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P U B L I C    H E A R I N G

before  
*New Jersey Legislature,*  
" ASSEMBLY, JUDICIARY COMMITTEE

on

SENATE BILL NO. 1124  
"The New Jersey Campaign Contributions  
and Expenditures Reporting Act"

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Held:  
February 6, 1973  
Senate Chamber  
State House  
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William K. Dickey (Chairman)  
Assemblyman John I. Dawes  
Assemblyman Walter C. Keogh-Dwyer  
Assemblywoman Ann Klein  
Assemblyman Herbert C. Klein  
Assemblyman John A. Spizziri  
Assemblyman David A. Wallace

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SENATE, No. 1124

STATE OF NEW JERSEY

INTRODUCED JULY 17, 1972

By Senators SCHLUTER, WOODCOCK, BATEMAN, HIRKALA,  
CAFIERO, BATE and MARAZITI

(Without Reference)

AN ACT concerning the reporting of election campaign contributions and expenditures, establishing an Election Law Enforcement Commission and prescribing its powers and duties, making an appropriation therefor, amending R. S. 19:5-5 and repealing R. S. 19:3-8, 19:34-36 and 19:34-37, chapters 40, 41, 42, 43, and 44 of Title 19 of the Revised Statutes and chapter 152 of the laws of 1946.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. This act shall be known and may be cited as "The New Jersey  
2 Campaign Contributions and Expenditures Reporting Act."

1 2. It is hereby declared to be in the public interest and to be the  
2 policy of the State to require the reporting of all contributions  
3 received and expenditures made to aid or promote the nomination,  
4 election or defeat of any candidate for public office or to aid or  
5 promote the passage or defeat of a public question in any election.

1 3. As used in this act, unless a different meaning clearly appears  
2 from the context:

3 a. The term "political committee" means any two or more per-  
4 sons acting jointly, or any corporation, partnership, or any other  
5 incorporated or unincorporated association which is organized to,  
6 or does, aid or promote the nomination, election or defeat of any  
7 candidate or candidates for public office, or which is organized to,  
8 or does, aid or promote the passage or defeat of a public question  
9 in any election.

10 b. The term "testimonial affair" means an affair of any kind or  
11 nature including, without limitation, cocktail parties, breakfasts,  
12 luncheons, dinners, dances, picnics or similar affairs directly or

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

13 indirectly\*\*[.]\*\* intended to raise campaign funds in behalf of a  
14 person who holds, or who is or was a candidate for nomination or  
15 election to a public office in this State, or directly or indirectly  
16 intended to raise funds in behalf of any state, county or municipal  
17 committee of a political party or in behalf of a political committee.

18 c. The term "election" means any election described in section  
19 4 of this act.

20 d. The term "paid personal services" means personal, clerical,  
21 administrative or professional services of every kind and nature  
22 including, without limitation, public relations, research, legal, can-  
23 vassing, telephone, speech writing or other such services, per-  
24 formed other than on a voluntary basis, the salary, cost or con-  
25 sideration for which is paid, borne or provided by someone other  
26 than the committee or candidate for whom such services are  
27 rendered.

28 e. The term "public solicitation" means any activity by or on  
29 behalf of any candidate, State, county or municipal party committee  
30 or political committee whereby either (1) members of the general  
31 public are personally solicited for cash contributions not exceeding  
32 \$2.00 from each person so solicited and contributed on the spot by  
33 the person so solicited to a person so soliciting or through a  
34 receptacle provided for the purpose of depositing contributions, or  
35 (2) members of the general public are personally solicited for the  
36 purchase of items having some tangible value as merchandise, at a  
37 price not exceeding \$5.00 per item, which price is paid on the spot  
38 in cash by the person so solicited to the person so soliciting, when  
39 the net proceeds of such solicitation are to be used by **\*\*[on]\*\***  
40 **\*\*or\*\*** on behalf of such candidate, party committee or political  
40A committee.

41 f. The term "allied candidates" means candidates in any election  
42 who are (1) seeking nomination or election (A) to an office or offices  
43 in the same county or municipal government or school district or  
44 (B) to the Legislature representing in whole or part the same con-  
45 stituency or (C) as committeemen of the same political party in the  
46 same county, or (D) as delegates or alternates to the national  
47 convention of the same political party; and who are (2) either (A)  
48 nominees of the same political party or (B) publicly declared in  
49 any manner, including the seeking or obtaining of any ballot posi-  
50 tion or common ballot slogan, to be aligned or mutually supportive.

51 g. The term "allied campaign organization" means any political  
52 committee, any State, county or municipal committee of a political  
53 party or any campaign organization of a candidate which is in

54 support **\*\*[of]\*\*** **\*\*or\*\*** furtherance of the same candidate or any  
 55 one or more of the same group of allied candidates or the same  
 56 public question as any other such committee or organization.

57 h. The **\*\*[term]\*\*** **\*\*terms\*\*** "contributions" and "expendi-  
 58 tures" include all transfers of money or other thing of value to  
 59 or by any candidate, political committee or committee of a political  
 60 party, and all pledges or other commitments or assumptions of  
 61 liability to make any such transfer; and for purposes of reports  
 62 required under the provisions of this act shall be deemed to have  
 63 been made upon the date when such commitment is made or lia-  
 64 bility assumed.

1 4. The provisions of this act shall apply :

2 a. In any primary, general, special, municipal or school election  
 3 for any public office of the State or any political subdivision thereof;

4 b. In any primary election for delegates and alternates to the  
 5 national conventions of a political party;

6 c. In any election at which a public question is to be voted upon  
 7 by the voters of the State or any political subdivision thereof.

1 5. There is hereby created a commission consisting of **\*\*[five]\*\***  
 2 **\*\*four\*\*** members which shall be designated as the New Jersey  
 3 Election Law Enforcement Commission. The members shall be  
 4 appointed by the Governor by and with the advice and consent of  
 5 the Senate for a term of 3 years, beginning on July 1 and ending  
 6 June 30, except as hereinafter provided. The Governor shall desig-  
 7 nate one of his appointees to serve as chairman of the commission.  
 8 No more than **\*\*[three]\*\*** **\*\*two\*\*** members shall belong to the  
 9 same political party, and no person holding a public office or an  
 10 office in any political party shall be eligible for appointment to the  
 11 commission. Of the members initially appointed, two shall be ap-  
 12 pointed for a term of 3 years, **\*\*[two]\*\*** **\*\*one\*\*** for a term of 2  
 13 years and one for a term of 1 year. Each member shall serve until  
 14 his successor has been appointed and qualified. In case of a  
 15 vacancy, however, the successor shall be appointed in like man-  
 15a ner for the unexpired term only. The members shall serve  
 16 without compensation, but shall be reimbursed for necessary  
 17 expenses incurred in the performance of their duties under this act.  
 18 For the purpose of complying with the provisions of Article V,  
 19 Section IV, paragraph 1 of the New Jersey Constitution, the Elec-  
 20 tion Law Enforcement Commission is hereby allocated within the  
 21 Department of Law and Public Safety; but, notwithstanding said  
 22 allocation, the commission shall be independent of any supervision  
 23 or control by the department or by any board or officer thereof, it  
 24 being the intention of this act that the assignment, direction,

25 discipline and supervision of all the employees of the commission  
26 shall be so far as possible, and except as otherwise provided in this  
27 act, fully determined by the commission or by such officers and em-  
28 ployees thereof to whom the commission may delegate the powers of  
29 such assignment, direction, discipline and supervision.

1 6. a. The commission shall appoint a full-time executive director  
2 and a legal counsel, both of whom shall serve at the pleasure of the  
3 commission and shall not have tenure by reason of the provisions  
4 of chapter 16 of Title 38 of the Revised Statutes. The commission  
5 shall also appoint such other employees as are necessary to carry  
6 out the purposes of this act, which employees shall be in the classi-  
7 fied service of the civil service and shall be appointed in accordance  
8 with and shall be subject to the provisions of Title 11, Civil Service.

9 b. The commission shall promulgate such regulations and official  
10 forms and perform such duties as are necessary to implement the  
11 provisions of this act. Without limiting the generality of the fore-  
12 going, the commission is authorized and empowered to:

13 (1) Develop forms for the making of the required reports;

14 (2) Prepare and publish a manual for all candidates and com-  
15 mittees prescribing the requirements of the law, including uniform  
16 methods of bookkeeping and reporting and requirements as to the  
17 length of time that any person required to keep any records pur-  
18 suant to the provisions of this act shall retain such records, or any  
19 class or category thereof, or any other documents, including  
20 canceled checks, deposit slips, invoices and other similar documents,  
21 necessary for the compilation of such records;

22 (3) Develop a filing, coding and cross-indexing system;

23 (4) Permit copying or photo-copying of any report required to  
24 be submitted pursuant to this act as requested by any person;

25 (5) Prepare and make available for public inspection summaries  
26 of all said reports grouped according to candidates and parties,  
27 containing the total receipts and expenditures, and the date, name,  
28 address and amount contributed by each contributor; mail copies of  
29 such summaries to all newspapers of general circulation in the  
30 candidate's constituency;

31 (6) Prepare and publish, prior to May 1 of each year, an annual  
32 report to the Legislature;

33 (7) Ascertain whether candidates, committees or others have  
34 failed to file reports or have filed defective reports; extend, for  
35 good cause shown, the dates upon which reports are required to be  
36 filed; give notice to delinquents to correct or explain defects; and  
37 make available for public inspection a list of such delinquents;

38 (8) Hold public hearings, investigate allegations of any viola-  
39 tions in reporting, and issue subpoenas for the production of docu-  
40 ments and the attendance of witnesses;

41 (9) Forward information concerning violations of any of the  
42 provisions of this act to the Attorney General.

43 c. The commission shall take such steps as may be necessary or  
44 appropriate to furnish timely and adequate information, in appro-  
45 priate printed summaries and in such other form as it may see fit,  
46 to every candidate or prospective candidate for public office who  
47 becomes or is likely to become subject to the provisions of this act,  
48 informing him of his actual or prospective obligations and responsi-  
49 bilities under this act. Such steps shall include, but not be limited  
50 to, furnishing to every person on whose behalf petitions of nomina-  
51 tion are filed for any public office a copy of such printed summary  
52 as aforesaid, which shall be furnished to such person by the com-  
53 mission through the public official charged with the responsibility  
54 of receiving and accepting such petitions of nomination, at the time  
55 when such petitions are filed. The commission shall also make  
56 available copies of such printed summary to any other person  
57 requesting the same.

58 d. No certificate of election shall be issued to any candidate whose  
59 election is subject to the provisions of this act without the written  
60 consent of the Election Law Enforcement Commission; provided,  
61 however, that the issuance or nonissuance of such consent shall not  
62 be admissible in evidence in any proceeding to determine whether  
63 or not such candidate or any other person has complied with the  
64 provisions of this act, nor shall anything herein contained be con-  
65 strued in derogation of the constitutional authority of either House  
66 of the Legislature to be the judge of the election and qualification  
67 of its own members.

68 e. The commission shall be assigned suitable quarters for the  
69 performance of its duties hereunder, which quarters shall not be  
70 located in the State House, the State House Annex, or in any build-  
71 ing owned by the State or any political subdivision thereof.

72 *\*\*f. The commission through its legal counsel is authorized to*  
73 *render advisory opinions as to whether a given set of facts and*  
74 *circumstances would constitute a violation of any of the provisions*  
75 *of this act, or whether a given set of facts and circumstances*  
76 *would render any person subject to any of the reporting require-*  
77 *ments of this act.\*\**

1 7. Each State, county and municipal committee of a political  
2 party, and each political committee shall make a full report, upon a  
3 form prescribed by the Election Law Enforcement Commission,

4 of all moneys, loans, paid personal services, or other things of  
5 value contributed to it and all expenditures made, incurred, or  
6 authorized by it in furtherance of the nomination, election or defeat  
7 of any candidate, or in aid of the passage or defeat of any public  
8 question, during the period ending with the day preceding the date  
9 of the report and beginning on the date of the most recent such  
10 report filed. The report shall contain the name and address of each  
11 person or group from whom moneys, loans, paid personal services  
12 or other things of value have been contributed and the amount  
13 contributed by each person or group. The report shall also contain  
14 the name and address of each person, firm or organization to whom  
15 expenditures have been paid and the amount and purpose of each  
16 such expenditure. The report shall be filed with the Election Law  
17 Enforcement Commission no later than noon on the dates desig-  
18 nated in section 12 hereof. The campaign treasurer of the com-  
19 mittee or political committee reporting shall certify to the correct-  
20 ness of each report.

21 Each State, county and municipal committee of a political party  
22 shall also file with the Election Law Enforcement Commission, not  
23 later than March 1 of each year, an annual report of all moneys,  
24 loans, paid personal services or other things of value contributed  
25 to it during the previous calendar year and all expenditures made,  
26 incurred, or authorized by it, whether or not such expenditures were  
27 made, incurred or authorized in furtherance of the election or  
28 defeat of any candidate, or in aid of the passage or defeat of any  
29 public question. The report shall contain the name and address of  
30 each person or group from whom moneys, loans, paid personal  
31 services or other things of value have been contributed and the  
32 amount contributed by each person or group. The report shall also  
33 contain the name and address of each person, firm or organization  
34 to whom expenditures have been paid and the amount and purpose  
35 of each such expenditure. The campaign treasurer of the committee  
36 reporting shall certify to the correctness of each report.

37 In any report filed pursuant to the provisions of this section the  
38 committee reporting may exclude from the report the names and  
39 addresses of contributors whose contributions during the period  
40 covered by the report did not exceed \$100.00; provided, however,  
41 that (1) such exclusion is unlawful if any person responsible for  
42 the preparation or filing of the report knew that it was made with  
43 respect to any person whose contributions relating to the same  
44 election and made to the reporting committee or to an allied  
45 campaign organization or organizations aggregate, in combination  
46 with the contribution in respect of which such exclusion is made,

ASSEMBLYMAN WILLIAM K. DICKEY (Chairman): Ladies and gentlemen, this is a public hearing conducted by the Assembly Judiciary Committee, concerning Senate Bill No. 1124. This measure is now before our Committee and the public hearing today is to extend the opportunity to those who are interested in the enactment or opposition to the enactment of this legislation to present their views to the Committee.

This measure will amend the Election Law of the State, requiring the reporting of all receipts and expenditures by campaign candidates and by the political parties. It will require disclosure of all contributors contributing \$100 or more to any election campaign. It also provides certain criminal penalties and civil penalties in the event of a violation of the law and will repeal many of the existing statutes on this subject which are now contained in Title 19.

For this reason the Committee has called this meeting to give the public the opportunity to present their views concerning this proposed legislation.

Before I call the first witness, I would like to introduce the members of the Committee who are here in attendance today. To my left is Assembly David Wallace of Hudson County. Again to my left is Assemblywoman Ann Klein from Morris County. Perhaps we should call her Governor, but for today she will be Assemblywoman. To my right is Assemblyman Walter Keogh-Dwyer of Sussex County. Again to my right is Assemblyman John Spizziri of Bergen County. My name is Bill Dickey. I am Chairman of the Committee and am from Camden County.

I would like to call as our first witness the principal sponsor of the bill, Senator William E. Schluter of Mercer County. Senator Schluter, will you step forward, please.

I notice you have given us a prepared statement. I am wondering if you could give us just excerpts from it.

rather than reading it in full since we will have the opportunity to do that ourselves.

S E N A T O R     W I L L I A M     E.     S C H L U T E R:  
Thank you, Mr. Dickey. I will go through it. It represents a continuity of thought, Assemblyman, that I think is necessary and I know your Committee will have some questions. So with your approval I would like to read it. I will read it rather fast.

ASSEMBLYMAN DICKEY: All right. You may proceed.

SENATOR SCHLUTER: Thank you. And I do thank the members of the Committee for having this hearing. I think it will be a good opportunity to air the various opinions and feeling on this bill.

Senate Bill 1124, which is now before you, has undergone a long and tortuous journey through the New Jersey legislative process since its birth in 1970. The complete lack of controls over campaign spending in this State, starting in late 1969, have dramatically signalled the need for drastic reforms.

At present, there are no limits over amounts spent on campaigns for state, county, and local office. The Legislature retroactively removed these limits at the end of 1969 after both major gubernatorial candidates had exceeded the statutory limits many fold. Although the law (Title 19) calls for full reporting annually by state, county, and municipal party committees with itemized accounting of receipts and disbursements of \$5 or more, there is no compliance. According to published reports, eight legislators, who failed to file the mandatory pre-election or post-election reports in 1971, have taken the oath of office and are serving in the Assembly and the Senate. Ad hoc fund-raising committees which make no reports whatsoever proliferate the campaign landscape and make a mockery of our election process.

Is it any wonder that the New Jersey citizen has become cynical toward his government. Recent exposures of official corruption, often centering around campaign contributions, detract even further from public confidence.

This condition pervades the political atmosphere in New Jersey despite the fact that the 1970-71 Legislature took some major steps to improve "ethics" in government. It is interesting to note, however, that the Lobby Control Bill of 1971 specifically exempted campaign contributions from its purview.

With this general backdrop, let me trace the development of S-1124 over the past two and a half years. The Election Law Revision Commission, on which I serve, began to work on this problem in earnest in early 1970. This Commission was in existence since the early 1960's, and has had a bipartisan composition of 6 Republicans and 6 Democrats.

After a very thorough but futile effort to hold public hearings on campaign financing, the Commission collected considerable information and held many meetings before developing recommended legislation in its report of September 1, 1970. Senate bill 1124 is the product of this Commission.

There have been several modifications, refinements, and improvements of the bill since 1970. Each of these steps was taken with consultation and support of the Commission. The original version called for reporting contributions over \$25,

as well as those under \$25 if the latter totalled more than 15% of a candidate's "gross" receipts for a 30 day reporting period. The bill now requires reporting of contributions over \$100 in periods that are generally 60 days in duration. No reports of donations under \$100 are required.

Other important events which have given impetus to this legislation included Governor Cahill's remarks in his 1972 annual message when he gave his "wholehearted support" to the Election Law Revision Commission's recommendation -- at that time the limit for reporting was \$25. On April 7, 1972, the law requiring full disclosure of all contributions over \$100 to federal campaigns went into effect. The Governor, in his 1973 message, urged "the Assembly to act quickly" on this measure "in time to protect the public interest during the important elections this year". (Note that he said elections, and one must infer that he meant the primary as well as the general election.) In fact, Governor Cahill has stated publicly that he will make a full disclosure of all his campaign contributions and expenditures if he runs again in 1973, regardless of the outcome of this legislation.

Now for the bill itself...The concept, unanimously recommended by the Election Law Revision Commission, is one involving disclosure. Most importantly, any bill which is to be effective in this area must plug up all of the loopholes. S-1124 accomplishes this. The principle of disclosure then

provides the restraints and controls that are necessary for a reasonable and a realistic statute. Excesses will be pared down by the "glare of the public spotlight".

For example, the federal law in effect for the recent congressional elections tells us that one New Jersey Congressman spent \$22,000 of his own money, and another received \$24,000, or approximately half his contributions, from organized labor. The point is that the public now knows where these men get their financial support. The law does not prevent this type of contribution. I believe that the public is entitled to know, because then, a more intelligent judgment regarding the influences over the candidate can be made.

Consider for a moment the words of Thomas Jefferson when he said: "When a man assumes a public trust, he should consider himself as public property." And please, if you will, consider the salutary effect of public disclosure on the confidence factor between the public and elected officials.

There are other methods to control campaign financing, but none are as versatile or as effective as disclosure. This position is supported by the Commission as well as other "experts" whom I have consulted. Some might advocate public financing of campaigns. Major drawbacks of this method are that all minority candidates must get the same consideration, and that *political* parties would have to be included. Public financing, moreover,

would be very costly, particularly when county and local campaigns are included.

Others may favor expenditure ceilings. But these are of no avail if loopholes exist. Our Commission did not propose ceilings for a variety of reasons. Ceilings give inordinate advantage to incumbents. There is some question as to the constitutionality of ceilings. Finally, it was felt that disclosure would place effective ceilings on campaigns while still allowing sufficient opportunity for a strong and legitimate challenge.

Restrictions on contributions from public employees and from governmental contractors are subject to some of the same arguments as on the question of ceilings.

Senate bill 1124 contains a number of significant features which might best be explained in questions from your committee. The bill imposes a realistic system of penalties. It prohibits anonymous contributions. It establishes a strong, independent enforcement agency. It requires "aggregating" of contributions to prevent circumvention by multiple gifts. Advisory opinions can be obtained by candidates and their staffs on certain situations which might not be spelled out in detail.

It has been stated that dishonest persons will make illegal contributions even after S-1124 is passed. I cannot deny that this might happen, but the chances for apprehension are so great

under this bill that such violations will be at a minimum. The great majority of candidates, their managers, and their treasurers will not "take chances".

If certain campaign funds "dry up" because of this law, perhaps they are the kind that should be discouraged. And if candidates have less to spend, perhaps the public will be treated to more substance in campaigns, rather than press agent gimmickry and pageantry. In 1971, my campaign did not suffer when I disclosed the names of personal contributors -- except that I had to do without \$300 or \$400 from 6 donors who did not want their identities known.

Public confidence is important. It is something that we all need in order to be effective legislators. It would be redundant for one to recite the unanimous editorial comment in favor of S-1124 in all of the media serving New Jersey. Just yesterday, it was most heartening to see the NEW YORK TIMES report where the Bergen County Republican Party has voluntarily adopted a policy of disclosing all campaign contributions over \$100 as part of their program of reform.

I wonder if you members of the Judiciary Committee are aware of the situation that took place in the State of Washington in 1972. The Washington legislature did not act on long overdue campaign finance reform during the regular session. So the people, through the initiative procedure, overwhelmingly passed a very tough campaign finance law at the election last November.

The day before S 1124 came up for a vote in the Senate, a retired Superior Court Judge who is very knowledgeable in New Jersey politics spoke to me privately and he urged that this bill be passed for "the salvation of the Legislature."

I don't think this is too extreme a statement. I think he is right. We have to restore respect to the offices which we occupy, and the situation demands that we act forthwith. Thank you.

ASSEMBLYMAN DICKEY: Senator Schluter, would you care to submit to questions?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: I take it from your last statement, sir, that the offices that we occupy do not have respect today.

SENATOR SCHLUTER: I don't think they have as much respect as they should have, sir.

ASSEMBLYMAN DICKEY: And this bill will change that?

SENATOR SCHLUTER: I think it will help, as I said in my statement, Assemblyman, restore public confidence and thereby respect.

ASSEMBLYMAN DICKEY: Well, specifically, wherein do you contend that respect has fallen away from the elected representatives in the Legislature?

SENATOR SCHLUTER: The Election Law about which we are speaking today is full of loopholes, reporting does not take place, and the public knows it. And I think the public treats this with cynicism.

ASSEMBLYMAN DICKEY: So that lack of reporting then carries over as to the matter of respect; is that your contention?

SENATOR SCHLUTER: I believe so.

ASSEMBLYMAN DICKEY: Now going to the bill itself - Do you have a copy in front of you?

SENATOR SCHLUTER: Yes, sir.

ASSEMBLYMAN DICKEY: On page 1 at the bottom of the page, you have a definition of testimonial affair, which I would understand to mean a testimonial dinner or cocktail party or picnic, that type of thing. Is that right?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Let me pose a hypothetical question to you. Suppose an affluent friend of a candidate were to conduct a social function, entirely social, not purported to be an election function at all, and invited a great many of the neighborhood friends, and this was all gratis to them, food and drinks were served, and the candidate was invited to attend, not publicly, but just privately they invited, we will say, Senator Schluter to come to the Rolling Hunt Country Club of Princeton to this big social function. Senator Schluter is taken around and introduced to everybody. No requests were made for contributions, but he is very discreetly escorted around and introduced. Now is that within the purview of this testimonial affair?

SENATOR SCHLUTER: I don't believe it is, Assemblyman, because the definition goes on to describe a testimonial affair as one intended to raise campaign funds in behalf of a person who holds . . . , etc.

And, secondly, I believe, Assemblyman, in the promulgation of rules and regulations which the bill sets forth as a responsibility of the Election Law Enforcement Commission, they will further define the requirements for reporting.

ASSEMBLYMAN DICKEY: Getting back to my question, Senator, would there be any prohibition or any requirement for reporting that kind of a social function?

SENATOR SCHLUTER: I don't believe so.

ASSEMBLYMAN DICKEY: OK.

On page 2, public solicitation is dealt with. As I understand, anybody who is solicited for \$2 or more is covered by that section. Is that right?

SENATOR SCHLUTER: Two dollars or less.

ASSEMBLYMAN DICKEY: Two dollars or less. So it is any amount of money?

SENATOR SCHLUTER: No. Public solicitation is given a definition and then further on in the bill the proscriptions applying to public solicitation are spelled out.

ASSEMBLYMAN DICKEY: Will you tell us what controls there are over public solicitation of these small amounts?

