say that I'm not worried at all about surplus. I think there ought to be some parameters out there. I don't believe in zeroing it out or anything like that, but the officeholder account poses problems.

DR. SALMORE: But what's to prevent a candidate from keeping the campaign office open permanently?

DR. SABATO: Nothing.

DR. SALMORE: That's right. So, it may not be an office slush fund. It's a campaign fund. And you can hire staff and just say, well, they're permanent campaign staff.

DR. JONES: But as long as there's a campaign committee--

DR. SABATO: They're paid baby-sitters, like--

DR. JONES: --it falls under your campaign reports--

DR. SABATO: --U.S. Senators do.

DR. JONES: --and you do report those expenditures.

DR. SALMORE: Oh, yeah.

DR. JONES: If it all just goes into the officeholder account, then it's down the tubes.

DR. SALMORE: Right, okay.

DR. ALEXANDER: And a lot of that money that's in these surplus funds get spent not on communicating with the public, but on communicating with interest groups. In other words, employing consultants, keeping the lines open to the specific kinds of interests that are helpful in the election process.

DR. ROSENTHAL: I think we probably have come to the end of our session. I really want to thank you enormously for coming this far and for sharing your observations, your experience, your knowledge, with us. It's been, at least on my behalf, very helpful, and I'm sure that the members of the Commission have found it helpful too. Thank you very much.

ASSEMBLYMAN DEVERIN: Great.

DR. ALEXANDER: There's one great line which is-- A British agent used to use the line that the most expensive election is a lost election.

MR. BURSTEIN: How well I know.

DR. ROSENTHAL: We will be careful not to lose any.
(laughter)

(HEARING CONCLUDED AT 12:26 p.m.)