SENATOR SCHLUTER: It is interesting, Assemblyman, because this particular question was raised by a Commission member, as a matter of fact it was Former Senator Hugh Kelly, of Camden-Gloucester, and he raised the hypothetical question at a Commission meeting. He said, what happens if we have a group of young high school girls who are dressed up in nice attractive dresses and perhaps, if I can use this illustration, we have a program, "Dollars for Dumont" or "Dollars for Dickey" or "Funds for Schluter" or whatever it might be, and they have canisters or little baskets and they are stationed in supermarkets or along the street or wherever it might be. This is to provide for inclusion of that kind of contribution in lump-sum amount so it doesn't get detailed and burdensome.

ASSEMBLYMAN DICKEY: Let me give you another hypothetical question. I understand from this provision that people who might take up a canister collection for a candidate would have to turn the money over to the campaign treasurer. Is that right?

SENATOR SCHLUTER: Yes, they work through the treasurer.

ASSEMBLYMAN DICKEY: How would the campaign treasurer report that?

SENATOR SCHLUTER: The rules and regulations would give further detail on that when they would be promulgated. But they would report that in lump-sum amounts, in general terms. I am sure as in the Federal law or other reporting

laws, they might say to lump them by area or by day or whatever it might be.

ASSEMBLYMAN DICKEY: So, as I understand your bill, even though it would not be necessary to report campaign contributions as to name under \$100, all campaign contributions of whatever amount must be reported.

SENATOR SCHLUTER: In their total amount, correct.

ASSEMBLYMAN DICKEY: So they would be reported as a lump sum?

SENATOR SCHLUTER: Correct.

ASSEMBLYMAN DICKEY: OK. Now in this canister type of collection, suppose one of my generous friends might put \$200 in the canister.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Would they have to be reported?

SENATOR SCHLUTER: It is interesting you ask this because in the same conversation in our Election Law Revision Commission Senator Kelly raised the same hypothetical situation, except he described it a little more loosely by saying, "What if a man in a big black Cadillac drove up and stuck in a thousand dollars?" The law specifically prohibits anonymous contributions and it specifically prohibits contributions over the two-dollar or the five-dollar amount in the public solicitation category.

ASSEMBLYMAN DICKEY: So they couldn't give ten dollars?

SENATOR SCHLUTER: That is correct.

ASSEMBLYMAN DICKEY: Suppose one of these little girls was going around and not watching what was being put in the basket. Is she going to be subject to criminal penalties then?

SENATOR SCHLUTER: No.

ASSEMBLYMAN DICKEY: Now let's deal with the political club. As you know, I am President of a political club. We charge annual dues of \$2. How will that have to be handled?

SENATOR SCHLUTER: The political organizations, as defined in the bill, will have to report, not in the same manner and not in the same interval as candidates or during campaigns, and I believe it is every quarter. But they will report in their totality according to the rules and regulations set down by the Commission.

ASSEMBLYMAN DICKEY: So I am led to believe from your answer that every local Democratic Club, every local Republican Club in every little town in the State will have to make an annual report to this Commission. Is that right?

SENATOR SCHLUTER: Sir, let me answer you in several ways. I am not exactly sure, and I have to check the bill, whether or not the \$500 exclusion, general blanket exclusion, would apply to clubs. Perhaps it would and perhaps it wouldn't.

At the present time, there are requirements that every political party, state county and municipal, must report to either their county clerk or to the Secretary of State.

ASSEMBLYMAN DICKEY: So you really don't know the answer to that question, do you?

SENATOR SCHLUTER: They will have to report, yes, sir, as long as their funds are substantial. But I would have to check out whether or not the \$500 exemption applies.

ASSEMBLYMAN DICKEY: So every little club is going to have to make an annual report.

SENATOR SCHLUTER: Every big club also.

ASSEMBLYMAN DICKEY: How do we deal with the League of Women Voters? They raise money and they deal in political issues. In fact, I was campaign manager last year and they solicited me and I gave them \$150, which happened to be reported, by the way; as campaign manager, I made a complete report. Now how would the League of Women Voters report their money?

SENATOR SCHLUTER: The League of Women Voters is adequately represented here.

ASSEMBLYMAN DICKEY: No, no. I want you to tell me what your bill does.

SENATOR SCHLUTER: The League of Women Voters is not constituted as a political party. They are not a political committee.

Now this bill for the League of Women Voters, as well as for the Socialist Labor Party and for other groups which are active in the public area, citizen groups or public-issue groups, would provide that they have to report where their activity is directed at a campaign activity, the passage of a public question or the support or lack of support of a candidate. But where it is educational, where it is strictly involved in membership, the bill does not intend to cover them.

ASSEMBLYMAN DICKEY: In my county, for instance, the League of Women Voters issues a so-called public information piece which is published in the weekly paper, which tells the background of the candidates and asks questions and reports the answers of candidates to the various questions, some of which may be rather pointed on certain issues. Would you call that just educational or would they be involved in campaigns?

SENATOR SCHLUTER: I believe on the surface, and knowing what they do in Mercer County, this would be educational because of the nature and the format that it is.

However, two things I would remind the Committee: number one, the League of Women Voters can ask under the provisions of this bill for an advisory ruling from the Chief Counsel of the Commission; and, number two, the Commission has the responsibility for carefully delineating what is political and what is not political.

ASSEMBLYMAN DICKEY: Let's take the AFL-CIO Political Action Committee. How do we have them report?

SENATOR SCHLUTER: Generally, Assemblyman, in the same manner and in the same coverage that I described as applied to the League of Women Voters. If any organization

or individual provides services in kind of general value, those are reported - services or activities which are directed at the election or defeat of candidates, political parties, political office holders or public issues.

ASSEMBLYMAN DICKEY: Do you mean they would have to report the amount of money they spend on their labor newspapers that are frequently politically oriented in their content?

SENATOR SCHLUTER: I don't believe so, in the same manner that I don't believe the general media would be required to report if they happen to editorialize in favor of one candidate over the other. But here again, each individual situation would be reviewed in the context of the bill by the counsel and by the Commission and regulations are developed thereby.

ASSEMBLYMAN DICKEY: You haven't developed how the AFL-CIO Political Action Committee would report on direct contributions to candidates.

SENATOR SCHLUTER: If they make direct contributions, that would be required to be reported and the bill so states, if the contributions are over \$100 in a campaign.

ASSEMBLYMAN DICKEY: Is there any provision in your bill concerning check-offs with reference to pay check deductions for political activity that sometimes is done by the labor unions?

SENATOR SCHLUTER: It is not specifically referred to, Assemblyman.

ASSEMBLYMAN DICKEY: Do you feel there is any need for that?

SENATOR SCHLUTER: I feel it is adequately covered in the general descriptions of what political activity is and contributions.

ASSEMBLYMAN DICKEY: So we have then an area which is called "information," which you conceive to be excluded from the provisions of this bill.

SENATOR SCHLUTER: Yes, as long as it is information rather than political.

ASSEMBLYMAN DICKEY: Now, as I understand it, the League of Women Voters have been lobbying for this bill, would their activities within the purview of this bill be reported, whatever they have spent for lobbying on this type of legislation or any type of legislation?

SENATOR SCHLUTER: I don't believe so, Assemblyman. I think that would come under the Lobby Control Law, which I understand they adhere to or they report under.

ASSEMBLYMAN DICKEY: Let's suppose it was a public question on the ballot and they took a position on it. Would they have to report whatever they spent to advocate that public question?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Let's take Common Cause. As I understand, they get most of their money from foundations and they seem to advocate certain legislation. How would they report?

SENATOR SCHLUTER: They would report in the same general manner as I described for these other organizations. I would like to comment that I don't know their financial structure, but I do know they have well over 11,000 members in New Jersey and they have membership dues. They get a lot of their support through their own membership funds.

ASSEMBLYMAN DICKEY: Would they have to report their membership dues and other fund-raising money similar to my political club?

SENATOR SCHLUTER: If they were directly involved in political campaigns, they would. I do not think they would because - I have not examined their charter - I do not know where all their expenses go or where they do not go - I have never heard of Common Cause supporting one candidate or urging the defeat of another candidate. I have never heard of them advocating a public issue on

a ballot. They might. But they in that sense are different from a political club, a political committee or a political party.

ASSEMBLYMAN DICKEY: Going to page 3 of the bill, do I understand that you are now setting up an entirely new bureau within the Department of Law and Public Safety which you have characterized as being in it but not of it, or something to that effect. Is that correct?

SENATOR SCHLUTER: That is correct.

ASSEMBLYMAN DICKEY: And you are going to have some full-time employees. Is that right?

SENATOR SCHLUTER: That is correct.

ASSEMBLYMAN DICKEY: Do I understand from the bill that here is going to be a full-time executive director and a full-time legal counsel?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Why do we need that?

SENATOR SCHLUTER: Because there will be a considerable amount of activity. There will be a considerable amount of reporting. There will be administrative chores, development of rules and regulations, which are now being handled by other agencies of government, primarily the Secretary of State's office and other clerks where these records repose.

ASSEMBLYMAN DICKEY: Why can't we continue to have the Secretary of State's office perform these functions?

SENATOR SCHLUTER: One of the reasons that the Commission feels that an independent agency is necessary is for the same reason that the State Commission on Investigations is an independent agency. It is bi-partisan. It has two Republicans and two Democrats. That is the way that this agency would be set up. This would take it out of the particular aura of an administration or out of any single partisan atmosphere. It is believed by the framers of this legislation, as well as the Commission, that this is the effective way to close up the loopholes and require

complete reporting.

ASSEMBLYMAN DICKEY: Now the bureau in the Secretary of State's office at the present time functions to receive those types of reports, doesn't it?

SENATOR SCHLUTER: It is supposed to by law. But, sir, as I said in my prepared statement, there are right now eight legislators who are serving who have not filed their mandatory statements before the 1971 election or after the 1971 election.

ASSEMBLYMAN DICKEY: I checked with Mr. Bloom just last week and he said they have all filed.

SENATOR SCHLUTER: If they have filed, they filed a lot later than, say, the middle of last year. And I think there were organizations which spelled this out, including the League of Women Voters; and I think the Center for the Analysis of Public Issues and other groups publicized this quite widely.

ASSEMBLYMAN DICKEY: Then there were 72 Assemblymen -- Let's say it this way: There were 112 legislators that did report. Is that right?

SENATOR SCHLUTER: A number in addition to the eight, Assemblyman, missed either the pre-election filing or post-election filing. But there were 112, yes, who filed either both or one.

ASSEMBLYMAN DICKEY: Senator Schluter, of what value is it going to be if I report in the next election that a little old lady in green tennis shoes who belongs to the Needlework Guild gave me \$100? Of what value is that going to be to the public?

SENATOR SCHLUTER: You wouldn't have to report that contribution, sir.

ASSEMBLYMAN DICKEY: Suppose she gave me \$101?

SENATOR SCHLUTER: Of what value?

ASSEMBLYMAN DICKEY: Yes.

SENATOR SCHLUTER: Well, the fact that she has given you \$101 plus the fact that you are reporting \$500

from another source or \$250 from another source or \$1,000 from another source will indicate the extent of the financial involvement of an individual's campaign and where the sources of that financial support are.

By comparison with all of the other contributions - and I don't mean to put this in a personal vein - I think it should be taken out of a personal vein - but if a private citizen gives \$105 to a candidate and his total campaign is \$1,000, this is, I think, significant public information. If his total campaign is \$25,000, it is also significant; it is significant by the smallness of it.

ASSEMBLYMAN DICKEY: Is that really fair, Senator? Let's draw a comparison between some of our districts. I know that some of the Assemblymen come from districts that are in rural areas, that have no radio stations, that do not have daily newspapers, only weekly newspapers, that have a rather unsophisticated type of campaign. And we compare that with the type of campaign that would be carried out in my district where we have daily newspapers, we have television stations, we have radio stations, and a very sophisticated, cosmopolitan population. Do you mean to tell me there wouldn't be a differential in the type of campaign that is conducted in those two districts?

SENATOR SCHLUTER: No, I am not saying there wouldn't be.

ASSEMBLYMAN DICKEY: Of what value will that be that I spent \$20,000 in my campaign and somebody in Sussex County spent \$4,000?

SENATOR SCHLUTER: Respectfully, Assemblyman, the people in Sussex County aren't voting for you or your opponent. The people in Camden County or your particular district are voting either for you or for your opponent. They are not comparing you with somebody in Sussex; they are comparing you with your opponent.

Let me also add that the Federal law which took

effect on April 7th of this last year did not seem to deter any of the Congressional candidates from either raising money or spending it.

ASSEMBLYMAN DICKEY: Isn't it true that most of them had their money raised before the bill went into effect?

SENATOR SCHLUTER: No, it is not, because a number of them had primary contests which took place in June.

Going back to the national level, if you will stick with me for another second or two, the Democratic national candidate was not picked until July or August and this applied to the national candidates as well as the congressional candidates.

ASSEMBLYMAN DICKEY: I recently read in the press that Senator McGovern will not disclose the names of his contributors that participated prior to his nomination. That would seem to indicate that he doesn't completely join with you in the spirit of this bill.

SENATOR SCHLUTER: Sir, there is another witness who was a national campaign manager of Senator McGovern who will be testifying later and I will leave to that individual to answer more directly. I don't know.

I do know, however, that - we talk about the spirit of disclosure - it was through a legal action, it was required that contributions, I think, received by major candidates before March had to be disclosed. There was about a 30 day hiatus. But they had to disclose just by legal action, even contributions made before that cut-off date.

ASSEMBLYMAN DICKEY: Senator, I notice in your bill, and you have set it forth very succinctly in your statement, that there is no limitation upon the amount of money that will be spent in a political campaign. Can you give me the rationale for that?

SENATOR SCHLUTER: Yes, it is in my statement and I will expand on it or answer further questions.

Number one, the Commission reviewed this subject very carefully and they took the affirmative position that they would not advocate ceilings, and you are talking about ceilings, I presume.

ASSEMBLYMAN DICKEY: That's right.

SENATOR SCHLUTER: If you install ceilings, you have to pick a figure and when you pick a figure, for example, on a legislative rate - say we pick \$10,000 -- now \$10,000 might be ample to run a campaign in Sussex County, which you used as an illustration, but it might not be ample to run the average campaign on either side of the political aisle in Bergen County or Camden County or Middlesex County. So you have a limit there which is imposed. In those latter counties where campaigns are traditionally financed with greater sums of money, you have a built-in advantage for the incumbent. The incumbent, when his name is in the paper, is always preceded by his title. The Twentieth Century Fund made a study of this and they came to the very, very conclusive finding that where you do have ceilings and those ceilings are strictly enforced, that the advantage of incumbents is even greater.

The basic philosophical question in our democracy is: How should we make it open-ended? How can we encourage challenges? I mean legitimate and reasonable challenges.

I campaigned in 1969. Assemblyman Weidel and I ran a joint campaign and I think I can say we had a reasonable, modest amount of financing. But we ran against an individual who was rather well off financially. Now this is speculation on my part, but I think there is enough political intuition in all of us to understand this, that had this individual had to report, I think the extent of his campaign would have been a lot less.

There are other candidates who have run for state and local office who are rather wealthy who have unlimited, not unlimited, but they have almost limitless sources of

funds. I think that there will be a tremendous deterrent on these people to keep their financial expenditures and campaigns at a reasonable level.

There is a constitutional question. I am not a lawyer, as you know. I understand the Federal law, which has only a few ceilings - in other words, ceilings don't apply across the board - there are a few applications of ceilings, the media, etc.-- I understand this is being contested right now on the basis that an individual has a right under our Constitution to make a challenge, to express himself, and he has a right to spend the money which comes to him favorably and reasonably for that purpose.

**ASSEMBLYMAN DICKEY:** Senator, perhaps it can be attributed to me that I said that a person with personal affluence, financial affluence, would have the advantage because he would not have to worry about where the money came from. He could reach down into his pocket and pay whatever was necessary to carry out the campaign with only this one little inhibition, that being that he had to say that he, himself, Senator Schluter, paid \$20,000 out of his own pocket, whereas Bill Dickey went out and raised \$19,000 and got it from little old ladies in green tennis shoes.

Obviously I have to spend a lot more time raising money than you do. Isn't this a disadvantage to a person of modest means who has the only opportunity to present himself for important office by calling upon friends and supporters to raise money, whereas you, you figuratively, can reach down in your own pocket and pay for your campaign and not worry about those problems?

**SENATOR SCHLUTER:** Assemblyman, I will take you at your word that you mean me figuratively because I would be very happy to let you see complete records of my finances in my campaigns. Although I have contributed some, I have raised more money and my political party has

contributed additionally. If you look at these records, I don't think you would use me as the example that you alluded to before.

But take an affluent candidate - and there have been them on the scene locally and statewide - right now, the sky is the limit. He has no restraint. There is no compunction to be reasonable in his campaign financing because there is no reporting. There are loopholes galore. We have a situation in New Jersey where nobody knows really what a lot of the wealthier candidates are spending. They can only suspect.

I do believe, as I said before, that with disclosure this will depress the amount of money spent. If you take the situation of any two candidates, one who goes out and raises money and one who reaches in his pocket, say, when you have disclosure, the public will see this guy has a limitless supply of money, this person that doesn't go out and raise it. Therefore, the public reaction I think will turn unfavorably against him. The individual who goes out and collects his money, as you infer that you did from the type of people that you say you collect from, would get much more support for two reasons. He doesn't have the stigma attached of having a big, fat-cat supporter or he isn't reaching down in his own pocket, plus having a broad spectrum of support.

The further you get into this whole question of campaign financing with people such as Professor Hertzberg of the Eagleton Institute and other people who have a specialty in this field - Mr. Alexander of Princeton who formerly was on the National Commission on Campaign Finance Reform - you will find a measure of a person's political support is found in his contributions and how well he can raise a certain amount of money. This is part of the entire political process of getting candidates to the fore. The whole purpose of this bill is not to put a stigma,

as such, on campaign financing. It is just to let the public know.

ASSEMBLYMAN DICKEY: Then I understand from you that the stigma is on the guy who has made it successfully in life and not upon the guy who has to go out and seek financial help.

SENATOR SCHLUTER: You can't generalize and make a statement. Let me, if you will, make a couple of illustrations here. The State of Pennsylvania had an individual who made a challenge against the organization and the Democratic Party and he had his own funds and they seemed to be limitless and he became the party's choice and he was elected Governor.

We had a Congressman in New York State that ran for United States Senate. He spent hundreds and hundreds of thousands of dollars. He had access to these funds. Is this wrong? Doesn't this give people the opportunity to challenge and doesn't it make this system more open?

ASSEMBLYMAN DICKEY: Well, I pose this question to you: Isn't the challenge really going to be in the area of political contributions rather than to stigmatize a person, say, the stature of Governor Rockefeller or Governor Shapp or Senator Kennedy, that can reach down in their own pocket and not worry about contributions? Isn't really the thrust of this proposed legislation directed against the guy of modest means --

SENATOR SCHLUTER: Absolutely not.

ASSEMBLYMAN DICKEY: (Continuing) -- who must make these periodic reports and show all the details, the nitty-gritty of just where he gets his money?

SENATOR SCHLUTER: Absolutely not.

ASSEMBLYMAN DICKEY: OK. Now let's go to the subject of periodic reports. I think it is on page 10 of your bill, paragraph 12. The main thrust of my question here is: Why do we have to have so many periodic reports?

SENATOR SCHLUTER: Assemblyman, the original bill

had many more reports. It was modified. The original bill which was approved by Governor Cahill had 30-day interval reporting. This, except for the last two months of the campaign, has 60-day interval reporting after a candidate becomes a candidate and declares his candidacy.

If you have the principle of disclosure, you have to disclose and it is no good to disclose after the election is over because then the people won't be able to see what this bill intends them to see. And I don't think it is unreasonable to ask the treasurers to report - to keep a record and report - every 60 days. As a matter of fact, many candidates report that way now.

ASSEMBLYMAN DICKEY: Senator, I have tried to get the sequence of reports that would have to be made if Assemblywoman Klein announced today she is going to run for Governor. As I conceive of it, she would have to report by about March 1st or - today being the 6th - by March 6th. She would have to make her first report March 6th. Is that right?

SENATOR SCHLUTER: No. Excuse me, Assemblyman. What you basically do, is you work backwards.

ASSEMBLYMAN DICKEY: I have.

SENATOR SCHLUTER: I will take you at your word on that, although I didn't know there was such an announcement.

ASSEMBLYWOMAN KLEIN: No.

ASSEMBLYMAN DICKEY: Then, as I conceive of it, after she makes that report, on May 6th, she has to make a second report.

SENATOR SCHLUTER: If your arithmetic is right, yes.

ASSEMBLYMAN DICKEY: Then, since the election is going to be held June 5th, she has to make one on May 31st. Is that right?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Again the election is held

June 5th so she has to make another report on June 20th. Is that right?

SENATOR SCHLUTER: This is correct, assuming that she had expenditures, Assemblyman. If she runs unopposed in the primary, she would not have expenditures presumably.

ASSEMBLYMAN DICKEY: I see at least another candidate in the audience, so I doubt that will happen.

Am I correct then in that sequence of reporting?

SENATOR SCHLUTER: Generally speaking, yes.

ASSEMBLYMAN DICKEY: Let's assume that she doesn't finish up paying all her bills in that primary race and that she has to make another report August 20th. Is that right?

SENATOR SCHLUTER: No. I think you would work back from the general election which would put it more - whatever it is, August 1st or ---

ASSEMBLYMAN DICKEY: No. We are talking about primary election expenses. She hasn't paid them all. She has had to go out and get some more little old ladies in tennis shoes to pay for her primary election.

SENATOR SCHLUTER: Are you assuming then that she lost in the primary?

ASSEMBLYMAN DICKEY: I am not assuming anything. I am saying she is paying off her primary election debts.

SENATOR SCHLUTER: There is a difference, Assemblyman, because if she wins the primary, then she is reporting and she has the same campaign fund going and the reports that she would have for the general election would cover, because reporting after election is within a 60-day period or whatever it is.

ASSEMBLYMAN DICKEY: Is my concept correct? Let's assume for the moment she didn't win the primary and she didn't pay off all her debts by June 20th. She has to make another report by August 20th.

SENATOR SCHLUTER: Unless, as the bill says, it is a wind-up report.

ASSEMBLYMAN DICKEY: I didn't say that. She hasn't

paid all her bills and is still raising money to pay them off.

SENATOR SCHLUTER: You didn't say she is still raising money. If she is still raising money, yes, she has to pay them. But if the debts are wiped out, that means she can do it by a wind-up report.

ASSEMBLYMAN DICKEY: Well, the only way to wipe them out is to pay them, isn't it?

SENATOR SCHLUTER: Sometimes some lenders will just forego it.

ASSEMBLYMAN DICKEY: Isn't that a contribution in itself then?

SENATOR SCHLUTER: That is included in the final report, yes.

ASSEMBLYMAN DICKEY: So that would be a contribution, wouldn't it, if they forgive the debt?

SENATOR SCHLUTER: Absolutely.

ASSEMBLYMAN DICKEY: OK. Let's assume now she wins the primary. See if my computations are again correct. By August 1st, she has to make another report. Would you say that is about right?

SENATOR SCHLUTER: Approximately.

ASSEMBLYMAN DICKEY: By October 6th, another report?

SENATOR SCHLUTER: I think it is by September.

ASSEMBLYMAN DICKEY: According to my computation, 35 days before the general election would be October 6th.

SENATOR SCHLUTER: Could you refer to the exact line?

ASSEMBLYMAN DICKEY: Yes. It says, on the 35th day preceding the election, on line 20.

SENATOR SCHLUTER: You are correct.

ASSEMBLYMAN DICKEY: Now she has to make another report then on November 1st, is that right?

SENATOR SCHLUTER: Right.

ASSEMBLYMAN DICKEY: Then the election is held on November 6 and she has to report again on November 21st,

is that right?

SENATOR SCHLUTER: Approximately, yes.

ASSEMBLYMAN DICKEY: If she hasn't paid all her bills by November 21st, she has to make another report by January 21st, 1974, is that right?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: And if she still hasn't gotten her bills paid, she has to make a report by March 1st, 1974.

SENATOR SCHLUTER: As long as the campaign fund is active. Because right now there is no law which in any way requires reporting of this catch-up funding.

ASSEMBLYMAN DICKEY: I have calculated that under that set of circumstances, she would have made 13 periodic reports. Don't you concede that is an undue burden upon a political candidate?

SENATOR SCHLUTER: No, I don't. I think you are maximizing the number of reports, Assemblyman. There are organizations on both sides of the political aisle that take campaign fund-raising and reporting seriously and they assign the responsibility to a responsible individual and the responsible individual makes their reports. Several of those reporting requirements are called for in our present law. They are not observed to a great extent.

ASSEMBLYMAN DICKEY: The present law only calls for one report before the election and one after; isn't that so?

SENATOR SCHLUTER: That is correct. In addition, you have party reporting.

ASSEMBLYMAN DICKEY: Right. Now let's get to that after we talk about these multiple reports. I understand also then that in addition to the campaign fund, there are going to be reports by the political parties, themselves.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: That is for just day-to-day expenditures like renting a suite of offices or paying secretaries, telephone bill, electric light bill and that sort of thing?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: What purpose is that?

SENATOR SCHLUTER: It will take care of a situation, Assemblyman, which I didn't allude to, but I am glad you gave me the opportunity now when you asked about a candidate having an advantage over another candidate. It will also pay for campaigns, in addition to office rent and support of costs. Many candidates run their entire campaigns through the party organization. Many party organizations absolve any candidate of raising any money himself. And you get the situation there where you are trying to get the hypothetical case of a wealthier candidate versus not so affluent a candidate. You also have the comparison of the party-backed candidate where the individual doesn't put up one red cent and is supported completely by the political organization.

So, sir, respectfully, if you are going to have a disclosure bill, if you are going to have any control over campaign finance, you have to close the loopholes.

ASSEMBLYMAN DICKEY: As I read your bill, you have two kinds of reports from a political party. One is the campaign-type expenditure and the other is the non-campaign-type expenditure.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Why do we have to have that? I am looking at page 6, for instance, which looks to me like the area where we have noncampaign-type expenses, renting offices and just carrying on the functions of a political party on a year-round basis.

SENATOR SCHLUTER: Sir, I am sure you are astute enough and knowledgeable enough in the way political

parties operate to know that that the well-financed party that has sufficient money to carry on day-to-day, month-to-month permanent staff is going to be much, much stronger come the campaign than the party that doesn't have the financial sinews and has to raise it more for the campaign.

ASSEMBLYMAN DICKEY: Of what value is that in the nature of a report, Senator? So I know that the Democratic Party has a permanent staff and I know that the Republican Party has a permanent staff and maybe they pay their Executive Director and maybe they don't. They obviously have to pay their secretaries and their phone bill. What value is that to anybody?

SENATOR SCHLUTER: It is the total political picture which is embodied in the principle of disclosure, Assemblyman, which the Commission and I and the supporters of this bill favor. It is required now by law. Some county organizations adhere to it; some report, not in the detail as the law ostensibly requires, but they do report.

ASSEMBLYMAN DICKEY: How does that contribute in any way to the quality of the candidates or the issues of the campaign in my district if my party has a full-time office and pays a secretary? How does that contribute to the public making a determination of whether I am qualified to hold this office?

SENATOR SCHLUTER: Well, it contributes considerably.

ASSEMBLYMAN DICKEY: In what way?

SENATOR SCHLUTER: In providing year-round organization to keep the Republicans in your case in Camden County together during the off months and not only during the campaign.

It is very hard, as you know, Assemblyman, to keep volunteer committee people and others who are interested in the party together year after year after year. It can become a great deal of drudgery. If you have a permanent staff, a news letter, a place where people can call, this

is very, very helpful. You know you have a political calendar, Assemblyman, that starts January 1st and ends December 31st. We all know this. And if an organization spends all of its money in the campaign and doesn't have enough money to keep an office open or to take care of these responsibilities on an on-going basis, the public, I think, can make judgments about that party and make judgments about its candidates versus the candidates representing the very affluent party which is run like a multi-million-dollar corporation.

ASSEMBLYMAN DICKEY: I am trying to figure out what conclusions they can draw about the candidates, other than the fact that they are identified with a party that is able to have a full-time office.

SENATOR SCHLUTER: Well, if you don't do that, respectfully, Assemblyman, you open up another loophole through which funds can be raised that don't have to be reported.

ASSEMBLYMAN DICKEY: OK. So this is bad for the election of good, honest candidates?

SENATOR SCHLUTER: What is bad?

ASSEMBLYMAN DICKEY: The fact that we have a full-time party office.

SENATOR SCHLUTER: I didn't say that was bad.

ASSEMBLYMAN DICKEY: Well, if it is not bad, is it good? If it is not good or bad, of what value is it that we have to report it?

SENATOR SCHLUTER: I think it is reasonable to have the people know for the various reasons I have given you on the principle of disclosure.

ASSEMBLYMAN DICKEY: Now let's go to the subject of the depository for moneys.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: Ann Klein obviously is going to have to run in a rather large geographical area. She wants to deposit her money in Atlantic City, in

Trenton and in Newark. As I read the bill, she is not allowed to do that. Is that right?

SENATOR SCHLUTER: I think, sir, she can have more than one depository if she is running for a statewide office. There can be individual county groups on her behalf and I think the bill says they can have up to two depositories per treasurer.

ASSEMBLYMAN DICKEY: We are only talking about her campaign.

SENATOR SCHLUTER: But you indicated it as her gubernatorial campaign.

ASSEMBLYMAN DICKEY: Right. She has a statewide campaign committee and they want to spend some money in Atlantic City, Atlantic County, Cape May, down in that area. They want to spend some money in the Trenton area. They want to spend some money in the North Jersey area. It is convenient to have people writing checks in those areas and more convenient to deposit funds there. Why can't she have more than two depositories? What is the purpose of that limitation?

SENATOR SCHLUTER: As far as I am concerned, it makes for just better housekeeping and better record keeping. The counsel for our Commission, Mr. Stein of Bergen County, when he drafted this bill, along with the staff on our Commission, felt this was the best, this was adequate, and it would cut down on paper work. I think it is reasonable to just limit this to a certain degree.

ASSEMBLYMAN DICKEY: Is that your only reason for that?

SENATOR SCHLUTER: Sir, I explained - to the best of my knowledge, it is - this is the product of a Commission. To the best of my knowledge that was the reason. I don't read anything sinister into it.

ASSEMBLYMAN DICKEY: OK. As I see it, the candidate for Governor can appoint a campaign treasurer. I read that on page 7.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: I also read that the candidate can remove that campaign treasurer or the campaign treasurer can resign or, of course, he can die. And then we have the requirement that there must be a reappointment in 3 days. Why does that have to be done in 3 days? That would be like over a weekend.

SENATOR SCHLUTER: Will you point to that, please, for me.

ASSEMBLYMAN DICKEY: Line 19, bottom of page 7.

SENATOR SCHLUTER: Mr. Dickey, the drafter of this section of the bill explained it to me and it escapes me. I will have to defer on this question. I can get it back and give you a report. But there is a reason for this 3 days. And I just can't read back to where he refers to for the 3 days. But it is not, as it might appear on the surface, an unreasonable requirement. I can get that to you. I questioned that and other people have questioned that and the rationale escapes me.

ASSEMBLYMAN DICKEY: All right. Senator Schluter, on this subject of the appointment of a campaign treasurer, do you conceive that you are going to have difficulty obtaining volunteers to serve in that capacity?

SENATOR SCHLUTER: I have had no difficulties in getting treasurers for my personal campaigns, Assemblyman, in the past. If it means that candidates who have not done any reporting or parties who have not done any reporting are going to have to get treasurers, to that extent I think there will be; they will have to get into new habits.

ASSEMBLYMAN DICKEY: Well, I was campaign manager last time, but that is the last time I would volunteer if this bill goes through. I hope you are more successful in your district in getting any volunteer to take that job.

Isn't it true that the campaign treasurer bears the brunt of the criminality set forth in this bill of yours?

SENATOR SCHLUTER: The criminal penalties, Assemblyman, apply to an individual who commits a fraudulent or criminal act, knowingly and willfully, and where fraudulent intent can be proved. If this is the treasurer and he commits the criminal act, then he is the one who is charged. If it is done in collusion with the candidate, then they both would be charged. If it is the candidate and not the treasurer, then it is the candidate.

I don't know that you can make a flat statement and say that the treasurer is going to be the one that is going to be more open to -- or is going to be in more trouble than the candidate if they violate.

ASSEMBLYMAN DICKEY: As I read your bill, on page 15, you doubled up on penalties. You provide criminal penalties and then you have thrown in some extra penalties, as I read it, in Section 18 (a). What is the reason for doubling up on this?

SENATOR SCHLUTER: It is not doubling up on penalties, Assemblyman. I think you served on the Criminal Justice Study Commission. You have criminal penalties and you have civil penalties.

ASSEMBLYMAN DICKEY: Can they both be imposed then?

SENATOR SCHLUTER: Pardon me?

ASSEMBLYMAN DICKEY: Is it possible that they can both be imposed?

SENATOR SCHLUTER: No. The jurisdiction would be -- it would be a criminal penalty if the person willfully and with fraudulent intent violated certain sections of this act as spelled out in Section 17.

ASSEMBLYMAN DICKEY: Isn't it true that your Commission that you are trying to create with this bill could bring in the candidate or the campaign treasurer and impose civil penalties for what they conceived to be a violation

and then the prosecutor of the county go down to the grand jury and get an indictment against the same person and bring him into the County Court and have him fined or imprisoned for the same acts?

SENATOR SCHLUTER: Assemblyman, I would say that there would be a miscarriage of justice if they are prosecuted on an obvious criminal violation on a civil basis.

ASSEMBLYMAN DICKEY: Senator, we are not concerned with whether it is a miscarriage of justice. Doesn't your bill conceivably permit that type of action?

SENATOR SCHLUTER: I cannot conceive of it happening. I am not an attorney, as you know, Assemblyman.

ASSEMBLYMAN DICKEY: You don't need to apologize. You are doing rather well, I think.

SENATOR SCHLUTER: Thank you.

I cannot personally conceive of it happening. I am not familiar with double jeopardy and various other legal concepts. But the purpose of the civil penalty was to provide a rapid means of correction of errors where there was lack of evidence of a criminal nature. If a candidate has run for public office on a number of occasions and he doesn't file or his treasurer doesn't file, it might be extremely difficult to prove that he didn't file with knowledge aforethought and was guilty of a criminal act. However, it would be very naive to suspect that he doesn't know what he is doing, but you couldn't prove that he did it in a criminal nature. Therefore, the hearing officer, the Commission, could impose a civil penalty on this individual in order to have him correct the nonfiling or whatever he has done - could relieve him of having to pay that penalty if he complies within a certain amount of time. But in the opinion of the Commission and the other people whom I consider to be experts who have reviewed this legislation, it gives you a broad spectrum of applying uniform justice.

ASSEMBLYMAN DICKEY: Senator, I want to direct your attention to page 14, beginning at line 62, and point

up what I think is a contradiction in your bill with another section of the law or another section of your bill. Beginning on line 62, it reads, "No person contributing in good faith to a public solicitation not duly authorized in compliance with the provisions of this act shall be liable to any penalty under this act by reason of having made such contribution."

I assume that is to protect bona fide contributors. Is that right?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN DICKEY: OK. Now let's go over to page 15, and I direct your attention to Section 17 and that says, "Any person who willfully and knowingly makes" - and I underscore the word "makes," - "or accepts any contribution \* \* \* is guilty of a misdemeanor."

Now don't you see a contradiction there, sir?

SENATOR SCHLUTER: "Any person who willfully and knowingly makes or accept any contribution or makes or incurs any expenditure in violation of section 10 or section 16 of this act is guilty of a misdemeanor." The previous section is section 15, not 16.

ASSEMBLYMAN DICKEY: Well, do you conceive then that a person who is a contributor can be in violation of this act?

SENATOR SCHLUTER: No.

ASSEMBLYMAN DICKEY: Then why does it say so?

SENATOR SCHLUTER: Where?

ASSEMBLYMAN DICKEY: It says, "Any person who willfully or knowingly makes \* \* \* any contribution \* \* \*"

SENATOR SCHLUTER: Excuse me. Yes, when they make it in violation of section 10 and section 16, correct, but not section (e) on page 14 that you referred to before. That is section 15.

ASSEMBLYMAN DICKEY: When would a contributor be subjected to the criminality of this bill?

**SENATOR SCHLUTER:** If a contributor wants to make a contribution and circumvent the reporting by distributing, say, a thousand dollars among ten partners of a firm, whether it be an architectural firm, a legal firm or an accounting firm -- say, I want to avoid the reporting because I don't think it looks good -- we can each give a hundred dollars and we don't have to report any of the ten contributions, but in effect we are giving a candidate a thousand dollars. If he does this willfully and knowingly to avoid the reporting, he is guilty of a violation.

**ASSEMBLYMAN DICKEY:** I think I shall allow some of the other members of the Committee to take up the questioning, Senator. Will you please be patient now.

I will turn the questioning over to Assemblyman Spizziri.

**ASSEMBLYMAN SPIZZIRI:** Thank you, Mr. Chairman. I think you have covered practically all of the questions that I or any other member of the Committee might have. But I do have a few questions, Senator, that I would like you to try to explain for me.

On page 1 of your bill, paragraph (b), lines 10, 11 and 12, would this include the type of picnic run by political organizations in the fall where they charge a nominal admission to all people in the community and the candidates come and are introduced at this type of function. Would a picnic committee be required to report?

**SENATOR SCHLUTER:** Sir, if it is to raise campaign funds -- As I read this, if you go further -- just a second. If, as described by Assemblyman Dickey, it is a social party where people might pay a cost -- maybe there is a hot dog stand or a hamburger stand or a soda stand and they pay that cost -- there would not, in my interpretation, be a reporting. If the money goes to the political party or the candidate, there would be a reporting.

**ASSEMBLYMAN SPIZZIRI:** So if the money was raised

and there was a profit, so to speak, to the organization from this affair, which profit went into the general treasury of the organization, you feel they would be required to report under the bill?

SENATOR SCHLUTER: Yes, in lump sum amounts.

ASSEMBLYMAN SPIZZIRI: I call your attention to page 5, paragraph (f). During the course of a campaign questions may arise, and I see that you have provided for advisory opinions. But you have no time limitation for the answering of these queries that the Commission might receive through its counsel. Do you feel that it would be reasonable to impose a statutory time limitation?

SENATOR SCHLUTER: We discussed this at the time -- or perhaps I discussed it with the person who did the drafting, Assemblyman Spizziri, and we looked at the Conflict of Interest Bill from which this concept was taken. They have a time limit in that. I forget what it is, whether it was 10 days or 30 days. But it said, if no opinion is forthcoming, then the person shall proceed on that basis. We felt it was not right to do it that way. It could be reasonable to put a time limit on that, that they shall answer. I think in the general tone of this entire bill that the Enforcement Commission would put that out in rules and regulations.

ASSEMBLYMAN SPIZZIRI: I could envision the possibility of 500 organizations requesting of the counsel advisory opinions during the course of one election, primary or general. That would put an extreme difficulty on the part of counsel to answer all of these queries, don't you agree?

SENATOR SCHLUTER: Yes. When the bill first starts off, there would be many questions.

ASSEMBLYMAN SPIZZIRI: On page 11, line 31, an exemption is granted to a board of education candidate or a municipal candidate if his expenses do not exceed \$500.

Why is this exemption granted to these people? Why shouldn't they be required to account like everybody else?

SENATOR SCHLUTER: Assemblyman, I think this embodies a concept which was advanced by Assemblyman Thomas, now Senator Thomas. He had a bill in the Assembly several years ago which, in order to eliminate a lot of the record keeping which is of a very, very detailed nature which isn't going to essentially prove anything - he put this bill in to eliminate any reporting up to \$500, which would apply even under the present law. The Commission liked that concept and accepted it as a general concept.

ASSEMBLYMAN SPIZZIRI: Well, why should these people be treated any differently than a candidate for County Committee or a candidate for the Legislature? They are spending money. They are collecting money for a campaign as well. People should know. It seems to me it is more important in a local contest, where everybody should know everyone, that they should know where the source of money is coming from, particularly Board of Education candidates who may espouse a particular type of education concept.

SENATOR SCHLUTER: This is a matter, Assemblyman, of basic policy. The Commission didn't think reporting under \$500, if the contributions were \$100 or less, would materially affect, or be of such substance to require reporting.

ASSEMBLYMAN SPIZZIRI: On page 15, in referring to the criminal penalties, I have difficulty with the concept of paragraph c, where it states that "The nomination for or election to any office of any candidate who is guilty of any violation within the description of subsection a. or b. of this section shall be void, and the office shall be filled as required by law in the case of a vacancy; provided, however, that nothing herein contained shall be construed in derogation of

the constitutional authority of either House of the Legislature to be the judge of the election and qualification of its own members." Now looking at the first part of that, up to the semicolon, and limiting us to the Senate and Assembly, isn't there an implied and expressed conflict between that sentence and the following sentence?

SENATOR SCHLUTER: This additional language after the semicolon, Assemblyman, was added at the request of a legislator - I don't think it is important to indicate who - because the Constitution of our State says that each House shall be the judge as to the qualifications of its own members, and you have a basic conflict there anyway. This could be left out as far as I am concerned but it is in the Constitution so therefore it is implicit in here anyway.

ASSEMBLYMAN SPIZZIRI: I could conceive of a situation occurring, where, for example, a county prosecutor or the Commission charged with the responsibility under this bill, may say that you or I, as a candidate, have violated this act and therefore our office should be declared void. However, the House, which controls our conduct doesn't agree with that. There we have not only a conflict on the face of the bill but an actual conflict in practice. How would that be resolved?

SENATOR SCHLUTER: In my opinion, the Constitution is the prevailing legal document in the State and the Constitution has this language in it as far as being the judge of the election of its members. You could take this out but the Constitution would still be there and you would still have the question of the particular House being the judge of its own, as to the qualifications of its own members.

ASSEMBLYMAN SPIZZIRI: Senator, I spent considerable time with Mr. Stein, who was counsel to

the Commission, in discussion of this particular bill. Not only did I discuss this with Mr. Stein but I also discussed it with other people and I also received many letters from various groups urging the passage of this law. Throughout their philosophy runs the theme that this bill is designed to prevent abuses in campaign contributions. Do you agree with that proposition?

SENATOR SCHLUTER: That it does prevent abuses?

ASSEMBLYMAN SPIZZIRI: That it will prevent abuses.

SENATOR SCHLUTER: Yes, ultimately, sir. I'd like to qualify that if I may.

ASSEMBLYMAN SPIZZIRI: Would you please?

SENATOR SCHLUTER: This does not say it is improper for a candidate to accept money, or a political party to accept money, in big funds which are reported, from someone who might be characterized as unsavory or undesirable, whether he be an undesirable in the criminal nature or whether he be undesirable because he represents a very special interest. It does not prevent this but I think the net effect-- It does not absolutely prevent this but I think the dampening effect is there, that the candidate, or the party, will not seek funds which are going to put him in an embarrassing situation, which can cause him to lose elections. So, in the long run, it will have, I believe, a salutary effect. I hope I was responsive.

ASSEMBLYMAN SPIZZIRI: I'd like to carry that a bit further, if I might. In connection with that basic premise or basic philosophy, I have also been told that this will bring out in the open those who contribute for the purpose of influencing the legislator involved, or the candidate involved, should he succeed to that office, and show to the public these large contributions or infer to the public these large contributions were given to obtain influence. Do you agree with that?

SENATOR SCHLUTER: I think it will to a great extent show the public that this possible conflict exists. If the candidate is willing to accept it, if he feels that he can accept it and he can still vote - if it be a legislative candidate - on issues that affect that particular area with equity and without bias, so be it. It does not prevent him from accepting it.

I think it is much better to have it out in the open than what we have now. I am just using the basic assumption that interest groups, or individuals, make large contributions and then the legislator, or the elected official, is responsive to them, but the public doesn't know it.

ASSEMBLYMAN SPIZZIRI: But the influence is there?

SENATOR SCHLUTER: The influence is there.

ASSEMBLYMAN SPIZZIRI: By the very fact of the amount of the contributions?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN SPIZZIRI: What would you consider to be the type of contribution, in dollar value, which would lead a person who is in elected office, whether in this House or your House or the local level or other level of government, to be influenced by a contribution or contributor?

SENATOR SCHLUTER: The Commission originally settled on over \$25 because it reached down into the local elections. With the advent of the Federal Law being at \$100 for President of the United States and Congress, I think the \$100 figure is reasonable from all in all respects.

Sir, I have said, and I have heard it mentioned, that people will be influenced by much less than \$100, and in casual conversations, without impuning anybody, it is very hard to say where the friendship takes up and where the influence comes to grips and locks hands.

I have heard it said, for example, that an individual who received a favor in the amount of around \$30 voted a certain way on a bill and that was what influenced him. I think it is hard to say but I think the hundred dollars is a reasonable amount. I think it gives people freedom of expression for contributing \$100 or less.

ASSEMBLYMAN SPIZZIRI: Wouldn't such a person have a weak moral character to begin with? He would not, probably, be fit for public office in any event if he could be bought for \$30.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN SPIZZIRI: It is your feeling then that the \$100 limitation in your bill is a fair, just and reasonable one because of the fact that the Federal law starts at \$100, without justification as to why the Federal law is reasonable or unreasonable?

SENATOR SCHLUTER: We were at \$50 at the time the Federal law came in. We went back to the predecessor of this bill, Assemblyman, and in order to get support in the Senate for this bill I raised the \$50 to \$100. I think it is reasonable. You have to pick an arbitrary figure and I do think it is reasonable.

SENATOR SPIZZIRI: Thank you.

ASSEMBLYMAN DICKEY: Do any other members of the Committee have questions? Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: Yes, Mr. Chairman. Senator, I notice on page 1 of your bill, on line-- It talks about the contributions to defeat any candidate. I am not aware that in Title 19 there is any section, or any existing law, that tells you how to defeat a candidate. I think it only tells you how to affirmatively use your elective privilege and having done that you have exhausted that privilege except in the case of public questions.

SENATOR SCHLUTER: Respectfully, sir, we discussed this at some length on our Commission and evidence was brought forth by various members of the Commission that there are sometimes efforts not in favor of one candidate but against another candidate. In order to make the bill completely comprehensive it was felt this had to be included.

ASSEMBLYMAN KEOGH-DWYER: So you mean to say that under your bill it is conceivable that an organization would organize to raise funds to defeat a given candidate?

SENATOR SCHLUTER: Not under the bill but we are anticipating this possibility and we are making provisions for it in the bill.

ASSEMBLYMAN KEOGH-DWYER: Let's see if I can word this correctly. Would somebody raising money in violation of your proposed bill, or your statute, if they raised the money to defeat a candidate and they raised the money fraudulently, would they be liable to the criminal provisions of this act?

ASSEMBLYMAN SCHLUTER: Yes.

ASSEMBLYMAN KEOGH-DWYER: I am wondering why you even include the defeat of any candidate since Title 19 never did spell this out. Was this a real issue when your Commission made this determination?

SENATOR SCHLUTER: In city elections - and this would apply to city elections - where you have a multitude of candidates and maybe there are two openings or there might be seven openings and there might be 25 candidates, maybe you get a situation where a certain group was offended by one individual, they don't care which of the other people gets that office, all they want to do is prevent that one person from getting the office and they will bring forth their efforts to do that. I have seen this take place in city elections and I have seen it take place in other types of elections.

ASSEMBLYMAN KEOGH-DWYER: So your Commission is expecting a negative approach to the elective process?

SENATOR SCHLUTER: This, Assemblyman, is only a very, very minute little detail of the whole spectrum that this bill covers. We wanted to cover everything. We don't want somebody to say, "well, there are three people running for one Senate spot in one particular district and look," they say to their political confederate, "we don't have to report if we organize and defeat candidate Smith. This is going to help our guy." You have an obvious loophole there. So this is an attempt to close that loophole.

ASSEMBLYMAN KEOGH-DWYER: Is it conceivable that a group like you are referring to might not like any of the candidates but dislike one intently enough to go out and raise funds to defeat that one candidate?

SENATOR SCHLUTER: It is remotely conceivable.

ASSEMBLYMAN KEOGH-DWYER: Would your Commission then be entertaining the possibility of putting a yes and no box alongside of each candidate, like they do with public issues?

SENATOR SCHLUTER: I don't understand the question.

ASSEMBLYMAN KEOGH-DWYER: Well, I am just trying to elaborate on this little flaw, inasmuch as you are trying to have a catchall in the Election Commission's report.

I am saying inasmuch as when public questions, which I consider candidates personally because people spend sums along those lines, have yes and no boxes and since you are talking about the election or defeat of any candidate, is it possible that you may recommend, or tie into this later, that there shall be a yes or no box alongside each candidate as well?

SENATOR SCHLUTER: This is outside the general area of the bill. That has nothing to do with campaign

finance. I don't know that our Commission, in the meetings that I have been to , has really even discussed that.

ASSEMBLYMAN KEOGH-DWYER: I would submit that the "defeat of any candidate" should be eliminated from the bill because it doesn't appear in the election law in any form.

Nowhere in your bill does it put a ceiling on elections. How is that?

SENATOR SCHLUTER: I explained that at great length - I think Assemblyman Dawes and Assemblyman Klein came late - and I will go over the same ground, Assemblyman. The ceilings were rejected by our Commission when I brought the concept back to them from legislators and others, and it was rejected unanimously on the basis that the incumbent gets a tremendous advantage when you have ceilings. It's like public financing. If you have public financing and you have two people in a race and all the money you can spend is \$10,000 for a Senate seat or Assembly seat, the person who has Assemblyman or Senator before his name, the person whose name is in the newspaper regularly throughout the year, has a tremendous advantage and there are groups who have proven this to be true.

There is a Constitutional question with the Federal law, as I understand, at this time, as far as the limits on media expenditures which really don't have application, as I have said, to the State law and below.

Finally, right now we have nothing and you get people who have great access to funds, either personally or through a party organization, or through friends, and can spend anything they want and it is not reported. The Commission feels that public disclosure will be such a dampening effect, or have such a dampening effect on this that it will

bring them down into the realm of reasonableness.

ASSEMBLYMAN KEOGH-DWYER: But, Senator, regardless of the exposure an incumbent might seek, isn't it true the amount of money spent in the media during the last few days of a campaign is very effective? If, in reality, a man could spend, let's say, \$1 million - flood everything - don't you think that would wipe out the incumbent who might be able to spend \$10 thousand? There must be a ceiling on the spending I am sure.

SENATOR SCHLUTER: I don't understand your question.

ASSEMBLYMAN KEOGH-DWYER: If one candidate can spend \$10 thousand and one can spend \$100 thousand, who do you think is going to get elected?

SENATOR SCHLUTER: There have been mismatches like that in political history and it is not a foregone conclusion that every time that the person with the unlimited funds is the winner. I think, as just speculation, in the 1969 campaign, Assemblyman Weidel and myself, in a combined campaign, spent half the money of our opponents and we won. I don't think it is an absolute fact that that follows.

ASSEMBLYMAN KEOGH-DWYER: If you are concerned with the fact the incumbent has the exposure and wouldn't have to spend as much money as a new candidate arriving in the political arena, would it have been possible for you to allow a handicap?

SENATOR SCHLUTER: Pardon me?

ASSEMBLYMAN KEOGH-DWYER: Would it have been possible for you to allow a handicap for the person who didn't have the exposure, or wasn't affluent?

SENATOR SCHLUTER: Do you mean to give him maybe a couple of thousand votes before he even starts?

ASSEMBLYMAN KEOGH-DWYER: No. Let him spend more than the fellow that had the exposure. Let the

new man spend more money.

SENATOR SCHLUTER: Well, we never discussed that.

ASSEMBLYMAN KEOGH-DWYER: I see.

Let's get back to the bill. As you know, first of all, I think I have discussed with you privately that I am in favor of this bill but don't you think that with all the mechanics that you have in this bill that it would surely reveal everything and anything but it will never reveal the cash that may pass through the back door in a paper bag to the candidate or his workers. We all know also that one of the most important things in the election campaign is the workers that drive the cars, that solicit the votes. Very often these people are paid in cash. Right now they are paid from the County Committee funds, some of them. Some of them are paid out of the pocket of the candidate. But if this law goes into effect, as drawn with minor modifications, do you really think that this is going to control the organization that is going to back a candidate one way or the other, either with an open disclosure check or cash that is raised from its members? Don't you think that if they want that candidate in we may be restricting legitimate candidates in favor of those who have organizational support?

SENATOR SCHLUTER: Sir, I think if I understand your question correctly, you asked initially about the opportunity to make under the table payments in this bill.

I say on page 5 of my testimony, and I will repeat it, "It has been stated that dishonest persons will make illegal contributions even after S-1124 is passed. I cannot deny that this might happen, but the chances for apprehension are so great under this bill that such violations will be at a minimum."

Let me explain that. The bill prevents

anonymous contributions.

ASSEMBLYMAN KEOGH-DWYER: Excuse me, how do you prevent anonymous contributions left on a doorstep?

SENATOR SCHLUTER: I am about to explain that. It prohibits anonymous contributions. It doesn't prevent them. That is something that time will only tell. But if a candidate accepts an anonymous contribution, he is guilty of a violation.

ASSEMBLYMAN KEOGH-DWYER: Excuse me. Who is to prove that he accepted it? Nobody saw the transaction. He put it in his pocket.

SENATOR SCHLUTER: I am trying, Assemblyman, to answer you on this. If he accepts an anonymous contribution, he has done so at great peril because he realizes that he has an opponent who would like to catch him accepting an anonymous contribution.

ASSEMBLYMAN KEOGH-DWYER: Both sides would.

SENATOR SCHLUTER: Now the fact of the matter is that the acceptance, the offering and the acceptance of an anonymous contribution, requires two people or more. It is a conspiracy, if you will. When you have two people or more who are operating in this area to make or accept an illegal contribution, the candidate - and put yourself, and I am sure you have, in that candidate's position - is going to think very, very seriously before he accepts it because if he does he is opening himself to the possibility that his opponent is setting him up to bring in the prosecutor to expose him. He is setting himself up to a situation where in a couple of years, down the pike, the person who he collaborated with to get that illegal money will blow the whistle on him.

This is the constraint. It is not going to prevent it absolutely.

ASSEMBLYMAN KEOGH-DWYER: Senator, suppose an anonymous contribution is forced upon a candidate?

Suppose I were running for office and I opened my door on a Sunday morning and my newspapers were there and there was also a bag there with maybe \$20 thousand in cash in it. I didn't know where it came from. I didn't want to accept it. What would I do with the money?

SENATOR SCHLUTER: The bill says it escheats to the State.

ASSEMBLYMAN KEOGH-DWYER: I don't keep any portion of it even though nobody knew how much was in there to start with?

SENATOR SCHLUTER: Unless you thought it was winnings from a lottery or something like that. Then maybe you could keep it. You would have to be able to prove it.

ASSEMBLYMAN KEOGH-DWYER: Suppose a man didn't accept any contributions and he used his own money and he forgot to report some of this money that he used, would he be subject to the criminal provisions of this?

SENATOR SCHLUTER: If he forgot, no. The word "forget" means that he did not knowingly and willingly do this. He would be subject to the civil penalties.

ASSEMBLYMAN KEOGH-DWYER: Suppose he forgot he used \$50 thousand?

SENATOR SCHLUTER: Then you don't forget.

ASSEMBLYMAN KEOGH-DWYER: Suppose he said he forgot?

SENATOR SCHLUTER: This is why we have courts of law, sir.

ASSEMBLYMAN KEOGH-DWYER: Let us go into the County Committee, or the party committees at the County level, where they are supporting the general ticket, let's say in a primary, and their candidate - for whom they are doing a lot of accounting and reporting, as the law calls for - hypothetically got enough write-ins in the opposite political party to win the opposite

political party candidacy and maybe he also won his own party and decided to vacate that and jump, would there be any confusion under the reporting law as to which party would allocate contributions, or appropriate contributions, under the reporting section of this bill?

SENATOR SCHLUTER: There is no confusion at all because if they spend money on his campaign - if the party does - they report it. If his own money flows through him individually and through his treasurer, he reports it. So, it depends on where the money flows.

ASSEMBLYMAN KEOGH-DWYER: I see. We are talking about a party contributing in a primary election to candidates, or their candidate.

SENATOR SCHLUTER: Excuse me, this bill does not change that part of the law which would allow contributions by a party in the primary, no.

ASSEMBLYMAN KEOGH-DWYER: I see. Unless the law has changed recently, are you aware that the political party is not allowed to endorse, prior to the primary elections, any candidate and therefore, theoretically, could not contribute any funds in the furtherance of that candidacy?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN KEOGH-DWYER: So then as far as the party goes there would be no need for them to comply with this bill, under the law, inasmuch as they are prohibited by law from contributing.

SENATOR SCHLUTER: Correct.

ASSEMBLYMAN KEOGH-DWYER: I think I may have one more question and then I will let you go.

Suppose a candidate doesn't want to be supported by a party. Suppose he is an independent Democrat, or an independent Republican, and the party supports him - or somebody supports him - and there is some fraud, or some unreported amount, would this candidate be liable under the criminal provisions of the act?

SENATOR SCHLUTER: The only liability that a candidate has, under the criminal provisions, is if it can be proved that he committed a criminal act willfully and knowingly. We very carefully added extra language in this bill to be sure that it shows intent to defraud. You have to be able to prove that. If a candidate has no knowledge of something that is done, he obviously would not be prosecuted.

ASSEMBLYMAN KEOGH-DWYER: In this case he would have knowledge. He would disclaim support.

SENATOR SCHLUTER: Well, if he disclaims support he has an obligation, if he knows there has been a illegal contribution, like everybody else to - like we would ourselves if we knew of a criminal act - report that criminal act.

ASSEMBLYMAN KEOGH-DWYER: Don't you think, Senator, that without getting so involved in so much reporting and so much bookkeeping that just the fact that there must be disclosure of a reasonable amount would suffice, rather than going into this total bill? Aren't we really looking, or seeking out, those people who are trying to influence candidates? Isn't that the real purpose of the bill, rather than getting into all the nitty gritty and going into the testimonial dinners and the party functions, and buying tickets to the G.O.P or Democratic--

SENATOR SCHLUTER: Assemblyman, you have hit the nail right on the head and maybe this was the cause for your statement in the press that you made last week on this particular bill. You have to close up every single loophole because if you don't close up the loopholes the candidates will get right around them, run their campaigns through a party, through ad hoc committees, and we have nothing better than we have today. You can't have it both ways.

ASSEMBLYMAN KEOGH-DWYER: I have no further questions.

ASSEMBLYMAN DICKEY: Mr. Dawes, do you have any questions?

ASSEMBLYMAN DAWES: I just want to follow up on one thing. I think Assemblyman Keogh-Dwyer hit on my main concern. Suppose you have a candidate who appoints someone as treasurer and the treasurer fails to report a \$200 contribution during the campaign. Is the candidate guilty of anything under this bill if he had no knowledge of it?

SENATOR SCHLUTER: He is guilty of nothing.

ASSEMBLYMAN DAWES: Suppose there are two candidates running - we all run with a companion - and we have one treasurer and that treasurer tells your running mate, "you received a contribution of \$200 from Mr. Smith" and he fails to report it. Here again, would the candidate who had no knowledge of this contribution, be guilty of anything under this bill?

SENATOR SCHLUTER: Assemblyman Dawes, you are talking about \$200 going for two candidates in a joint campaign, is that correct?

ASSEMBLYMAN DAWES: No. I wasn't trying to catch you on that point. We will say \$400, O.K.?

SENATOR SCHLUTER: If the candidate doesn't know about it, he cannot be subject to the criminal penalties.

ASSEMBLYMAN DAWES: Suppose the day after the election the treasurer then comes to the Assemblyman-elect and informs him Mr. Smith made a donation of \$400 for his campaign. Under this bill is there anything that the Assemblyman-elect at that point would have to do, or should do, in order to protect himself under paragraph 17c, where it says, "the nomination for elections."

SENATOR SCHLUTER: May I have the page?

ASSEMBLYMAN DAWES: Page 15. In other words, you are told by your treasurer the day after election,

"we got a contribution in from Mr. Smith of \$400."

Page 15, paragraph (c), where it says, "the nomination for or election of." In other words, it provides for the voiding of an election.

SENATOR SCHLUTER: Well, I would interpret in section h. on page 3, the terms "contributions" and "expenditures", to mean when the individual comes into the knowledge that he has that money he has to report it. If it was constructively given to his treasurer before, and he didn't report it in the reporting period, his treasurer might be guilty. But if the person constructively comes into that knowledge, as in that definition, I would interpret it to mean the day after election as you--

ASSEMBLYMAN DAWES: He has to report it then?

SENATOR SCHLUTER: He would have to see that it does get reported by his treasurer, in an amended return.

Assemblyman, you have to realize that - maybe I said this before you arrived this morning so bear with me - this bill would require rules and regulations to be promulgated by a Commission and these rules and regulations would cover a number of situations in line with the standards set up by the bill. I think this could be one of them.

ASSEMBLYMAN DAWES: After an election, at some point you have paid all your bills, you have received all your contributions for that last election. Suppose after the last filing you are then told about this. Would you still, do you feel, under this bill - I understand about the Commission - that you would still have to amend your report and report it at any time during the two years that you would be in office?

SENATOR SCHLUTER: You are a lawyer, Assemblyman. I am not. I don't know the requirements under the basic law for people to report criminal acts. If you have

knowledge of a criminal act and you are guilty of having knowledge of any criminal act, whether it be witnessing a holdup or a bank robbery, or anything else, I imagine the same principle would apply.

ASSEMBLYMAN DAWES: Thank you, that is all.

ASSEMBLYMAN DICKEY: Mr. Klein, do you have any questions?

ASSEMBLYMAN KLEIN: I have no questions of this witness.

ASSEMBLYMAN DICKEY: Mr. Wallace, do you have any questions?

ASSEMBLYMAN WALLACE: No, I have no questions.

ASSEMBLYMAN DICKEY: I am sorry we came to the lady last. I apologize.

ASSEMBLYWOMAN KLEIN: That's alright.

ASSEMBLYMAN DICKEY: Do you have any questions, Assemblywoman Klein?

ASSEMBLYWOMAN KLEIN: I am not going to prolong this. You have been here a long time but there are a couple of things I would like to get into the record.

You are a member of the Election Law Revision Commission that recommended this legislation?

SENATOR SCHLUTER: Yes.

ASSEMBLYWOMAN KLEIN: How long have you been a member of that Commission?

SENATOR SCHLUTER: I think since 1968.

ASSEMBLYWOMAN KLEIN: Could you tell me how long the Commission has been in operation?

SENATOR SCHLUTER: Since the early 1960's. I think it was-- I am not sure whether it was 1962 or 1964.

ASSEMBLYWOMAN KLEIN: Has it been meeting regularly for the last 8 years?

SENATOR SCHLUTER: It went through a period, I understand, where the regularity of the meeting was somewhat questionable.

ASSEMBLYWOMAN KLEIN: Is the Commission funded in any way?

SENATOR SCHLUTER: Yes. It is funded by the Legislature.

ASSEMBLYWOMAN KLEIN: Could you tell me how much we spend for that?

SENATOR SCHLUTER: I don't know the total amount but I know in this current year it is at least \$25,000. We have counsel and staff.

ASSEMBLYWOMAN KLEIN: Senator, in the period of time this Commission has been meeting, how many pieces of legislation have been promulgated out of that Commission?

SENATOR SCHLUTER: It is hard to say, Assemblywoman Klein. We have put forth, since I have been on the Commission, this as a basic piece of legislation. We have come up with a number of minor pieces of legislation and recommendations for modifications of other legislation, such as primary crossover to meet current registration rulings handed down by the Supreme Court, and other topical types of issues.

ASSEMBLYWOMAN KLEIN: And also pieces of legislation having to do with machine voting, is that correct?

SENATOR SCHLUTER: That is correct. That took place before I was on the Commission.

ASSEMBLYWOMAN KLEIN: Would it be fair to say that in all the years the Commission has been meeting, the two most important pieces of legislation that it has put forth is the one to require machine voting and this campaign spending?

SENATOR SCHLUTER: Yes.

ASSEMBLYWOMAN KLEIN: At what time in history did this campaign spending bill first get introduced?

SENATOR SCHLUTER: It was introduced in November of 1970.

ASSEMBLYWOMAN KLEIN: It has had a lot of trouble

getting passed, I gather?

SENATOR SCHLUTER: Yes.

ASSEMBLYWOMAN KLEIN: What is the purpose of the Election Law Revision Commission?

SENATOR SCHLUTER: The purpose is to revise Title 19. The Commission has received several directives during its life. I believe, I could not find it in the record but I believe that the Governor expressed urgency that the campaign finance question had to be resolved after this law that was passed in 1969, in November, to remove the limits and this is what put the impetus on the Commission's work at the end of 1969 and 1970, when it came out with its report which was dated September 1, 1970.

ASSEMBLYWOMAN KLEIN: Would it be fair to say the Legislature established the Commission in order for it to provide a legislative recommendation to improve the election system in the public interest?

SENATOR SCHLUTER: Yes.

ASSEMBLYWOMAN KLEIN: Could you give me your opinion as to why the Election Law Revision Commission has been such a total failure in terms of achievement?

SENATOR SCHLUTER: We have had a certain amount of turnover in personnel. It seems we now have a Chairman who I don't think we will lose as quickly as we lost our previous Chairmen because some of our previous Chairmen became judges and the present Chairman is not a lawyer.

We have, of course, had to go back over this particular bill a number of times and restudy and take up different concepts which were thrown at us as a Commission. Senate bill number 1124 has gone through six editions. This is the sixth edition. The Commission has involved itself with each one of the revisions.

The Senate President, in November, came forth with a very reasonable criticism that the Commission - the Election Law Enforcement Law Commission, which this bill sets up - should have four persons, such as a County

Election Board, rather than five, which would give it a partisan flavor. He was right. We took this up with our Commission and we approved it. This is another reason why we have had not too much success.

ASSEMBLYWOMAN KLEIN: In other words, Senator, there has been a tremendous amount of time and effort and thought and evaluation and reevaluation and writing and rewriting of this particular bill?

SENATOR SCHLUTER: Not only by the Commission but it has been on the top of the table for two and one-half years.

ASSEMBLYWOMAN KLEIN: Would you say, in your opinion, that it represents an important piece of legislation?

SENATOR SCHLUTER: I would say not only an important piece of legislation, but vital.

ASSEMBLYWOMAN KLEIN: Please tell me why you think it is vital.

SENATOR SCHLUTER: To restate what I said in my testimony, Assemblywoman, the public confidence in the election process, as polls have shown, is at a low ebb. I think as Legislators we know that we cannot operate effectively without the public confidence. We need public confidence. We need public involvement. We see this on a national level. Governor Cahill - he said I could disclose this so I am not saying anything out of school - took me into his office one day late last fall and said, "Bill, on your Campaign Finance bill, no matter what happens with the legislation, I am going to make a disclosure." He said, "There isn't a Governor in the United States that will be able to run from here on in without making public disclosure, regardless of what his State law requires, because the public is demanding it."

ASSEMBLYWOMAN KLEIN: Senator, since you bring that up, many candidates are saying they will make

personal disclosures of their campaigns. As the author of this bill I would like you to tell me whether you think that voluntary personal disclosure on the part of the candidate is an adequate substitute for this legislation.

SENATOR SCHLUTER: Absolutely not. Mrs. Klein, because I made a disclosure when I ran in 1971. In round figures, I collected maybe \$3 or \$4 thousand and I disclosed right down to the last dollar. I might have been short maybe \$2 or \$3 thousand myself but my party organization paid off a number of bills.

Now it does no good for me to disclose my sources, and my party organization in my particular County is making reports, and I think is very advanced in this regard, but you have to know the complete picture.

ASSEMBLYWOMAN KLEIN: Would you go so far as to say that it is misleading to the public to indicate willingness to make a personal financial disclosure as a substitute for the passing of this legislation?

SENATOR SCHLUTER: As a substitute it is misleading, yes. But there is nothing misleading if a candidate wants to make a voluntary disclosure. God bless him or her.

ASSEMBLYWOMAN KLEIN: I just have one other thing I want to ask. There has been a lot of reference here to personal disclosure of income as opposed to disclosure of campaign contributions, people saying that people of substance can contribute to their own campaigns without revealing the sources of that money. Did the personal disclosure bill which is in the Legislature, dead at the moment, also emanate from your Commission?

SENATOR SCHLUTER: No.

ASSEMBLYWOMAN KLEIN: Would you feel it would be an important companion piece?

SENATOR SCHLUTER: Yes, but I don't want to get involved in this. I had sponsored that when I was in

the Assembly with Assemblymen Dickey and Dawes for several years.

It is something that was spoken about on the floor when this bill passed the Senate by a Senator who is an attorney and was making a call that the Personal Disclosure Bill should receive attention.

ASSEMBLYWOMAN KLEIN: Recently the Governor was quoted as saying he would be willing to see this bill amended to pertain to a \$500 limit instead of a \$100 limit. What do you think that would do to the bill.

SENATOR SCHLUTER: It would completely emasculate it. In fact to go further, Mrs. Klein, on that, the matter of \$100 was fought long and hard in the Senate as far as the acceptable and reasonable and proper limit. I think that particular comment did not mean that he would be unwilling to report less than that under any circumstances because he supported this bill when it required reporting of \$25.

ASSEMBLYWOMAN KLEIN: Well, I won't say anything further since you said that. I would have to ask you whether, if the bill was passed with a \$500 limit and a candidate decided, voluntarily, to use \$100, do you feel that would be a satisfactory answer to the problem?

SENATOR SCHLUTER: No.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN DICKEY: Mr. Spizziri has another question, Senator.

ASSEMBLYMAN SPIZZIRI: I have several, Senator. Your last response to Mrs. Klein's question was no. Could you tell us why you gave that answer, no that would not be satisfactory?

SENATOR SCHLUTER: Because, I am not questioning the integrity of the individual who would be making a report.

ASSEMBLYMAN SPIZZIRI: You are not?

SENATOR SCHLUTER: No, I am not questioning the integrity of the individual who would be making a report but if only certain candidates file on a voluntary basis and certain candidates do not, below the \$500, the public really doesn't get a true picture of what this whole thing is about.

ASSEMBLYMAN SPIZZIRI: Couldn't the same thing be said for a \$50 contribution as against \$100 contribution on the same basis?

SENATOR SCHLUTER: I think that is in effect for \$100. With the general magnitude of campaigns, I think that the significance is less if certain people report down \$50 and the rest do not. I do not see any major, or as great a problem.

ASSEMBLYMAN SPIZZIRI: What is the danger between the \$100 level and, say, a \$500 level, as quoted by the Governor in saying he feels he could live with the \$500 level, as against a \$50 to \$100 level?

What dangers are ripe in that disparity of contributions?

SENATOR SCHLUTER: I am not making any inferences nor do I have anybody in mind when I say this, but if a legislator has to finance his campaign, and his campaign is going to cost him \$10 thousand, isn't it a lot easier to go to 20 lobbyists at \$500 apiece, and don't you think those 20 lobbyists, or interest groups, would have a lot greater influence over him in the future than if he went to 100 individuals at \$100 each and not having to be obligated?

ASSEMBLYMAN SPIZZIRI: It might be that he may be more obligated then.

SENATOR SCHLUTER: In which circumstance?

ASSEMBLYMAN SPIZZIRI: In going to 100 individuals rather than to the 10.

SENATOR SCHLUTER: I can't see how.

ASSEMBLYMAN SPIZZIRI: Could you tell us, Senator,

what the factual basis is for the statement of yours that anything more than the \$100 limitation would emasculate this bill?

SENATOR SCHLUTER: I think the question was the \$500 level. The \$100 figure was arrived at through the legislative process, up to the present time, through a lot of give and take. There was great consideration given for the Federal reporting statute. Why should Richard Nixon, George McGovern, and their various committees - and their committees in New Jersey, and their committees in the various counties - have to report everything over \$100 when a Senator or an Assemblyman or a school board member, if he is going into an expensive campaign, not report up to \$200 or \$250. It just doesn't make sense.

I could go one step further. I think you might find certain campaign money going away from the Federal candidates if you have a different standard. You might find campaign money, if there is a \$200 level for local and State, going into those campaigns and into those political parties, rather than into the Federal and I see a gross inconsistency.

ASSEMBLYMAN SPIZZIRI: I have one other question, Senator. In this concept of reporting, there are situations which arise whereby each of us, of whatever political persuasion, have friends of the other political party. Now there are situations, we both know, which arise where, perhaps, I, as a Republican officeholder, might want to contribute to you as a Democratic candidate and I might want to give you \$250 or \$300 or \$500 but because of the reporting aspect of this bill I would be dissuaded and I may be a long-time friend of yours and perhaps even related to you in some manner. Now do you think that is fair to you as a candidate that because of this I would then be persuaded not to make a contribution of that magnitude and perhaps not make any contribution to you?

SENATOR SCHLUTER: Let me get the record straight. I am a Republican.

ASSEMBLYMAN SPIZZIRI: I know you are. I am using it as an example.

SENATOR SCHLUTER: This whole bill is based on the concept of disclosure, and you can't have it both ways.

Now this question has come up and you take a merchant or a businessman who contributes to both parties, and he contributes in sizeable sums, say \$500, \$1,000, \$200, why does he contribute to both parties? Because he loves them both? I think that is hypocritical. He is paying tribute. He is not making a campaign contribution.

This is what this bill is all about. This person will not make those contributions under this bill, in my judgment, because the motive will be very apparent and he will be exposed.

Sure, maybe somebody who is your brother-in-law and who is an active Democrat, might be constrained not to give to you. I don't think this is too great a hardship for the benefits in this bill and there are going to be many cases where candidates will get from both parties because of their broad appeal. Don't forget we had a lot of committees where there were Democrats and Republicans for McGovern, etc.

ASSEMBLYMAN SPIZZIRI: That type of committee depends upon your own political philosophy. I have no other questions. Thank you.

ASSEMBLYMAN DICKEY: Senator, may I ask you a couple of more questions, now that I have rested up?

Senator, I notice on page 16 that there are certain provisions in existing law which are repealed. For instance, Chapter 44 of Title 19 is repealed.

In looking over some of these repealed sections of law, I wonder why these have been omitted. Let me give

give you an example. In Chapter 44 there is a provision which says generally "if it shall appear that the failure to file a statement within such time, or the inaccuracy or false recital contained therein, or in the affidavit there to annex was due to the illness of the candidate, or the absence, illness or death of his campaign manager or caused by the misconduct of any person other than the candidate or his campaign manager, or by any other reasonable cause, not involving gross negligence on the part of the candidate or his manager or willful intention to violate any of the provisions of this Title, the court may make an order permitting such statement to be filed at the time and permitting the amendment of the statement or affidavit." I have quoted generally from the existing law, yet I find no such similar provision in your bill.

SENATOR SCHLUTER: The question is?

ASSEMBLYMAN DICKEY: Why was this repealer put in and nothing similar to it added?

SENATOR SCHLUTER: There is some language in there which would conflict with language on the reporting which you just read off.

I think this would naturally fall in the rules and regulations promulgated by the Election Law Enforcement Commission.

ASSEMBLYMAN DICKEY: Why should we trust some administrator who is going to give us another layer of government to safeguard something as basic as what I just read to you?

SENATOR SCHLUTER: I think that the intent is clear, Assemblyman. You are asking me to pick out one single detail in this 17 or 18 page bill and I just cannot at this time pick out a standard or anything else to refer to. But there are other provisions that you read off in section 44 that will conflict in the manner of reporting.

I am satisfied with the staff this Commission has had - a bipartisan Commission bipartisan staff the staff of the Legislature which has worked on it hard and diligently - it has been on the top of the table for 2½ years now - that there is no inequity by this particular repealer.

ASSEMBLYMAN DICKEY: Don't you concede there might be extenuating circumstances that should be taken into account perhaps minor inaccuracies? Why should a person be subjected to the criminality of this bill merely because of minor inaccuracies which might result from extenuating circumstances?

SENATOR SCHLUTER: I don't think that in the judicial process in New Jersey - again you are an attorney I am not - this danger is present.

ASSEMBLYMAN DICKEY: But we are not just dealing with the judiciary we are dealing with some administrators here whom you are going to permit the State to hire and they are going to adjudge it before it ever gets to any criminal court.

SENATOR SCHLUTER: You have to, Assemblyman in any piece of legislation - in most pieces of legislation, particularly when you set up new bodies - have rules and regulations. The Federal law underwent the same procedure and I see no danger under the circumstances in this bill that you point out.

ASSEMBLYMAN DICKEY: In other words, you would not permit any amendment of your bill which would take into account extenuating circumstances to which the existing law now alludes?

SENATOR SCHLUTER: I am not objecting. You have a committee sir you have a committee function. I don't believe it is necessary.

ASSEMBLYMAN DICKEY: O.K. This is a generalized question and maybe somewhat difficult to answer but don't you believe Senator that if this bill is enacted, we will have election campaigns which are divorced from

the real issues, and the real qualifications of the candidate, and the whole issue will become whether one party or the other has precisely complied with the very complicated provisions of this bill?

SENATOR SCHLUTER: No.

ASSEMBLYMAN DICKEY: You can't conceive that that would become the issue itself?

SENATOR SCHLUTER: No, because it did not in the Congressional campaign which took place last year.

ASSEMBLYMAN DICKEY: Now, as I understand your testimony, you do not favor any limitations on expenditures, is that right?

SENATOR SCHLUTER: Not at this time.

ASSEMBLYMAN DICKEY: Not even an acknowledged high limitation?

SENATOR SCHLUTER: Not at this time. I am part of the Commission that has made this recommendation, that is correct.

ASSEMBLYMAN DICKEY: Now in view of that, doesn't that give an advantage to a person who has their own money and doesn't need to worry about unlimited expenditures?

SENATOR SCHLUTER: We have gone through this, Assemblyman, several times with several of your Committee members. I will stay here as long as you require me. There are a number of witnesses, I am sure, who are anxious to testify. I don't think it does and we have a member of the Senate, I am not going to mention his name, that is one of the most affluent people, if you will, in the entire legislature and the way he has explained it to me - I am not giving up any trade secrets either - is that he wouldn't report one cent under this because he runs everything through his county organization. But he would have to report contributions which he got and he turns over to his county organization and this is exactly what this bill is trying to do, it

is trying to open up the political process through disclosure.

ASSEMBLYMAN DICKEY: And that same person can hire C.P.A.'s to make all these reports. can't he?

SENATOR SCHLUTER: He isn't involved in this because this bill has a provision where if you run your campaign through your county organization you can turn your money over to the county organization and the county organization will report it. I don't see what his ability to hire C.P.A.'s has to do with it.

ASSEMBLYMAN DICKEY: You don't conceive there is a lot of needless red tape here?

SENATOR SCHLUTER: Not for the advantages derived.

ASSEMBLYMAN DICKEY: Do any other members of the Committee want to ask any questions? Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: Senator. I am concerned that in order to comply with all the provisions of this bill that we may discourage a lot of real dedicated candidates who would love to run and serve the public but just couldn't possibly, when they realize if they have to comply here - a C.P.A. was mentioned - that they would be so worried about some infraction of the law that they might refuse to run.

SENATOR SCHLUTER: Do you want my comment?

ASSEMBLYMAN KEOGH-DWYER: Yes, please.

SENATOR SCHLUTER: This might have an effect. I think the reverse is more likely to happen. In other words, I think there are a lot of likely candidates who are turned off by the system because they see a great big monolith opposing them. They don't know where that other person gets his money or where that other party gets their money, and they just don't want to take it on and go through the process of a campaign and go to ultimate defeat. But if they know that their opponent is going to compete on an equal footing with

them, and they've a much better chance of competing, you are going to open up the system, not close it.

ASSEMBLYMAN KEOGH-DWYER: How can they compete when, as was mentioned before, the more affluent candidate could afford any number of lawyers or C.P.A.'s to handle all the small details while they went out and were free to campaign.

SENATOR SCHLUTER: I have said this any number of times at this hearing and I will say it again - the more affluent candidate will have tremendous restraints placed on him when he has to make a full disclosure. Now he has no restraints and that candidate, to oppose the affluent candidate now, doesn't have any idea of what he is up against. But if that person has to report, he has a much better chance, and that is the context that I say that it will open it up more than tear it down or close it up.

ASSEMBLYMAN KEOGH-DWYER: I personally feel the more affluent candidate will be able to hide as much as he discloses and that the less affluent candidate won't have any knowledge of it. So, I don't really think there is a comparison there. I honestly feel that, as it is drawn in this complicated form, you may discourage candidates.

I for one, and I have said this as a matter of record, am in favor of disclosure. But if I, personally, had to go through this all the time and keep watch to make sure I dotted every "i" and crossed every "t", leaving myself vulnerable to my opponent's scrutiny, let's say, so that he could call out the dogs and make me look terrible in the public light, I would have to consider seriously running for office. Thank you.

ASSEMBLYMAN DICKEY: Mr. Wallace, you have a question?

ASSEMBLYMAN WALLACE: Senator, perhaps I had no questions in the beginning of this hearing, but the very

intelligent questions that have been placed before you and have been answered adequately have satisfied me that this attempt is being made to correct our elections system and our campaign contributions problem but I am becoming very worried now because I see here that the little fellow, the small - that is the person running for a small office like a county office or local office or even a man running for county committee - - that small office seekers are going to find themselves in a position where they may be committing transgressions against this law and yet they will be doing it completely unwillingly and they will be doing it without any knowledge of the fact that they are violating the law. I am a little afraid that these people may find themselves in jeopardy. I am wondering is this Commission going to be such a Commission that they will have the humanity and the understanding to be able to not put these people in jeopardy.

SENATOR SCHLUTER: This is a very good question. Assemblyman Wallace. Number one, I hope I have explained the difference between the criminal penalties and the civil penalties under this bill. If a person campaigns for lower office and spends more than \$500 and he inadvertently doesn't fill in a report, he cannot be prosecuted criminally, unless it can be proved that he did this willfully and knowingly.

Now the composition of the Commission is four members who shall hold no public office, either elected or appointed, and there shall be no more than two from one political party, meaning, essentially, that you would have two Republicans and two Democrats, and each one is subject to the advice and consent procedure of the Senate. There is an awful lot of input, believe me, that the Senate has in seeing that such individuals will be top notch. If you get the Commission acting in one direction, it will take a vote of three people,

meaning that this has to be a violation of such magnitude that it is fairly obvious and it would take a bipartisan vote, the same way as a county elections board.

ASSEMBLYMAN WALLACE: Then, Senator, you feel there is sufficient protection if this law were passed to protect the innocent person who is in the political field but is not in the high political field, so that were he to find himself in a position where he had accepted a contribution, not really knowing this contribution violated the law to that extent, the Commission would be compassionate to that type of man.

SENATOR SCHLUTER: Oh, yes, I feel that they would be.

ASSEMBLYMAN DICKEY: Senator, that leads me to another question. If you really feel that way, why didn't you write it in as I quoted it from the existing law?

SENATOR SCHLUTER: Write in what, sir?

ASSEMBLYMAN DICKEY: The compassion you have just expressed, that you think would be used by these bureaucrats, these administrators that you are going to appoint under this law.

SENATOR SCHLUTER: I did not answer Assemblyman Wallace that way. He asked me my impression of the net result of the bill and my impression was that the so-called little fellow, or man or woman, is adequately protected.

ASSEMBLYMAN DICKEY: O.K. You feel that because of what you think will be humane compassion by these members of the Commission, is that right?

SENATOR SCHLUTER: No. I think that he is basically protected, not by the humane features of the Commissioners but by the basic structure of the bill.

ASSEMBLYMAN DICKEY: Now where do I find that in the bill, Senator? That is what I have been asking you and you haven't answered it.

SENATOR SCHLUTER: Where do you find what?

ASSEMBLYMAN DICKEY: I read from the existing law, which would indicate that that kind of compassion would be exercised. Now I don't read that in your bill.

SENATOR SCHLUTER: I didn't hear you, sir, respectfully, read from the existing law where compassion, ~~as~~ such, was spelled out.

ASSEMBLYMAN DICKEY: Well, let's use the word extenuating circumstances. I suppose that is somewhat synonymous, isn't it?

SENATOR SCHLUTER: Extenuating circumstances?

ASSEMBLYMAN DICKEY: Yes. The existing law takes into account extenuating circumstances. Your bill does not.

SENATOR SCHLUTER: The existing law, sir, is this thick. The bill has 18 pages, or whatever it is. The Election Law Enforcement Commission has a responsibility for developing rules and regulations in the spirit of this law. I answered Assemblyman Wallace to the best of my ability. I felt this bill protects the so-called small individual.

ASSEMBLYMAN DICKEY: So we are going to have now another new body of law called "rules and regulations" which will have the same effect as law enacted by the Legislature, promulgated by this Commission, is that right?

SENATOR SCHLUTER: We have many evidences, as you know, Assemblyman, of rules and regulations. We have administrative procedure in a number of our State laws. We have a Division of Administrative Procedure.

ASSEMBLYMAN DICKEY: Do you think this bill will inhibit sincere people from presenting themselves for public office?

SENATOR SCHLUTER: No.

ASSEMBLYMAN DICKEY: O.K. Are there any other questions from the members of the Committee?

ASSEMBLYMAN DAWES: I have one other question.

Senator, suppose I purchase a ticket for \$99 for a former \$100 plate dinner in our county and then in the Fall of the year purchase another ticket for \$99 for a former \$100 golf outing. Do they have to report me?

SENATOR SCHLUTER: There is a provision, Assemblyman-- Indidentally, it is \$100 because the law says, the same way the Federal Law does, over \$100.

ASSEMBLYMAN DAWES: One-hundred dollars or over, thank you.

SENATOR SCHLUTER: If you, or a contributor to your campaign, purchases two tickets in different reporting periods, there is a provision for aggregating, providing the treasurer knows they were for the same campaign. They have to be reported if the aggregate amount is over one-hundred dollars.

ASSEMBLYMAN DAWES: Would it be too much trouble for you to point it out?

SENATOR SCHLUTER: There are two sections, Assemblyman, it is in both for the Committee and the party reporting and also for the individual.

ASSEMBLYMAN DAWES: Which section?

SENATOR SCHLUTER: Maybe Assemblyman Klein knows.

ASSEMBLYWOMAN KLEIN: On page 11, line 38.

ASSEMBLYMAN KLEIN: Senator Schluter, I do have a question now.

When does the period commence within which you may aggregate? In other words, you are talking about two or three different reporting periods and the total contributions during all of the reporting periods. If they total in excess of \$100 you have to report it. But at what point do you begin for the purpose of determining what periods are included?

SENATOR SCHLUTER: From the time he becomes a candidate, and that is spelled out.

ASSEMBLYMAN KLEIN: What happens in case of an office holder who is not a declared candidate for reelection and thereafter becomes a declared candidate for reelection.

SENATOR SCHLUTER: The Commission worked hard on this particular concept Assemblyman and language which we have in there we feel covers it. For example, I am not a declared candidate, you are not a declared candidate because we don't know what our districts are going to be but we might be doing things that are in the nature of helping us in a potential future campaign.

It is when he declares publicly or when he is elected through the primary process and through petition process.

ASSEMBLYMAN KLEIN: Would that enable an office holder who is not a candidate, to receive campaign contributions in advance of that date of declaration of candidacy without being subject to this bill?

SENATOR SCHLUTER: Not if they are made as campaign contributions, otherwise they will be subject to Internal Revenue Laws as far as money received as gifts and income, etc.

ASSEMBLYMAN KLEIN: I am not sure I understand that. Suppose money is raised on behalf of a candidate by way of a dinner, for example, that might be held prior to date of declaration. Would that be subject to reporting rules?

SENATOR SCHLUTER: If the candidate has elected to continue his campaign fund after the previous campaign as some individuals have said they might very well do, and he has a testimonial dinner and this goes into the "Friends of Herb Klein" or the "Herb Klein Booster Club", and this is kept alive, the reporting provisions allow this and allow the person to have this and to pay what might be necessary as long as it is within the I.R.S. provisions.

ASSEMBLYMAN KLEIN: Suppose the candidate, or the officeholder, has not elected to continue his campaign fund but simply has a dinner, or whatever it may be? What I am trying to find out is whether such an affair, or any activity, would be subject to the provisions of this law. That is what the question really boils down to.

SENATOR SCHLUTER: Sir, if he is the declared candidate or if it can be proved that he has any intention of running, otherwise I think you get into the same case as Senator Dodd of Connecticut was in when he used testimonial funds for his own personal benefit.

ASSEMBLYMAN KLEIN: I am not sure I understand the answer. It seems to me we are talking about two different concepts and as you know I have already stated that I do support the bill and I am going to vote for it. I am just trying to get your interpretation of who would be subject to the provisions of the bill and under what circumstances would he be subject?

The question of whether the Internal Revenue considers it income is a totally different question from whether or not the officeholder would be subject to the provisions of this law and, if so, at what point he becomes subject. All I am trying to find out is, is a campaign, or is a fundraising activity on behalf of an officeholder who is not a declared candidate, subject to the provisions of this law?

SENATOR SCHLUTER: No, as long as it can be proved that he is not, in fact, a candidate or surreptitious candidate.

Take it on the other hand, Assemblyman, if a Legislator plans to retire and has a retirement or testimonial dinner, obviously he isn't going to campaign anymore and this would not be subject to this bill.

ASSEMBLYMAN KLEIN: Thank you very much, Senator.

ASSEMBLYMAN DICKEY: Are there any other questions

from the members of the Committee?

ASSEMBLYMAN KEOGH-DWYER: Senator on page 17 we talk about "the sum of \$50 thousand is hereby appropriated to the Election Law Enforcement Commission for the fiscal year ending June 30 1973 for the purpose of carrying out the provisions of this act." Your bill apparently includes any and all elections including school board elections?

SENATOR SCHLUTER: Correct.

ASSEMBLYMAN KEOGH-DWYER: Do you honestly think that that Commission will be able to examine each and every violation or alleged violation of this law if enacted, for that kind of money?

SENATOR SCHLUTER: I don't know. I don't think so, sir.

ASSEMBLYMAN KEOGH-DWYER: Another question, on page 15, section 18, b., line 11, it talks about "Upon receiving evidence of any violation of this section, the Election Law Enforcement Commission shall have power to hold hearings..."

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN KEOGH-DWYER: How do they receive evidence?

SENATOR SCHLUTER: I would presume through normal channels. It might be presented through opponents. It might be through newspaper accounts. It might be written into them, I guess, by any public spirited citizen.

ASSEMBLYMAN KEOGH-DWYER: How would it be legally accepted?

SENATOR SCHLUTER: I don't know. I imagine they would have a receiving stamp or something like that.

ASSEMBLYMAN KEOGH-DWYER: If they receive no evidence of any violation of this section, will they just sit on their chairs and do nothing except wait for these violations, or will they spot check any

possible violations?

SENATOR SCHLUTER: I presume the Legislature has the power - as you know, as a member of the Appropriations Committee - to provide for doing this checking.

ASSEMBLYMAN KEOGH-DWYER: But there is no program, after going through all this, to attempt to enforce the concept of the law by using \$50 thousand for the Election Law Enforcement Commission to see, in fact, that it is being enforced; that candidates are trying to adhere to the law. There is nothing in here that shows that the Election Commission shall--

SENATOR SCHLUTER: Well, I can't refer to the full charge, they are charged with the complete bill but I am confident they would perform their duty and execute what they are required to do.

ASSEMBLYMAN KEOGH-DWYER: As the prime sponsor of this bill, Senator, don't you think that in appropriating \$50 thousand of the taxpayers' money there should have been some thought given in this area, that the Commission would take an active part?

SENATOR SCHLUTER: They will, sir. They will take an active part. They form. They organize. It shows how they are going to organize and who they are going to put on as permanent staff. They have to have additional members. They will file the reports. They will check the reports. They will see the reports are on time. They will handle complaints. They will have hearing procedures.

ASSEMBLYMAN KEOGH-DWYER: Let us say, Senator, that they don't receive any evidence of violations and all the candidates and the campaign managers and the people responsible for reporting the election activities on the financial end - let us say that everything worked out just perfectly. If nothing was brought to their attention, how would they then determine whether they were effective or whether the \$50 thousand was being

justly spent?

You said we are going to have this Commission set up. We are going to have all these people available to have hearings. We are going to have people out in the field and investigate complaints. What will they do if everybody complies with the law and they sit around waiting for violations?

SENATOR SCHLUTER: I don't think that will happen. Assemblyman. In Section 6 there are various charges and it is fairly clear what they are charged to do. I would imagine that a vigilant Governor and a vigilant Legislature would be sure that they perform.

ASSEMBLYMAN KEOGH-DWYER: You admit it isn't provided in the bill?

SENATOR SCHLUTER: No. I am saying in Section 6, Assemblyman - "Prepare and publish . . . an annual report" "Ascertain whether candidates, committees or others have failed to file. . ." "Forward information. . ." "Hold public hearings. . ." The commission shall take such steps as may be necessary or appropriate to furnish timely and adequate information. . ." etc. It is the whole Section 6.

ASSEMBLYMAN KEOGH-DWYER: It has everything but a "watchdog." What I am trying to say is the way the bill stands now, the Commission is not obligated to go out and seek or make random inspections.

SENATOR SCHLUTER: It is, if they see evidence of--

ASSEMBLYMAN KEOGH-DWYER: What if they don't see evidence?

SENATOR SCHLUTER: Sir, it might be like the F.B.I. When do they start going into something and when don't they?

ASSEMBLYMAN KEOGH-DWYER: Thank you very much; that's all.

ASSEMBLYMAN DICKEY: Thank you very much Senator, for being a very excellent witness.

I will now call Mr. Joel Jacobson.

Mr. Jacobson, we would ordinarily recess for lunch but I understand you are going to be short and you won't take too much time, is that right?

J O E L J A C O B S O N: I deeply appreciate the chance to speak. I have an important meeting back in Newark and I shall take no longer than 10 minutes, probably less.

My name is Joel Jacobson. I am the Director of Community Relations for the United Automobile Workers Union, the UAW.

I am by my own definition a lobbyist. In many cases I lobby you ladies and gentlemen in support of, or in opposition to, bills we believe have an interest to our members.

I tell you very frankly that while I wear this little red badge occasionally, the Lobby Law in this State is ineffective, mainly because I am not required to disclose, Assemblyman, when I buy you a breakfast or do anything in terms of monetary value which may possibly influence you beyond your good judgment. And the same deficiency that is inherent in that Lobby Law, I suspect is inherent in our Election Laws and one of the reasons why we support the passage of S-1124, so that the disclosure can be made when there are influences above and beyond your good judgment and the logic of facts before you make a decision.

I would like to ask you a question: Suppose somebody would drop in your lap, any member of the Legislature, an anonymous contribution of \$1,000. You would immediately, I suspect, ask yourself two questions. First, who? And, secondly, why? But if the contribution of \$1,000 were to be acknowledged, you would know the answer to the question "who," but I would submit if you are alert and judicious, you might want to ask yourself, why?

In our opinion, the public has a right to know "who" and "why", whenever contributions of substance are made to members of the Legislature or candidates for statewide office. Because the blunt fact is, if I may be as callous and as crude and as candid perhaps as required, there are few, if any, large contributors who give without an expectation of future reward. The reward may come in many fashions as a quid pro quo: it could be, for example, appointment to a high office. It could be the awarding of a lucrative government contract. It could be the passage or postponement of legislation. It could be the granting of a special tax benefit. It could be extra-legal interference in administrative matters before the State. In any event it may be of interest and concern and help to the individual contributor and/or the legislator, but not necessarily in the public interest.

It is our contention that this bill meets the objective of giving the public their right to know what these influences are.

The official has the responsibility to indicate facts concerning his public contributions so that informed critics and informed citizens may judge whether or not that contribution has any influence over the legislator's subsequent actions.

Now I am really not going to quibble over whether you should report 13 times in 6 months or 6 times in 13 months. I think these things should be decided by your committee and the Legislature. But the general intent of this legislation, we believe is sound. And I would like to set forth a few more reasons very quickly.

The political influence upon candidates wielded by those who make large contributions unreported financial contributions, really fundamentally violates the concept of democracy and the theory of "one man, one vote." It also is contrary to the public interest.

Even if a candidate is honest - and I submit to you immediately, the overwhelming majority of candidates that I have known are honest - I make no aspersions -- even if a candidate is honest, the acceptance of a substantial financial contribution carries with it an undefined, yet subtle and persuasive obligation to perform in the interest of the contributor, not necessarily the public. And when the candidates are less than honest - and we must agree after reading the daily newspapers in New Jersey where we see almost daily stories about indictments and trials and convictions and imprisonments of public officials -- even when the candidates are less than honest, the acceptance of large, unreported campaign contributions is quite baldly a poorly disguised example of influence peddling in the merchandising of selfish interest for private gain.

Many of the questions that you asked earlier, I think, were sound questions because you are concerned as to whether or not a rich candidate does not have an advantage over a poor candidate. The solution to that problem, I would submit, is the public financing of political campaigns. I would like to see, for example, free TV time, free newspaper ads, given to all candidates, free mailing to the voters, free travel. But this is a millennium. we are not going to get so quickly. And until the time when the millennium is reached, we would urge the passage of S-1124 as one way to make things a little better.

Very quickly now, I understand there were two general objections that were raised to this bill heretofore, to which I would like to respond and which were implicit in some of the questions asked this morning. One was that the bill will dry up the source of campaign contributions. Frankly, I understand your concern with that. It is our opinion that this bill will dry up the source of big campaign

contributors who are looking to influence you above and beyond the good reasonable judgment that you possess. If that source of contributions is dried up, I say, great. That is precisely what the bill should do. But even if the sources do dry up, the public should be informed as to what is going on.

The other point that was made is that the bill would adhere to the disadvantage of the average middle-income guy. I would submit that this bill is designed precisely to help the average middle-income guy who has no great wealth. I tell you that any man who contributes \$100 to a political campaign is either well heeled or has a good reason to do so.

I happen to represent 50,000 members of the UAW in the State of New Jersey and I don't know of one who would feel he could very easily contribute \$100 to any campaign unless he had an axe to grind.

This particular bill would permit him to see who the large contributors are and in fact would entice him to contribute his \$12, \$20, or \$25 because he would feel it might be much more meaningful in the context of the total number of dollars accepted by a particular candidate.

I am going to conclude by indicating to you - I am rushing this along - that I see several other advantages accruing from the passage of this legislation. I think, -- Mr. Klein, why don't you listen to me, please. Your back distracts me.

ASSEMBLYMAN KLEIN: My apologies to you.

MR. JACOBSON: That's all right. The legislators themselves - you, yourselves - might feel more secure and better adjusted in the knowledge that the voters who are contributing to you, give you money because they love you for yourself, not because of what they think they can get in return. Think how much

happier you would be when you realize your personal popularity is the magnet of these funds rather than some devious objective someone might have, to which you hopefully would not respond.

Number two, the passage of this bill in our opinion will result in a marked reduction of the workload in the office of Herbert J. Stern.

Number three, we think this bill, in response to one of the questions asked by one of the Assemblymen, would encourage men and women of integrity who are unwilling now to run, to do so, for precisely the reason of the veiled, subtle influence which the large contributor now weighs against an individual candidate.

I had a brief unfortunate experience in a primary campaign a couple of years ago, in which I was offered a rather substantial sum of money by someone whose political policy was contrary to mine. I rejected it. Of course, I lost the campaign. I rejected it because it was perfectly obvious that the strings that were attached to that particular contribution would not make it possible to run for office and, if possibly elected, to serve in good conscience because of the influence just this money had there.

It is our opinion that the public interest will be better served by the passage of this bill if all candidates for public office would serenade their potential contributors with a loud and raucous public rendition of Richard Rodgers' "No Strings," rather than a soft and romantic privately-performed version of Cole Porter's, "Always True to You, Darling."

We urge the passage of S-1124.

SENATOR DICKEY: Thank you for your beautiful comments.

Do any members of the Committee wish to ask questions? Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: Mr. Jacobson, does

your organization contribute any large sums to any candidate?

MR. JACOBSON: Yes, they do.

ASSEMBLYMAN KEOGH-DWYER: In what amount?

MR. JACOBSON: For the candidates who ran for the Assembly in the last election, my recollection is -- I think, Ann, we gave you a hundred dollars.

ASSEMBLYWOMAN KLEIN: Right.

MR. JACOBSON: I would be delighted to report that contribution. We are very proud of it. The contributions to candidates for the Assembly or Senate -- I don't believe any exceeded \$250 to the best of my recollection.

ASSEMBLYMAN KEOGH-DWYER: Thank you very much.

ASSEMBLYMAN DICKEY: Mr. Jacobson, with reference to the acquisition of these funds, are they by check-off method or how do you raise funds for the candidates through your Committee?

MR. JACOBSON: The contributions are raised through a voluntary drive conducted in all the plants of our local unions.

ASSEMBLYMAN DICKEY: With 50,000 workers, you have only been able to contribute at most \$250 to a candidate?

MR. JACOBSON: I didn't indicate the amount that we accepted; I only indicated the amount we contributed.

ASSEMBLYMAN DICKEY: Oh. Well, did you spend it in some other indirect way for the candidates benefit?

MR. JACOBSON: Sometimes we do. I think that should be reported.

ASSEMBLYMAN DICKEY: What kind of indirect methods would they be?

MR. JACOBSON: Oh, we put people to work on Election Day for candidates.

ASSEMBLYMAN DICKEY: I'm sorry. I didn't hear that.

MR. JACOBSON: We assign some of our members to work on Election Day for a candidate.

ASSEMBLYMAN DICKEY: Did you buy or sponsor radio or television time for candidates?

MR. JACOBSON: I don't believe so.

ASSEMBLYMAN DICKEY: How about newspaper advertising?

MR. JACOBSON: I don't recall having done it, but I could conceive we would do it. There again, I think that should be reported.

ASSEMBLYMAN DICKEY: If this bill passes, would you report that type of activity?

MR. JACOBSON: Absolutely. I think it should be reported.

ASSEMBLYMAN DICKEY: What other types of support would you give to a candidate besides direct contributions?

MR. JACOBSON: On occasion, we may assign staff people to work directly with the candidate.

ASSEMBLYMAN DICKEY: Would the value of that be reported?

MR. JACOBSON: It should be.

ASSEMBLYMAN DICKEY: Now the workers you send into a district. Are they paid by your Political Action Committee?

MR. JACOBSON: Generally they take the day off from work and we re-imburse them for their lost day of work.

ASSEMBLYMAN DICKEY: I see. Can you tell me the gross amount you might have spent - well, we will take the last legislative election - for political action?

MR. JACOBSON: With regard to the State Legislature?

ASSEMBLYMAN DICKEY: Yes, the election of 1971.

MR. JACOBSON: 1971, the State of New Jersey -- just a couple of thousand dollars.

ASSEMBLYMAN DICKEY: A couple of thousand?

MR. JACOBSON: Not much over. I would anticipate -- we expect to spend a great deal more in the gubernatorial election coming up. My point is precisely - we should be required to report this. Say, for example, we spend \$5 or \$10 thousand in support of a candidate, the public has a right to know whether he is going to make any commitments to us and they should be entitled to know. Quite frankly, we have nothing to hide. We know precisely what we want. We are not very bashful about telling you what we want. And if you accept a contribution from us, we would hope you would respond thereto.

ASSEMBLYMAN DICKEY: I'm receptive.

MR. JACOBSON: We will be delighted to discuss it with you. I have a couple of bills I'd like to see passed, S-1124 for one.

ASSEMBLYMAN DICKEY: As I understand it, you represent the Industrial Union Council of the labor movement, don't you?

MR. JACOBSON: No, sir. That has been changed. The United Automobile Workers Union no longer belongs to the AFL-CIO. As a result, I had to leave my position there.

ASSEMBLYMAN DICKEY: I see. So when you are testifying, you are only speaking for the UAW.

MR. JACOBSON: Correct.

ASSEMBLYMAN DICKEY: Do you have any knowledge about how much the AFL-CIO Political Action Committee would have spent in the election of 1971?

MR. JACOBSON: No, sir, I don't.

ASSEMBLYMAN DICKEY: Weren't you affiliated with the Political Action Committee then?

MR. JACOBSON: Not in '71.

ASSEMBLYMAN DICKEY: How about in 1969?

MR. JACOBSON: No, sir. '67, '65, before then, yes.

ASSEMBLYMAN DICKEY: The last date would be 1967, that you would have any knowledge of?

MR. JACOBSON: Yes, but I don't really recall. They really aren't substantial sums. I wish they were much more. But, again, if I may repeat for the third time, if we do, the public should know it.

ASSEMBLYMAN DICKEY: I think Mr. Spizziri wanted to ask a question.

ASSEMBLYMAN SPIZZIRI: Can you tell us, Mr. Jacobson, how much has been raised by your group from your union members in the past?

MR. JACOBSON: In the State?

ASSEMBLYMAN SPIZZIRI: -- presidential and legislative.

MR. JACOBSON: Our voluntary contributions?

ASSEMBLYMAN SPIZZIRI: Yes.

MR. JACOBSON: In the presidential election of last year, I believe we raised slightly in excess of \$10,000.

ASSEMBLYMAN SPIZZIRI: Is any record kept of the contributors by the union?

MR. JACOBSON: Yes. What we do is we sell a ticket, a little ticket. We have a receipt in the office.

ASSEMBLYMAN SPIZZIRI: So you know who among the members of the union have contributed and those who have not contributed and the amount of contribution of each one.

MR. JACOBSON: That's right.

ASSEMBLYMAN KEOGH-DWYER: Mr. Jacobson, to use one of your words, why do you contribute?

MR. JACOBSON: We contribute because we believe that people who share the same general philosophic goals and particular specific legislative goals belong in the Legislature and we would like them to be there so they can work in the interest of our union and all the people.

ASSEMBLYMAN KEOGH-DWYER: I see. That is another question I wanted to ask you. When you endorse somebody or give them money, you do expect them to vote in favor of certain legislation.

MR. JACOBSON: Reasonably. We obviously don't look for a stooge. I distrust people who tell me they will do whatever I want. I distrust them. I probably wouldn't support them. I want a man with integrity. I want a man who believes like I do by conviction, not by virtue of the fact that we contributed to his campaign.

ASSEMBLYMAN KEOGH-DWYER: The candidate isn't bound though.

MR. JACOBSON: I could cite you candidates who have accepted our money and subsequently have strayed on one or two issues, some substantially.

ASSEMBLYMAN KEOGH-DWYER: Mr. Jacobson, in previous discussion it was brought out that the incumbent generally has an advantage over a new candidate. Would you say that the endorsement of your organization, which you admit has some 50,000 members, would help in lieu of incumbency? Would you say that this would accelerate the exposure of any given candidate by reason of the fact a number of your members and their families are spread throughout the State?

MR. JACOBSON: I don't understand, sir.

ASSEMBLYMAN KEOGH-DWYER: What I am trying to say is: The endorsement of a large organization - wouldn't that offset the incumbent's exposure?

MR. JACOBSON: No, I don't think it would. Frankly I have long since abandoned the theory that the paper endorsement, where I write you a letter and say, "We hereby are endorsing so and so. Go out and get as many votes as you can," is effective. I don't believe it is. We do have an influence over our members, but I think they have to be persuaded that the reasons we

endorse candidates are just and logical.

ASSEMBLYMAN KEOGH-DWYER: Do you have any idea - maybe this is an unfair question - how many votes can be generated out of your organization with your endorsement?

MR. JACOBSON: One of our constant jobs is continually talking about good citizenship, which we urge upon our members, regardless of political party. There are people in our union who don't hesitate to tell us we are wrong. We are not a monolith; we are not a dictatorship. But our constant pressure on them is to get the facts, know why they are voting and for whom they are voting - basically on something other than a man's religion or his pretty face or extraneous issues which in fact do not belong in the political process.

ASSEMBLYMAN KEOGH-DWYER: Thank you.

ASSEMBLYMAN DICKEY: Any other questions?

(no response)

We will recess for lunch for one hour and return at 2:51.

MR. JACOBSON: Thank you very much.

(Lunch Recess)

(afternoon session)

ASSEMBLYMAN DICKEY: I will now reconvene the Committee.

This is a continuation of a public hearing by the Assembly Judiciary Committee on Senate bill number 1124.

I'd like to call as the next witness, Mrs. Anne Martindell, Vice Chairman, Democratic State Committee. Is Mrs. Martindell present?

(not present)

I'd like to call Mr. Jerome Burke, former Assemblyman from Essex County.

J E R O M E B U R K E: Mr. Chairman, my name is Jerome Burke. I am a former State Assemblyman from Essex County, 1964-65.

I'd like to testify against this legislation and I would like to review my statement very quickly, which you have a copy of.

I apologize for the typographical errors. I do not have the resources of a secretary or staff but I hope you understand.

By way of background, I have been actively in politics since I returned from service in 1956. I have been active in the Republican Party of Essex County as well as where I now presently live in Monmouth County. I have been active as not only a fund raiser - that is fund and fun as well - but also as a candidate for political office in Essex County and also in Monmouth. So I guess you can say that I am one of the political fund raisers of my particular party and I have been doing that for the party for many years.

I am vehemently opposed to this type of legislation because it is cumbersome, unworkable, an administrative nightmare and will dry up all campaign funds and is so designed that it will enable only candidates

of wealth to run for public office, a proposition which I find abhorrent to our democratic system of government. This bill, if enacted, will do nothing to rid us of the crooked politician. It will only deprive the dedicated, honest public servant a source of funds with which to tell his story to the electorate.

I oppose this piece of legislation for the following reasons:

1. This piece of legislation, as presently constituted, is nothing more than an attempt to elect to public office those people of means. I can assure this Committee that the campaign contributions will slow to a trickle and the effect of this kind of legislation will be to emasculate the two-party system as we now know it. Any political fund raiser, or any candidate for that matter, who has ever been involved in campaigns knows the difficulty of raising funds. I am sure the members of this Committee know that problem, as every member of the State Legislature should know it. If a campaign contributor is to have his name, address, etc. plastered all over the public media after having contributed to the party of his choice, this form of notoriety will insure there will be no contributions, gentlemen and ladies, of \$100 or more.

2. **The Two-Party System.** The people in New Jersey want and should have a vibrant, aggressive two-party system in order that they may make a choice as to the best representatives to the State, County and local governing bodies. In my opinion, the provisions of this legislation will destroy this two-party system which we all want and need.

Just to give you a little background on this, I went down to Washington last Thursday with the New Jersey State Chamber of Commerce on their annual trip, which I have been doing for many, many years. I spoke to politicians - both sides, Democratic and Republicans, as you know I know many - newspaper people, business

people, labor people and regular people that are in industry within the State. I asked the same question of everyone, "what, in your opinion, would be the effect of this disclosure bill?" Those who knew about it, the lobbyist, the various industry people and the various labor people, the politicians, the newspaper people, agreed it would dry up funds.

Those who did not know about it, people who I solicit for contributions to the Republican Committee of Monmouth County, said to me -- When I said to a fellow the other night, "well, Joe, your name is going to be in the paper if you buy a ticket that is going to cost you \$125.00 for a golf outing this year", he said, "no way am I going to contribute." I said, "I am sorry to hear that." He said, "we just don't feel this should be done. I want to give it because I want to give it." I said, "o.k."

That is the general consensus of opinion through politicians, lobbyists, fund raisers, such as myself, party leaders, newspaper people and the general public who will be asked to contribute when we have to solicit for money to run our party machinery.

From all the people I have spoken to, on either side of the aisle, I think it will dry up contributions, and I am serious about this, to one-half of what they presently are.

In other words, if you raise \$2,000 for an Assembly campaign, you will be lucky if you raise \$1,000, or even one-quarter of what they presently are.

How do the sponsors of this legislation expect the people of this State to choose a candidate unless they know where he stands? How do the sponsors of this legislation expect a candidate to get his message to his constituency unless he can publicize, through the mass media, his position for or against the issues of the day?

I submit that unless the mass media is prepared

to provide a free public forum that this will be impossible or, at best, the candidate's exposure will be very minimal.

3. Number three is the key to this whole thing as far as I am concerned in many ways. This is an administrative nightmare. I submit that this bill is an absolute and total administrative nightmare. I notice where the bill calls for \$50,000 to administer the law. I feel the sum should be more like \$500,000 to \$1 million.

There are well over - listen to this, this is the key to it as far as I am concerned - 500 communities in the State of New Jersey that hold municipal elections as well as school board elections, as well as county committee elections - which this covers in case you don't know it, as far as I read the bill. All fund raising for these candidates of \$100 or more must be reported and I can visualize a dearth of paper work that could go as high as 3,000 reports on municipal and school board elections alone. For example, let's take the 550, or so, school board elections in the State of New Jersey - school districts. They all have school board elections. We have one, in fact, today in our town. It happens not to be contested. Let's say half of them are contested. That is 250 contested elections or 500 reports, first time out. That is the school boards alone. Most school boards have three candidates running, or two - two or three, it depends. So, you take that 500 figure and multiply it by 2 or 3, that makes 1,000 on just these contested elections.

Now throw on top of that every town election. This is February and as we all know most school boards are elected in February, in most of the areas. Let's take a primary in a little town like Little Silver, where I live, where 6,000 people reside, 2,500 of whom are voters. That means we normally elect three Councilmen. I can visualize this in over 500 towns

in the State of New Jersey who are going to have the same thing and the same thing is true of contested elections.

What do you do in the City of Newark where you have ten Councilmen and a Mayor? They are always contested; there are 35 candidates. What do you do in the City of Orange? Last time out there were 38 candidates for 5 offices. Obviously, you have to raise more than \$100.

I say by the time this is finished you are going to have a wad of paper work as high as this ceiling and I don't know who is going to do it. It will take an awful lot of money and it is just too much. It is ridiculous, it is cumbersome and it doesn't do the job.

The Legislature alone has 120 contested seats - that is 240 reports, at least, or anywhere up to a maximum of 13 reportings each.

Let's go to public questions. What happens if the Jaycees or the League of Women Voters take a position against something, as they did in the 1963 bond issue, or for something, as they did with green acres and water pollution? There are over 200 Chapters of the Jaycees alone and I don't know how many chapters there are in the League of Women Voters that would have to report contributions of \$101 or more. This is absolutely insane. Who is going to do it all? You are going to have a bigger staff than you have collecting the State Sales Tax. It is just ridiculous.

I think, as I said in my statement, it is absolutely ridiculous and it will do nothing, gentlemen, to eliminate the evils of the crooked politician.

There are a few provisions in the bill and I could go through this if I were debating it on the floor - as I have in the past - and spend one-half hour on it, but I will not; however, I would just like to point out a couple of items which I think are important. Some of the Assemblymen have

hit on it earlier and I think this is the key to certain aspects of this bill. There are many, I will just point out a few.

Section 6, lines 72 through 77 - It would seem to me that the Commission, through its legal counsel, if given this authorization, would be subjected to a great deal of controversy depending upon the party to which the legal counsel is a member. I think Mr. Keogh-Dwyer pointed that out. For example, what if the Commission split 2-2 on a particular question as to reporting of some type. The legal counsel, say he is a Republican, could render an advisory opinion that could be questioned by a Democratic candidate. This has to be clarified. This is just too cumbersome. If the Commission split 2-2 on a particular report of some type, or if they needed advice from their legal counsel, I can see 500 opinions trying to get out within a few days. What happens if the legal counsel is of one party and the appeal is from another party? You get yourself backed into the political thicket.

Section 7, line 11 - Does the word "loans" mean what happens in the case of a loan by a family? I think this should be clarified. I think of the case of Richard Ottenger in New York - for those of you who haven't been following him, and I work in New York - the Wall Street Journal said that he borrowed \$4 million from his mother, or head of his own family - because they have a tremendous holding in a major stock - and with this won the nomination of his party for the United States Senate as a result of the T.V. blitz I think many of us heard and saw. This does not -- If he takes it out of his own pocket, Mr. Chairman, to pay for his campaign staff or to pay for his automobile, or pay for advertising, ads, or T.V. spots, this law does not do anything. This is a rich man's bill.

Section 7, lines 40 through 50 - the word "knowingly" - I think that should be clarified. What does "knowingly" mean? Did a campaign treasurer "knowingly" take a contribution or fail to report one? The penalties are severe in this particular law.

Section 8, line 20 - this is getting to something I think many of us have missed. This states a candidate may serve as his own campaign treasurer. That is a license to steal for a dishonest candidate. This should be stricken from the bill, I believe, because the crooked candidate would love it. I don't think this was the intent of the sponsors. I don't think a candidate should be his own treasurer.

Section 12, lines 20 through 30 - this has to do with paper work and this would just add more paper work and will prove absolutely nothing. Who is going to pay for the extra work of the County Clerk? The State of New Jersey? Does the State of New Jersey go to the County Clerks in all 21 counties and say, since the municipal candidates have to file and a copy sent in, the State of New Jersey is going to pay for the extra staff that the County Clerk has to add? My county has 53 towns. In Essex County there are 23 towns; Morris County - I don't know how many. Bergen County has 75 or 80. Who is going to pay for this? Are you going to appropriate money to see to it that he is reimbursed for his expenses?

I think the penalties - I just made a notation here, and I am not an attorney, as the Chairman knows - are ridiculous. Why don't you just make it capital punishment and get it over with? I just noticed one - and I can laugh at this - section 17, line 23 through 29 - if a candidate is elected to office and this Commission says that he didn't report, they can - so this says - vacate the office provided the Assembly goes along with it. What happens if you have

a situation like you had with one independent throwing the weight either way on a party split vote? That is, to me, grossly unfair. I don't think it should be in there. The House should decide who its members are and nobody else. That is their job and always has been their job.

I submit that if this legislature wishes to go down in the history of this State and nation as having drawn an election law that will serve the interests of the people, then I offer the following suggestions for your enactment. S-1124 is nothing but a half measure. If you really want to do something, let's do something about the election law.

I submit the following for your consideration:

That the total expenses of election board workers in each district in a primary and general election should be reimbursed in full by the State of New Jersey. This is very similar to the English system of elections. For example, the State, in this particular case, would pay for the election board judge and the challengers, etc. They would be, in effect, employees of the State. That, in my County alone, would eliminate a cost of between \$35,000 and \$40,000. We have to pay our people \$100 a district. There are 350 and it is going up to roughly 400.

Secondly, since the newspapers like this bill so much, I think they should cooperate as well. In particular, in their case, they should provide free advertising space for candidates of the major parties standing for office for a 45-day period prior to election. For example, it may be the newspapers could provide a half page or full page per week to be used by the candidate of either party. The only expense the candidate would have would be for the actual layout and printing cost to the paper.

This is done particularly with American Cancer Society, the Red Cross and things of this type, as a

public service. Maybe if 45 days is too long, it should be 30 days. I think the campaign for public office should be limited to 30 or 45 days, maximum. In other words, this year when the election is on November 6th we should really all start on October 1st. That is plenty of time. Believe me, gentlemen, having been out of the political limelight for almost 10 years now, I can assure you that people do not make their decisions until after the World Series is over and anybody that thinks any differently is wrong. That is when the campaign should be held and that is when it should be hotly contested.

Third, I think that the television and radio stations within the State - and this may get into an FCC problem - could provide free T.V. and radio spot announcements. For example, they could give one minute a week, or thirty seconds a week to each candidate. The cost, of course, to the candidates would not be for the space or air time but for the arrangements of announcers and that sort of thing.

After you have enacted this type of legislation first - and this should come first - then I submit that Senate bill 1124 - with the few revisions which I have pointed out and which I think have been pointed out earlier by many of these gentlemen, knocking out that municipal school board, county committee type of thing - should be enacted in full. I then think that full disclosure should be done. To do anything other than this would be serious and, in my opinion, a flagrant abuse of the democratic process, as we know it today, and would revert to candidates of the wealthy and privileged, and large corporations as existed in the early 1800's, when legislators in many states were owned by the special interests. I hope that we do not revert back to this unhappy part of our past.

I respectfully submit that this bill be returned to Committee for further study along the lines which I have suggested.

I'd like also to answer some things brought up earlier by some friends of mine, and I am sure will be brought up by other people. Someone - I believe the gentleman from Hudson - remarked about the little fellow. Forget it. He is no longer to be involved in politics because I am an example of the little fellow. I will tell you my story when I conclude this.

In this day and age, with the costs the way they are, it costs a nickel to send a letter. In my county, if you send out anything, it costs us \$40 thousand in mail alone. It just gets ridiculous. It used to be 2½¢ when I was in the Assembly. I think all clubs - the League of Women Voters, the Socialist Party, New Jersey Educational Association, C.O.P.E. and all these special interest groups - Jaycees, etc. - who take a position on any public question, or support any bill, should be included in this bill and should report. I am talking about anybody, whether they take a position on the water system, or 1124, or 1715, whatever bill they are taking a position on, should report the sources of their income under this bill. If you are going to have a full disclosure, let's make it that way. This goes for Common Cause as well..

I can recall many years ago - and this is what this bill will, in my opinion, come out to be - the famous battle of the millionaires for State Senate up in Somerset County between Mr. Malcolm Forbes and the now deceased Charlie Englehardt. I don't know how much money was spent in that campaign. It was out of their own pockets because they could both afford it. But that is what we are going to have - wealthy candidates - because the average citizen cannot afford this type of thing.

I was amused at Mr. Jacobson's testimony. I have known him for many years. I am always amused at a lot of his testimony but I was amused particularly at this because he said, in effect, that he only raised \$10 thousand out of 50,000 members. I don't know how much money he has spread around to legislative candidates but I know it was a sizable amount when I was a member of this legislature - and labor has. They should, because after all they have a position and they want it spoken for. There is nothing wrong with that. I think that as far as that is concerned that should also hold true for the Chamber of Commerce or anyone else. If we do not have lobbyists, we do not know half the time what the bills we are voting on are all about. I don't happen to be an expert on Manhattan, which I had to vote on when I was in the Assembly. I had to find someone who was.

The civil penalties in this bill are outrageous. For example, if for some reason, in my particular case, I made a mistake as a campaign treasurer and forgot to file something and I came up on civil charges, which in a campaign can happen - I work on Wall Street and I can guarantee you, gentlemen, if I were a member of the New York Stock Exchange or the National Association of Security Dealers, which I am - I would have to resign. That is how severe a civil penalty would be as far as the securities industry is concerned, which is my industry.

I'd like to know also who is going to be on the Commission? Who is going to be appointed Commissioner?

I came to the Legislature in 1963 - I was elected in 1963. At the time I was 30 years old and the youngest member of the Legislature at that time. I had been a State President of the New Jersey Jaycees the year before that. I was working in New York for John C. Page & Co., in the insurance business. I think I made \$8,000 a year. My parents had died seven years prior to that and I had to raise my sister and three

brothers. My youngest brother, Brendan, was then 15. My father died when I was 23. My mother died when I was 21. I had been active in civic groups and had always been a member of the Republican Party from the time I could vote. I was asked to run by the party because I had a certain amount of notoriety and traveled throughout the State in my capacity as the State President of the New Jersey Junior Chamber of Commerce. I said, "what do I use for funds?" I think I had a total net worth of about \$10,000. I was a bachelor. I lived with my brothers Kevin and Brendan; Michael was in the service. My sister was married. I had no money. I had to go to the Nutley Bank and borrow \$2,000. Bob Setrino, who is a member of one of the commissions in the State, co-signed the note because they wouldn't take my note. I raised in that entire campaign \$600. I had a lot of helpers but they were all young like I was - 28, 29, 30 years old. If you turned them all upside down, you would be lucky if you got a dime.

We won the election, as Mr. Dickey knows because we served together, and I can tell you we were paid \$5,000 and \$1,000 came off for taxes. Two thousand dollars paid off my note. We had to contribute something to the Republicans of Essex County because they had not won an election in 8 years. So I gave \$500 and had a net income of \$1,500 that year, plus coming down here and all those other things.

I was a poor candidate. My father was of no means. He was not wealthy. He never made more than \$7,500 a year. He worked as a stationary engineer in Ronson in Newark. He was a member of the U.A.W, which Mr. Jacobson is a member of. There would have been no Jerry Burke if this bill were in. I raised \$600. I got \$100 from a labor leader in Newark - maybe it was \$125 - whom I'd never met before but he liked me because I was a nice looking fellow. He never asked me

to vote for any bills. He just said, do what you think is right.

If I had to report that under this bill, that would be an embarrassment to him - he was a Democrat - and to his party and maybe to his union.

The second campaign of 1965 we were defeated in Governor Hughes' famous landslide. I raised in that campaign, I think, a total of \$4,000, through a testimonial dinner - which was the thing to do - and others were contributions of all types. We never raised more than \$100 here or there. But I can assure this Committee that \$100 contributions in this day and age - they were great in 1962, 1963, and 1964 - are like \$25.00 contributions then because of inflation and everything else.

I am so violently opposed to this legislation. I think it is so cumbersome. I think you are going to ruin the entire intent. You are not getting across to the people what you want to get across to them. You are not changing, basically, the law which you should change. I am not against disclosure but let's be sure we do the right things, and first things first. I just feel that you are going to revert this Legislature and this State to the wealthy, the privileged, the big corporations and powerful unions and I don't think we want that. I, as a citizen of this State, do not want that. Thank you.

ASSEMBLYMAN DICKEY: Thank you very much, Mr. Burke.

Did any members of the Committee want to ask Mr. Burke any questions?

Mrs. Klein?

ASSEMBLYWOMAN KLEIN: Mr. Burke, at the time that you were running and, so far as I know, it is still on the books today, there was a law requiring you to report all campaign contributions, even as small as

\$5.00.

MR. BURKE: I believe that is true, there was such a law.

ASSEMBLYWOMAN KLEIN: Did you not report this \$125.00?

MR. BURKE: I reported everything that the law asked me to report. Of course, quite frankly, at that time I did what I think any candidate should do, I got myself a banker as my treasurer. He kept track of everything and whatever we had to report we reported.

ASSEMBLYWOMAN KLEIN: So that the fact that it had to be reported did not deter this \$125.00 contribution from coming your way?

MR. BURKE: Yes it would under this piece of legislation, absolutely.

ASSEMBLYWOMAN KLEIN: I don't understand.

MR. BURKE: Let me explain it to you. I was given a \$125.00 - I am trying to recall now, it was almost 10 years ago - contribution by a Democrat labor leader from Essex County - a well-known name.

ASSEMBLYWOMAN KLEIN: Which you reported.

MR. BURKE: Which I had to report at the time. But I think that as far as I know it was reported at the time. You can go back and check the records. But, if you put this bill in, I am saying any contribution of this type would have to be reported all along the line. I don't think he would have given me that kind of money, even though, as far as I recall, my secretary, or my treasurer, reported all my funds.

ASSEMBLYWOMAN KLEIN: Mr. Burke, I don't want to prolong this but the fact is the present law requires that you report it and so it is no different except that the present law requires that you report all contributions and this law proposes that you report contributions over \$100. I think you have to agree that the difference is that one has enforcement and the

other does not.

MR. BURKE: Well, the law was pretty clear as far as I know, in the past. There was a certain amount of enforcement. I admit to you that probably it is not being done but you had to report all campaign contributions in the past.

ASSEMBLYWOMAN KLEIN: The law requires you to file these reports. If you don't file the reports you have nothing -- There are no penalties.

But in terms of your own situation, if you reported a \$125.00 contribution under the present law, it makes no difference if this new law goes in. So I see no way in which the \$125.00 contribution would be dried up, unless what you are saying is that at the present time people simply ignore the law.

MR. BURKE: Well, I think that is true at present. What I am saying to you is that under this law that particular contribution I don't think I would have gotten if I were standing for office this day and age under this law.

ASSEMBLYWOMAN KLEIN: Then I would have to assume that you didn't report it.

MR. BURKE: As far as I know we reported everything. I did not have to sign anything. I just gave it to my treasurer who was a banker.

ASSEMBLYWOMAN KLEIN: I am sure you are also aware that under the present law a candidate can act as his own campaign manager and treasurer, so there is nothing new there.

MR. BURKE: That's right. There is nothing new in that but I think that should be eliminated.

ASSEMBLYWOMAN KLEIN: Can you tell me how being your own campaign manager or treasurer makes you a crooked politician, or encourages you to be a crooked politician?

MR. BURKE: I don't think it would encourage an

honest person but it gives an opportunity for maybe a "cash under the table" type of situation, given directly to the candidate, who does not have to deal with a second party. That in and of itself is an inherent flaw. Why would a candidate - you answer this - want to be a treasurer and a campaign manager and run for election all in one? I mean, you are supposed to be out campaigning. I don't think you can do both.

ASSEMBLYWOMAN KLEIN: I don't say that he would want to but he is able to under the present law.

MR. BURKE: I think that should be changed.

ASSEMBLYWOMAN KLEIN: You seem to believe that this law is a threat to the public interest, that it is going to dry up campaign funds, that it is going to make it possible only for the wealthy to run for office, etc. Today in the New York Times there is an editorial which deals with a \$38,000 contribution to the Presidential campaign, derived from a Greek shipbuilder who happened to get the contract for fueling United States ships in Greece. This contribution apparently would violate Federal laws, since it comes from a foreign person and it comes from a contractor. Without the present campaign spending laws at the Federal level there would be no reporting of that contribution, isn't that right?

MR. BURKE: As far as I know that is true. If there were no Federal law, right.

ASSEMBLYWOMAN KLEIN: Do you think it is in the public interest or against the public interest for knowledge of that contribution to be made public?

MR. BURKE: For knowledge of a \$38,000 contribution? I think that should be made public, just as I think Mr. Clement's contribution of \$1 million to the Nixon campaign should be made public. And I think the contributions in 1964 to the Johnson campaign by a major oil company in the States should be made known. Just as I think any contribution, when you are talking

of thousands and thousands - fifty and one-hundred thousand dollar contributions - should be made known, yes. Those people who make those contributions, I feel, have no objections to that. I think, however, under this bill, with the small contributions that the candidates live on, because it doesn't cost very much to run a local campaign - we run one for \$2 or \$3 thousand - those funds are going to be dried up and that is where you are going to hurt. You are going to hurt the Legislative candidates as well.

To the big boys in Washington, Mrs. Klein, it doesn't make any difference.

ASSEMBLYWOMAN KLEIN: Are you saying that you think large campaign contributions should be reported and recorded?

MR. BURKE: I would think campaign contributions, such as you just spoke of, in the amount of \$38,000, should be disclosed.

ASSEMBLYWOMAN KLEIN: At what level do you think they should be disclosed?

MR. BURKE: If you are going to - as I said in my prepared statement -- Don't put the cart before the horse; let's start putting the horse in front of the cart. Number one, let's change the election law to what I have suggested. When you have done that, then you put this bill through. But I would suggest in this particular legislation that you eliminate the reporting by local candidates, school boards, county committees, because it is too cumbersome.

ASSEMBLYWOMAN KLEIN: I am trying to ascertain as to whether you are testifying that there should be or shouldn't be public disclosure of campaign contributions and, if so, at what size.

MR. BURKE: I think campaign contributions-- Are you taking about campaign contributions on the Federal level or the State level?

ASSEMBLYWOMAN KLEIN: We are dealing with State law.

MR. BURKE: O.K., fine. On a state level, what size? I have no particular recommendation there. I would just say that I think the paramount problem should be changing Title 19 in its entirety, as I suggested, and then I think you can put this kind of a law in if you want to.

ASSEMBLYWOMAN KLEIN: Mr. Burke, it has been my experience over the years that every time anybody has tried to do anything to improve the election system in the State, there are always those who testify that before we can make any improvements we have to change the whole law and this is a very circuitous thing which, of course, never results in anything. I think that we are dealing with a very specific thing that has to do with a very important aspect of the political life of this country, and that is the reporting of campaign contributions now. Do you think that campaign contributions should be disclosed to the public and, if so, what size contribution?

MR. BURKE: Well, say, for the sake of argument-- You are saying what size contributions should be disclosed to the public?

ASSEMBLYWOMAN KLEIN: Well, first, do you think they should be disclosed at all?

MR. BURKE: Do I think they should be disclosed at all? My answer to that would be not until you change the entire law in the State of New Jersey.

You have said that this is a very circuitous way of getting around things. Have you ever tried it? Has anyone ever tried to?

ASSEMBLYWOMAN KLEIN: Yes, the Commission has been trying for almost 10 years to revise this.

MR. BURKE: Well, I have news for you, Mrs. Klein, I served in the Assembly in 1964 and 1965

and I know about that Commission. I didn't happen to be on it. No one, to my knowledge, has ever come up with a complete revision of Title 19, along the lines which I have suggested. This was also, by the way, suggested by Mr. Jacobson as well.

What is wrong with trying. Let's do this first; then you can have your campaign disclosure law down to a nickel if you want to.

ASSEMBLYWOMAN KLEIN: Your testimony is to the effect that no campaign disclosure law is needed in New Jersey, is that right?

MR. BURKE: My contribution to this hearing today is to change Title 19 along the avenues which I have suggested first and then you can put your campaign disclosure bill in - this one here, 1124, with a few amendments.

ASSEMBLYWOMAN KLEIN: But at the moment, under the present election law, we have no need to have a campaign disclosure law in this State?

MR. BURKE: Not until you have changed the present law, that is correct.

ASSEMBLYWOMAN KLEIN: You are aware in this bill that if the campaign expenses total less than \$500 and if all of the contributions are less than \$100 the candidate does not have to disclose them.

MR. BURKE: I am aware of that.

ASSEMBLYWOMAN KLEIN: I think that for a number of the positions which you have outlined there would be many, many candidates who would have nothing to report because less than \$500 is spent and contributions of that size when \$500 is spent--

MR. BURKE: I beg to differ. All you need is one contribution of over \$101 and then you have to report everything.

ASSEMBLYWOMAN KLEIN: I don't think that should be too arduous a task for somebody who is asking to

serve in public office.

Do you believe that the public can feel comfortable with the present situation in New Jersey, which is that we have a campaign spending law that requires you to report your expenses and your contributions but it is unenforceable? Is that a comfortable situation?

MR. BURKE: That is your opinion, that it is unenforceable.

ASSEMBLYWOMAN KLEIN: Oh, it is unenforceable.

MR. BURKE: You have to report to the Secretary of State now, don't you?

ASSEMBLYWOMAN KLEIN: There are no penalties, in effect.

MR. BURKE: All right, fine. You still have to report to the Secretary of State.

ASSEMBLYWOMAN KLEIN: Do you think it is a comfortable situation?

MR. BURKE: I think the only comfortable situation, as I have repeated a number of times before, is to change the law first and then put in your disclosure bill. That is the ideal situation.

ASSEMBLYWOMAN KLEIN: You have been engaged in fund-raising for a long time?

MR. BURKE: Yes, I have.

ASSEMBLYWOMAN KLEIN: What size contributions do you -- What is the largest size contribution that you have collected on behalf of a candidate?

MR. BURKE: I run a fund-raising activity in Monmouth County called the golf outing, which involves golf and tennis and things of that type. We were charging \$100 a ticket. It is now up to \$125 and we try to spread it out as thin as we can. We solicit everybody we possibly can. Last year we had three hundred participants in the golf outing.

What is the largest contribution I have sold? Well, the first year I think I sold about 25 tickets

so that is \$2,500. I sold them to about 20 different people.

ASSEMBLYWOMAN KLEIN: 25 tickets?

MR. BURKE: Roughly sold to 20 different people.

ASSEMBLYWOMAN KLEIN: 25 tickets to 20 different people?

MR. BURKE: Yes.

ASSEMBLYWOMAN KLEIN: Do you mean 25 tickets each?

MR. BURKE: No. I mean 25 in total. Some people bought two tickets. Most of the 20 bought one for the outing.

ASSEMBLYWOMAN KLEIN: If those tickets are sold at \$100 they do not have to be reported, unless the person buys more than one ticket?

MR. BURKE: Now the price is \$125 and I can assure you that you can have that golf outing next year in a telephone booth.

ASSEMBLYWOMAN KLEIN: Do the people that buy these tickets attend the outing?

MR. BURKE: Yes, they do.

ASSEMBLYWOMAN KLEIN: Are they afraid to be seen there?

MR. BURKE: No. In fact to some it wouldn't make any difference, but a number that I have talked to said they just didn't like the idea of having their name in the paper. Maybe that means they will be solicited by other organizations and other people.

ASSEMBLYWOMAN KLEIN: Isn't it true that at many such functions, block tickets of maybe 20 tickets or 50 tickets are indeed bought by someone and distributed to others who attend?

MR. BURKE: I have heard of that being done but not in my particular situation. I wish I could sell a table.

ASSEMBLYWOMAN KLEIN: In your situation everybody who is attending has bought his own ticket?

MR. BURKE: Most of them have bought their own ticket and there are some people who buy two or three.

ASSEMBLYWOMAN KLEIN: Do you honestly believe that if a \$125 ticket is purchased and is reported in a campaign report, this would prevent you from being able to sell those tickets?

MR. BURKE: If you put that in the Asbury Park Press or the Redbank Register, I guarantee you that it would cut down the attendance. It does not make any difference to me personally. I contribute at least \$1,000 or more a year to my party. I hold no public office and I am not looking for any, nor am I running for any. But this is the situation. It doesn't make any difference to me but there are people that I know of that work in New York, on Wall Street, who would not like this in the paper, who prefer to make a contribution to the party in check form - no cash is involved, it is strictly check - and they prefer it that way. This is going to impede my party, and your party as well.

ASSEMBLYWOMAN KLEIN: You have testified you think campaign periods should be cut back - that we campaign too long.

MR. BURKE: Yes.

ASSEMBLYWOMAN KLEIN: You say that campaigning really has become too expensive. What do you think would be the result if some of these campaign funds dried up? Do you think it is possible that campaigns might become shorter?

MR. BURKE: I think if these campaign funds dried up - which I am convinced they will - that you are going to have campaigns that can only be afforded by people of means, or people that are sponsored by special interest groups, and I think even in a thirty-day campaign you are going to find that to be true

because that means you would have to have a blitz of some type, advertising on radio or T.V. to get your candidate across. You cannot, in any campaign that I have ever been involved in as a campaign manager or as a candidate - and these are campaigns that last a lot longer than you speak of -- Our primary was in April. We would campaign from April until November. Maybe you can shake five to seven thousand hands in a campaign if you work awfully hard but other than that it is virtually impossible. When I ran for public office there was one million people in Essex County. I ran at-large. It is extremely difficult - impossible.

ASSEMBLYWOMAN KLEIN: You are talking to somebody who ran recently and raised money - a great deal of small contributions - which would not have to be reported.

MR. BURKE: This is also true of the Goldwater campaign with small contributions and the McGovern campaign with small contributions, through mass mailing techniques, but that costs an awful lot of money.

ASSEMBLYWOMAN KLEIN: It is very difficult for me to follow the logic of what you are saying because it seems to me that under the present situation, where you have no campaign reporting of any kind that is enforceable, where you have all kinds of hidden committees and hidden contributions, that in fact what is happening is that only those who have either the political party connection or the special interest backing, or personal wealth, are able to run for office and compete in this present situation, that, in fact, if everybody was subject to strict campaign reporting laws and there were no hidden monies being raised and there were no secret agreements, that all candidates would be much more equal and even those who spent their own money would have to report their expenditures. It is not only the contributions that are reported but

it is also the expenses. This simply assures the public the right to know, people who are coming to them for their vote, whether it is on a issue or on a candidate, that they will know where the money is coming from and how much is being spent to reach them.

MR. BURKE: Do you think the public really cares, Mrs. Klein, about campaign contributions of \$100 to \$200? Do you really think so? Or is the public more interested in the campaign contribution that you spoke of before, of \$30 or \$40 thousand? That's what I think the public is interested in.

Also, I'd like to point out to you - as a candidate you should know this - who is going to pay for the Morris County Democratic Party when they have to pay \$100 a district in all those districts you have up there? Who is going to raise that money? Who can present themselves with the credentials of their party's screening committee?

ASSEMBLYWOMAN KLEIN: One hundred dollars a district?

MR. BURKE: Well, what do you pay? Normally it would cost at least one hundred dollars a district to have challengers at each polling booth, right? You pay them at least \$30 a day.

ASSEMBLYWOMAN KLEIN: Pay challengers?

MR. BURKE: We have. You have an election board judge, do you not, and a member of the County Committee?

ASSEMBLYWOMAN KLEIN: Which I understood are paid by the County.

MR. BURKE: Members of the County Committee?

ASSEMBLYWOMAN KLEIN: Members of the County Committee are paid?

MR. BURKE: They are paid by the various political parties.

When I was in Essex County, they were paid by the Democrats and the Republicans.

ASSEMBLYWOMAN KLEIN: You don't know the Democratic Party in Morris County.

MR. BURKE: You don't know the Republican Party in Essex County. We are poorer than church mice and I am sure you have the same situation.

ASSEMBLYWOMAN KLEIN: Yes, we are very poor and as far as I know challengers are not paid, nor is the County Committee.

MR. BURKE: Well, board workers are paid that day. Election board judges are paid by the County but county committee people, members of the political party - Republicans or Democrats - are usually paid by the party of their choice.

ASSEMBLYWOMAN KLEIN: Well, it seems to me that the election process belongs to the public and if the only way we can run the election system in this country is through this kind of financing, then maybe we are in really basic trouble and we have to try to make a change.

MR. BURKE: I couldn't agree with you more. I think the election process of this country and of this State is in the hands of the people and since the people are paying for their electors - not only in salaries - they ought to see to it that the election process is properly carried out and they should see to it that we pay to have people at the polls to insure an honest election. I think that is of paramount concern.

ASSEMBLYWOMAN KLEIN: I would submit to you concerning the present means of raising money in this State for elections - and I think we have had enough exposure of the kind of corruption that has reached into State Government at all levels - we all know about it at the local level, because of the necessities of raising money - that when something is done to correct this, or to outlaw it, the parties and the politicians in their wisdom and with all their great sense, will find alternatives and we may go in the

direction of the partially supported public campaigns that you mentioned before.

As long as you continue with what you have at present, which has been adequately described in our conversation, I don't think you are going to have those kinds of reforms. I would urge you to reconsider some of your thinking on that.

MR. BURKE: I am of the opinion Mrs. Klein, that not an overwhelming majority but 95% of the politicians in this State, on all levels of government, are honest. There is always a few rotten apples in every barrel. You don't have to overkill the entire political process with this type of legislation. If you are going to do something let's do it right from the very beginning and the right way is the way I am suggesting.

ASSEMBLYWOMAN KLEIN: I have no more questions.

ASSEMBLYMAN DICKEY: Mr. Wallace, do you have any questions?

(no questions)

Mr. Klein do you have any questions?

ASSEMBLYMAN KLEIN: Yes, I have a few questions, Mr. Chairman.

I might say that I subscribe to your thoughts about a general revision of the election laws. I think certainly it is long overdue and if a general revision of the election laws is ultimately passed and it makes S-1124 obsolete, so be it. But I think until that happens, to my way of thinking, S-1124 is a reform that at least presently is needed.

Now I know that in the last presidential election, where the Federal Election Disclosure Law was in effect, the contributions were the highest - the total contributions for both the Republican and the Democratic Parties - were the highest in history. Doesn't that indicate that the presence of an Election Disclosure Law does not discourage people from

making campaign contributions?

MR. BURKE: I think you cannot make that judgment, Mr. Assemblyman, until after the next presidential campaign for the simple reason that the disclosure law did not go into effect until April 7th, I believe. A lot of the money in both camps was raised well before that.

On the McGovern side of the aisle I believe it was raised - a lot of the money was raised - through direct contributions sought by mass mailings. I think Mr. Nixon's campaign raised a great deal of money prior to the enactment of that law. Whatever money came in after it, I don't think, made that much difference.

Also I think, on the Federal level, people will contribute to the Presidency of the United States or to a United States Senator or Congressman because after all those fellows are down in Washington protecting the interest of all the people and they are-- I think people will declare themselves more so in presidential years and say, "well, I'll give \$10 or \$15, or so, to a candidate of my choice for president of the United States."

I dare say that if you walked down the streets of Redbank, New Jersey, or of Passaic, New Jersey, or Morristown, or any place else, and asked someone, "who is your Senator" - meaning State Senator - they will probably say either Harrison Williams or Clifford Case. They don't really understand the local situation. They know we are State Legislators. They know we are in Trenton. They know we are down here passing laws. School kids will be seen up in the balcony every once in a while on a school trip but basically the average person doesn't understand. I have tried this in doing campaign surveys. They will say Clifford Case or Harrison Williams. They probably know who their Congressman is because most of them have been in for a long time and they have the ability to get their

message across to their constituency through franking privileges, etc.

But on the average level we have a very difficult time. I had a difficult time and I am sure you do. We all do on the State level because the people are confused. I think in a campaign for the presidency and in federal elections it is a lot easier to raise funds as proven by Mr. Goldwater and his mass mailing appeals and also Mr. McGovern's mass mailing appeals.

ASSEMBLYMAN KLEIN: Well, Mr. Burke if I ran a campaign for the Assembly and I had a total of \$5 thousand in my campaign fund and all of it was contributed from one source, don't you think the public would have a right to know that? I want to say for the present that is a hypothetical situation.

MR. BURKE: If you had it all from one source, I am sure they should have the right to know. If you had all your money from one source you happen to be a candidate of that particular source, whether it is the Chamber of Commerce or C.O.P.E., or anything like that. That is a blatant example of what I am saying. That should be reported. But down to the level this bill talks about, I don't think so.

ASSEMBLYMAN KLEIN: I know you are in the securities industry.

MR. BURKE: That's right.

ASSEMBLYMAN KLEIN: If you sell stock to the public--

MR. BURKE: I sell bonds.

ASSEMBLYMAN KLEIN: Well, bonds or stock, isn't the philosophy of the security law, the Federal Security Law, that when you sell stock to the public you prepare a prospectus and the purpose of that prospectus is simply to disclose to the public all the facts that they need to know? Do you disagree with that philosophy

insofar as the Security Law is concerned?

MR. BURKE: No, I do not because that came about as a result - if you know anything about the securities industry and Blue Sky Laws, etc. - of a great deal of robber barrons back in the turn of the century, the wheeling and dealing on the streets as a result of the crash of '29, and things of that type. That is the reason for that.

ASSEMBLYMAN KLEIN: But isn't the philosophy of this Campaign Disclosure Law precisely the same, namely, let the public know what the facts are and let them pass judgement? And if they know, hopefully, the public will do the right thing.

MR. BURKE: That is the intent of this bill but if that is the intent of this bill, why send a candidate into a campaign with one arm tied behind his back, at the mercy of a privileged candidate of means or a candidate, as you described, of a special interest group? Now that is what you are doing here. There is more to a campaign than a candidate.

ASSEMBLYMAN KLEIN: I respectfully suggest that we go back to my hypothetical situation of the guy whose campaign is funded by one single contribution and he runs against a guy who has contributions from a broad public base. The very fact that it will be disclosed that candidate "A" has had his entire campaign funded from one contribution will in itself be a factor that will militate against his winning the election. The public, upon learning that, will say, "he is a captive candidate. We don't want him." That is exactly the philosophy behind this law.

MR. BURKE: I am glad you brought that point up. That was something I wanted to talk about before.

Explain to me, Mr. Assemblyman, why the people in New York did not reject Mr. Ottenger in the Democratic primary when he ran for United State's Senate, in his own

primary. Explain to me why President Kennedy, who was a known multi-millionaire, who had a family of great wealth, was not rejected by the people? Explain to me why a lot of people of great means and wealth in this State have run for public office, even though it has been disclosed that they are millionaires? It has not made any difference as far as the public is concerned. They vote, I think, for him whether he is a millionaire or not. They vote for the candidate.

ASSEMBLYMAN KLEIN: Are you asking me a question? If you are I will try to answer it.

MR. BURKE: What I am saying is I don't think if a man has wealth or not, as the law is presently constituted, makes any difference. A man of great means can move in and run for public office and pay for it out of his own pocket and not have to disclose it, number one. That puts at a disadvantage people like myself and yourself who may not have the means to run for public office, who cannot contest against a millionaire. That is what happens. They buy elections and I don't want that to happen.

ASSEMBLYMAN KLEIN: I think that you are assuming something that isn't so. It seems to me that the wealthy person, under this law, has an obligation to disclose just as much as the poor person or the person of moderate means.

MR. BURKE: Where?

ASSEMBLYMAN KLEIN: The obligation to disclose is there.

MR. BURKE: Sure he can disclose. I spend \$10,000 in a campaign and he spends \$100,000 but if it is out of his own pocket there is nothing in this bill that says he has to disclose it - nothing. I can find nothing and I am not even an attorney. Find it. I don't know. Nor is there any place in this bill where lobbying groups, such as C.O.P.E. or the

Chamber of Commerce or N.J.E.A. have to disclose either. That should be in the bill.

Maybe I misread the bill, as I say I am not an attorney, but I cannot find it anywhere.

ASSEMBLYMAN KLEIN: It says in paragraph 10, "no contributions of money or other thing of value nor obligation therefor, including but not limited to contributions, loans or obligations of a candidate himself shall be made."

MR. BURKE: Or of his family?

ASSEMBLYMAN KLEIN: Yes.

MR. BURKE: As I read this, and as I testified before, there is no regulation stating that he cannot pay for this thing directly out of his pocket.

ASSEMBLYMAN KLEIN: But he has to disclose it. That is what we are talking about.

MR. BURKE: Not as far as I can see here.

ASSEMBLYMAN KLEIN: Well, I just read it to you.

MR. BURKE: It says here - and I pointed this out before -- in section 7, line 11, I ask what the word "loan" means? Does this mean, according to your reading of it, that a wealthy candidate who pays for a campaign out of his own pocket must disclose?

ASSEMBLYMAN KLEIN: That is the way I read it.

MR. BURKE: Well, then I think if that is the intent of this, which was not the way I read it, a man of personal wealth, as far as that is concerned, can get away with it and would not have to report it. If it is in there, then fine it's good. But that means he can report it but there is no way of double checking this because he can say, "I spent \$1,000"; how are you going to say he did not when he can be his own treasurer?

ASSEMBLYMAN KLEIN: He has to sign a report. He violates the law if he lies.

MR. BURKE: He can be his own treasurer.

ASSEMBLYMAN KLEIN: I have no further questions.

ASSEMBLYMAN DICKEY: Are there any more questions?  
(no questions)

Thank you very much, Mr. Burke. (see page 76A )  
Mr. Robert Clement?

R O B E R T C L E M E N T: My name is Robert Clement,  
I am the State Secretary of the Socialist Labor Party  
of New Jersey.

I would like to thank the Committee in the first  
place for the opportunity afforded to us to present our  
views on the Campaign Contributions and Expenditures  
Reporting Act. The Socialist Labor Party of New Jersey  
is opposed to it for the following primary reasons:

1. Just as with the Federal Election Campaign  
Act of 1971, after which it is patterned to a certain  
extent, it cannot achieve its declared purpose.

2. It imposes an undue and unwarranted burden on  
minority parties.

3. It poses the threat of harassment and  
intimidation against supporters of political candidates  
and/or parties, who challenge the social, political  
and economic status quo.

4. It violates the democratic concepts and  
traditions of the nation by undermining the principle  
of the secret ballot.

As to #1: One of the claims repeatedly made  
by supporters of the Act is that its disclosure  
provisions somehow would inhibit or discourage the large  
contributors and thereby relieve elected politicians  
from being obligated to such contributors. This, they  
add, will lead to a reversal of the growing cynicism  
regarding the political process that resulted in part from  
the brazen manner in which large contributors evaded the  
limits imposed by previous laws, both federal and  
state. Thus when President Nixon signed the 1971  
Act into law he declared in part, and I quote,

"...By giving the American public full access to the facts of political financing, this legislation will guard against abuses and will work to build public confidence in the integrity of the electoral process..."

It did not take long before it became evident that the new Act would no more minimize or remove the influence of wealth upon the electoral process than did previous laws. On October 1, 1972, Ben A. Franklin wrote in the New York Times:

"...it seemed clear last week, as the latest reports by both parties listed individual donations totaling six figures... that at least one of the main purposes of the new law was not being achieved: The notion that its disclosure requirements would discourage fat-cat dominance of the political process."

Others put it more emphatically as, for example, Clayton Fritchey writing in the New York Post of October 28, 1972:

"As can be seen, the Federal Election Campaign Act has done little to end the corrupting influence of big private money on U. S. politics. The sky is still the limit for gifts and special interests, and all kinds of dodges are emerging to circumvent the act."

Much more can be said on this score. Doing so, would only serve to repeat and reemphasize the points made above. It should not be necessary to belabor the fact that honesty and integrity cannot be legislated into effect. It has long been common knowledge that men of wealth have used their financial resources to win elective office for themselves, or for others who would then be bound to do their bidding, in order to preserve or extend their economic dominion. That ugly fact of political life cannot be altered with laws. The history of the Federal Corrupt Practises Act of 1925, the Federal Election Campaign Act of 1971, and other State and Federal laws amply support that conclusion.

As to 2: The requirements of the Act, and the regulations promulgated to implement those requirements are based upon the structure of the major political parties and the practices of the many candidates seeking the nominations of those political parties. Thus the requirements do not

constitute much of a problem to those parties and candidates. Those parties and candidates have the resources supplied by the men of wealth who finance their campaigns to hire the manpower to do the detail work.

However, to a minority party such as the Socialist Labor Party, whose financial resources are minimal and which must depend upon voluntary labor almost exclusively, these requirements present innumerable problems that have the effect of hampering and harassing it to the point that its efforts to conduct its campaigns are drastically curtailed. As a result of the time, energy and resources consumed in its endeavors to comply with the requirements to qualify for the ballot and in its further endeavors to comply with the requirements of such laws as the Federal Election Campaign Act of 1971 it has little time or physical and financial resources left for waging the campaign itself.

As to 3: If it was not clear before, it certainly should be clear now, after the most costly Presidential campaign year in history, that no law is likely to discourage or inhibit those who support the candidates of the major parties or even those minority parties that offer no fundamental challenge to the existing social, political and economic structure. But there can be no doubt that the provision that requires listing the name, address, etc. of those whose contributions in the aggregate exceed \$100.00 plus the provision that that information is to be made available for public inspection does inhibit and discourage those who might otherwise support candidates of a minority party advocating an as-yet unpopular program for social change. They may well fear that if their support of such candidates became known, they might become the victims of prejudice in one form or another. Some may fear the loss of their livelihoods, their jobs. Some may fear that they may become the objects of hate and/or victims of acts of spite.

None of this need happen. The individual need only fear that it could

or that it might happen. He or she may remember that during the McCarthy era it did happen; and that it has happened in varying degrees before and since. And he may justifiably conclude that it will happen again. The fear of reprisals is sufficient to inhibit the exercise of his political rights and freedoms.

As to 4: The right to anonymity in such matters as politics is inherent in the Democratic traditions and principles of this nation. It is the principle applied and recognized in the use of our secret ballot. Why should any voter be required to reveal prior to election day, what he is not required to reveal---in fact what he is protected from being forced to reveal---on election day?

Even if it could be proven that disclosure of contributions might serve to "clean up" the election process---a naive concept that flies in the face of demonstrable facts---it does not and cannot justify removing or undermining the right of every man and woman to advocate and/or support whatever political views he or she believes best for the nation without fear of reprisals from any source. In our judgment, the proposed campaign contributions disclosure act seriously violates and undermines that right.

It should be added that the Socialist Labor Party defends and insists upon the right to anonymous contributions to political parties despite the fact that during the more than 80 years of participation in local, state and national political campaigns it has always publicly acknowledged every contribution to its funds in its official organ, except when specifically requested by the contributor to withhold his or her name. And such requests are, and have been rare. It has done so voluntarily without the compulsion of any law. It has done so in response to its own principles of decency, integrity and honesty. But it resents, protests and objects to any legislation that denies the right and protection of anonymity to the citizen who fears reprisals for his opinions.

We know that men of wealth have had a corrupting influence on our electoral process. And we have little doubt that they will continue to have such influence. That ugly fact of our political life cannot be altered by laws that chip away at our liberties either directly or by intimidating and harassing those who would use the ballot to resolve our social problems peacefully.

It takes more than the right to vote to make for free elections. It takes that plus the ballot to which access is readily possible. It takes also the unrestricted and uninhibited right to solicit openly the financial support of all who may be willing to give such support to new social concepts, provided they are free of any fear of reprisals.

For these reasons we urge that the Campaign Contributions and Expenditures Reporting Act should be voted down.

ASSEMBLYMAN DICKEY: Thank you very much, Mr. Clement. Do any members of the Committee wish to ask questions?

(no questions)

Thank you very much, Mr. Clement.

MR. CLEMENT: I guess that means everybody is convinced.

ASSEMBLYMAN DICKEY: You did a good job.

~~Mrs. Martindell?~~ Mrs. Martindell, I know you want to get away early and we did call you right after lunch but you weren't here.

A N N E M A R T I N D E L L: I know. I do apologize. I have an ailing mother who is 80 and I had to take her to the doctor. I appreciate your pushing it forward.

I thought maybe in the interest of your time and mine - you have been here a long time - that rather than read the whole thing I would just touch on a few important points. Then gentlemen you can ask me any questions you wish.

The important points are that the public

pays a hidden tax in the kind of financing that we have now. So it is not logical to say it is going to cost them more.

The second most important point is that all funds, whenever collected, that are spent in a campaign, should be reported. Then we would avoid the kind of thing that went on in the past campaign - in the campaign for the reelection of the president - where funds were collected and then spent on things like Watergate. There should be limits. The bill doesn't set limits. I think that could be an improvement but nothing is perfect and my position is that I support the bill even though it doesn't go as far as I would like to see it go.

It is very difficult, as I said, for women - Ann will know this - to raise money in campaigns. So it is particularly important that it is made as easy as possible.

One point that I did want to make particularly, because it came up in Senator Schluter's testimony, and that is about the McGovern campaign and his list. Now he did report everything, even what was collected from the very beginning in 1970. I was at the press conference in Washington in February of last year, which was completely open to the press. There were books and books of names, so that has been made available to the public.

The main thrust of my testimony is the question of trust in politicians. Until we have made the public feel that they can trust those of us who are working in politics and in government we won't be able to do the job that we should do.

I have testified before Senator Schluter's Committee earlier and also in Washington that I think what we must work toward is public funding of campaigns and shorter campaigns, just as the previous speaker said. I do agree with him on that, although I don't

agree with a good deal else he said. But that is something that can't come I feel now. It is something we have to work towards in the future. So I think we should have this bill and have full disclosure which lets light and air in and then we can work toward educating the public so that they will accept such public funding of campaigns. I am summarizing very quickly what I said.

ASSEMBLYMAN DICKEY: Mrs. Martindell you say you favor limitations on spending. Would you care to suggest what limitations you would like to see?

MRS. MARTINDELL: For Statewide elections?

ASSEMBLYMAN DICKEY: Well let's take Statewide elections then we will take legislative elections. That is what we are most directly concerned with.

MRS. MARTINDELL: I haven't thought of specific figures but for instance in a Congressional campaign I believe the limit of your own funds is \$25,000.

Are you asking me how much a whole campaign should cost?

ASSEMBLYMAN DICKEY: Well, \$25,000 as to Congressional elections is not the limit, is it?

MRS. MARTINDELL: It is the limit of what you can spend yourself.

ASSEMBLYMAN DICKEY: Of your own money?

MRS. MARTINDELL: Yes.

ASSEMBLYMAN DICKEY: Do you mean to say you would only put the limitation on your own money?

MRS. MARTINDELL: That would be one step, yes.

ASSEMBLYMAN DICKEY: Would you put a limitation on total spending from all sources?

MRS. MARTINDELL: I think there should be a limit. I can't remember the amount in the Federal bill for media advertising. I also agree with one of the other speakers who said media advertising should be -- We should work towards giving free time and free space.

ASSEMBLYMAN DICKEY: Well, isn't that kind of wishful thinking to expect the newspapers to give you free advertising space?

MRS. MARTINDELL: Well, as someone else said they give it to other public--

ASSEMBLYMAN DICKEY: Don't you think they would more likely expect to be paid out of the public funds if that is going to be the philosophy?

MRS. MARTINDELL: Well, I think everything ought to come out of public funds, yes.

ASSEMBLYMAN DICKEY: So that this moment you don't have a figure to suggest on any outside limitations of spending?

MRS. MARTINDELL: No, I would have to do a little more research on that.

ASSEMBLYMAN DICKEY: Would you care to discuss that figure as to the gubernatorial race?

MRS. MARTINDELL: Well, normally the gubernatorial race in this State calls for somewhere between \$500 thousand to \$1 million. That has been what it has cost. I suppose you would have to say you had to put the limit on about what it has been in the last few years. It couldn't be less than that because then people would be inclined to cheat on it.

ASSEMBLYMAN DICKEY: Well, in prior races we have seen expenditures made for candidates other than by the candidates themselves, such as through citizens groups, isn't that so?

MRS. MARTINDELL: Yes.

ASSEMBLYMAN DICKEY: So that really a million, or whatever has been reported, might not really be truly accurate?

MRS. MARTINDELL: It should include all expenditures made, no matter by whom.

ASSEMBLYMAN DICKEY: Yes. Now you mentioned Mr. McGovern. I really don't want to press that point

but I thought I read in the press last week that he did not want to disclose the names of his contributors prior to his nomination.

MRS. MARTINDELL: No he has already disclosed them.

ASSEMBLYMAN DICKEY: I see. Maybe I misread it. Do any other members of the Committee wish to ask Mrs. Martindell any questions? Mr. Wallace?

ASSEMBLYMAN WALLACE: Mrs. Martindell, I just want to ask one simple question. I believe from hearing what you said and from reading your report here that you feel that this bill is not perhaps as perfect as you'd like it to be, but in its present form, do you feel it is a step in the right direction?

MRS. MARTINDELL: I do indeed. That is what I thought I said.

ASSEMBLYMAN WALLACE: Or do you think we should stop and start over again?

MRS. MARTINDELL: No. I think you should support this bill.

ASSEMBLYMAN WALLACE: Thank you.

ASSEMBLYMAN DICKEY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: Mrs. Martindell, are you representing yourself or the State Committee today?

MRS. MARTINDELL: I am representing myself. It is hard to separate them, I suppose.

ASSEMBLYWOMAN KLEIN: Has the State Committee officially taken any position on this?

MRS. MARTINDELL: No. My position is my own, I think you have to say.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN DICKEY: Mr. Keogh-Dwyer, any questions?

ASSEMBLYMAN KEOGH-DWYER: Yes. Mrs. Martindell, do you know whether the Democratic County Committee

Chairman has had a meeting to discuss this bill?

MRS. MARTINDELL: Not to my knowledge.

ASSEMBLYMAN KEOGH-DWYER: Thank you.

ASSEMBLYMAN DICKEY: Mr. Spizziri?

ASSEMBLYMAN SPIZZIRI: No questions.

ASSEMBLYMAN DICKEY: Thank you very much, Mrs. Martindell. (see page 81 A for full statement)

I'd like to call next Assemblyman Merck.

A S S E M B L Y M A N A L B E R T W. M E R C K:

Thank you, Mr. Chairman, Assemblywoman Klein and gentlemen. I commend the Committee for its deliberate consideration of what may be one of its most important pieces of legislation and I think the care with which this bill is being examined reflects on all members of the Assembly and I thank you.

I should say I support the intention, the purpose and the goals of this bill. Nowhere is the light of public opinion needed more than in the matter of financing political campaigns.

Yet, as the bill now stands, I have difficulty developing enthusiasm for it. Some, but not all of my criticism, follows. I should comment first that it is too cumbersome, It is far too complicated and, as we heard earlier, gives rise to ambiguity. It would, in the case of candidates representing a small district, make the job of recruiting an interested citizen even more difficult than it is now.

Aside from high office, where the status and salary are sufficient to attract a candidate willing to bear the necessary risks and burdens, we have a political system dependent on thousands of elected officials whose numbers must be continually refreshed and to whom a term of office is a civic responsibility. The average citizen is neither an attorney nor an accountant. Often he cannot afford the services of these professionals and the prospect of filing, certifying, interpreting and being subject to penalties will deter all but the

most highly motivated, and some of those highly motivated for improper reasons.

Those under the \$500 aggregate spending limit will have another problem. While they will not usually exceed this amount, the very possibility of their being accused by their opponent of spending more than the limit and being subjected to public ridicule, or possibly penalty, will, in effect, require any prudent candidate for any office to appoint the necessary officials and keep records at least as meticulous as those required by the bill for those others. And this will be, no matter how small they are.

My recommendation then is, first, that we should exempt those candidates running in districts with less than 5,000 registered voters. Secondly, the Election Law Enforcement Committee, under this bill's terms, will be centralized in Trenton and charged with both policy and functional duties. The lack of communication, the inability of people to respond and the general remoteness of State Bureaus is, I am sure, familiar to all of us and it argues in favor of creating county branches of the Election Law Enforcement Committee to be under the general supervision of the Commission in Trenton. The threat of local interference with county agencies can be overcome by proper staffing and supervision, as it is done in our courts or parole situation.

If a state election commission is to serve best, it can do so by being where the elections are and where now the existing machinery of county boards are located, and where the records are - more importantly, close to the candidates.

Thirdly, and lastly, this bill unduly favors incumbents. An old political source said, "an incumbent starts running the day he gets elected." And obviously he has inherent advantages over a challenger.

Under the bill, a challenger could get or spend

nothing until he had appointed a treasurer. He could not, in fact, campaign. But an incumbent, without appointing a treasurer, could merely step up his mailing, his public appearances, or his speechmaking until very late in the campaign. He would not need to declare himself if he didn't choose to do so. Or he could pose as a non-candidate, a familiar object on the New Jersey scene.

I hope you will take these three recommendations into account in your deliberations. I think the bill is headed, definitely, in the right direction but I think the successful administration of this legislation can mean the difference between failure and success.

Thank you for your time and I'd be glad to answer any questions.

ASSEMBLYMAN DICKEY: Thank you, Mr. Merck. Are there any questions from the Committee?

(no questions)

Thank you very much.

ASSEMBLYMAN MERCK: Thank you, Mr. Chairman.

ASSEMBLYMAN DICKEY: Mrs. Ann Levine, League of Women Voters?

A N N L E V I N E: My name is Ann Levine and I am a member of the Board of Directors of the League of Women Voters and a registered lobbyist here in Trenton. I have submitted testimony to the Committee. You all got copies in advance and I don't propose to read it at length. I would like to make one or two comments on things said earlier.

First, during Senator Schluter's testimony this morning there was a question asked of him about the three day limit on appointing a new campaign manager and he promised you some further information about that. He has given me the reasoning he spoke of in that, and basically the argument there is the present law

requires for appointment in the case of the death, resignation or removal of a campaign manager, forthwith. The reason for the three days in the present bill is to put a precise limit on what is meant by "forthwith" and forestall any confusion that might arise if this position were unfilled for any length of time.

I also wanted to comment-- A number of people have mentioned that this bill covers candidates for county committee positions. That is not true. It covers candidates for municipal, county and local public office and in primary elections for delegates and alternates to the national conventions of political parties. As far as I know these are the only party posts that are covered.

Also there was some question about provisions in the present law that would allow for extenuating circumstances in failure to file a report. In fact, in section 6 on page 4 of the bill, under the duties of the Election Law Enforcement Commission, line 33, etc., parenthesis 7, in addition to ascertaining whether candidates, committees, or others, have failed to file reports or filed defective reports, the commission may extend, for good cause shown, the dates upon which reports are required to be filed.

I cannot conceive that the Governor and the people who would dominate the members of this commission, with the advice and consent of the Senate, would nominate people who do not have compassion.

Another thing I would like to point out is I really do not believe in most cases it would require a C.P.A. to fill out these reports. I don't think it is that complicated, frankly.

Now if you have questions on my testimony, I'd be glad to answer them. Or if you have other questions about the League, which I think was mentioned earlier, I would be glad to answer them also.

ASSEMBLYMAN DICKEY: Mrs. Levine, do you conceive that the League of Women Voters should be required to report financial contributions for your so-called educational programs?

MRS. LEVINE: Well, the provisions of the bill have to do with political campaigns. I don't know under what rationale you would require us to report for our educational activities.

ASSEMBLYMAN DICKEY: In my county your organization, in addition to taking positions on public issues - in addition to that - they also prepare questions on public issues which are directed to candidates.

MRS. LEVINE: They are called candidate sheets, usually.

ASSEMBLYMAN DICKEY: And these questions, of course, can be loaded questions, and sometimes are.

MRS. LEVINE: Well, they are directed to all candidates equally and the candidates' replies are in their own words. We only impose a word limit on that. It may be that you might judge that they are loaded questions directed to embarrass a particular candidate. You would simply have to judge that situation. We try very hard not to do that.

ASSEMBLYMAN DICKEY: Don't you concede that that of itself might constitute a campaigning?

MRS. LEVINE: We don't conceive of it as such. We believe we are providing an educational service to the public. Voters' service is what we call it.

ASSEMBLYMAN DICKEY: Would you have any objection if this bill were amended to include requirement of campaign expenditures and campaign contributions for so-called "educational" activities similar to the League of Women Voters?

MRS. LEVINE: I don't think that it is required under this. This bill is directed toward activity on behalf of candidates.

ASSEMBLYMAN DICKEY: Now I didn't say the bill does; I said would you have any particular objection if an amendment were made covering that area?

MRS. LEVINE: Well, if it applied to everyone, equally, who does that, I suppose we could not object. I think you would have some opposition from the press on that.

ASSEMBLYMAN DICKEY: Why would the press object? They are nice, fair editorial writers back there in their ivory towers, aren't they?

MRS. LEVINE: Well, they are providing education to the public in covering news events. I don't really think that is the subject of this law, or proposal.

I think we would, and should, be required, when we do campaign on behalf of public questions, to report what we spend and where it comes from. In most cases it would come through our membership support and it would probably be reported in a lump sum. Believe me we don't spend that much.

ASSEMBLYMAN DICKEY: Well, do you solicit contributions from the political party?

MRS. LEVINE: No, we do not.

ASSEMBLYMAN DICKEY: You don't?

MRS. LEVINE: No, we don't.

ASSEMBLYMAN DICKEY: Isn't that interesting. I, as campaign manager, was asked for a contribution from the League of Women Voters last year.

MRS. LEVINE: I don't think you were asked as campaign manager.

ASSEMBLYMAN DICKEY: Yes I was. I contributed \$150 of Republican campaign money and so did the Democratic Party.

MRS. LEVINE: Oh, to provide for a publication of some sort, is that what you are talking about?

ASSEMBLYMAN DICKEY: Yes. Wasn't that a contribution?

MRS. LEVINE: I don't know that it can really be called a contribution on behalf of a candidate. To help League work, I suppose it was, for a particular purpose of joint interest in providing information to the public.

ASSEMBLYMAN DICKEY: How many of your County units solicit the political parties for that type of thing?

MRS. LEVINE: Not very many. I am not as familiar with the voters' services end of our work as some other people might be.

ASSEMBLYMAN DICKEY: Do any of the members want to ask questions? Mrs. Klein?

ASSEMBLYWOMAN KLEIN: Not really. I'd like to say something as a former leader of the League of Women Voters. With rare exceptions, contributions to the League of Women Voters are well under \$100 and therefore probably would not be affected one way or the other if it were to be included in the bill.

It seems to me the bill for the first time requires some kind of reporting of money spent for, or against, public issues and that is a very important aspect of the bill because we know that bond issues are proposed and that campaign funds are collected to promote, or object to, these public questions. I think it would be most useful for any organization, or any combination of individuals who are spending money in order to promote, or obstruct, a public question to be on record. I don't think there would be any objection to any part of that from the League.

ASSEMBLYMAN DICKEY: Although you don't solicit contributions, you do spend money in political campaigns, don't you?

MRS. LEVINE: Are you talking about the League of Women Voters?

ASSEMBLYMAN DICKEY: Yes.

MRS. LEVINE: For this kind of educational material which treats all candidates equally, in a sense we are providing services to you, I think.

ASSEMBLYMAN DICKEY: Let me ask you this. Suppose I, as a candidate, don't answer your questionnaire, don't you make some big issue of it?

MRS. LEVINE: No. It just appears in the questionnaire that you didn't reply. We go to some length to give you every opportunity to do that.

ASSEMBLYMAN DICKEY: Suppose I don't choose to answer your questionnaire? Isn't it a case of I am kind of held up to scorn and ridicule because I haven't?

MRS. LEVINE: You may be by the voters. It is up to the voters to make that interpretation.

ASSEMBLYMAN DICKEY: I am talking about the League of Women Voters.

MRS. LEVINE: We do not. We simply leave that part of the candidate information sheet, where the questions are, blank. We simply print your name and educational background and whatever information you may wish to appear.

ASSEMBLYMAN DICKEY: Mr. Wallace, do you have any questions?

ASSEMBLYMAN WALLACE: I just have one question. Mrs. Levine, in the first part of your statement you discussed public offices. Do you recall what that statement was when you began?

MRS. LEVINE: My oral statement here as to which candidates were covered by this bill?

ASSEMBLYMAN WALLACE: Yes. I was a little confused about that.

MRS. LEVINE: The provisions of this act shall apply in any primary, general, special, municipal or school election for any public office of the State or any political subdivisions thereof; in any primary election; for delegates or alternates to national

conventions of a political party; and in any election at which a public question is to be voted upon by the voters of the State or any political subdivision thereof.

ASSEMBLYMAN WALLACE: Do you think that excluded some public candidates for office?

MRS. LEVINE: I do not think that county committeemen are considered public officials.

ASSEMBLYMAN WALLACE: Oh, yes.

MRS. LEVINE: Is that a public office?

ASSEMBLYMAN WALLACE: Oh, yes. That is a public office.

MRS. LEVINE: I am not sure of my interpretation. I didn't check back to how Title 19 defines that.

ASSEMBLYMAN WALLACE: County Committee is a public office.

MRS. LEVINE: County Committee people are presently covered by the law. It is worded differently in the present law. I am sorry if I made an error there.

I did want to ask, Mr. Dickey -- You mentioned the fact that we support legislation and also campaign on issues which may not be public questions on the ballot. We do believe that our financial records on that should be required to be reported by law and so stated when we were campaigning for passage of the present Lobby Control Act.

I spent some time in a meeting of the Committee of Law and Public Safety of the Assembly, chaired by former Assemblyman Rinaldi, urging this provision, which was originally in the bill, be continued.

ASSEMBLYMAN DICKEY: Mr. Keogh-Dwyer, any questions?

ASSEMBLYMAN KEOGH-DWYER: Yes. Mrs. Levine, does the League ever take a position supporting candidates after they have finished interviewing them?

MRS. LEVINE: No.

ASSEMBLYMAN KEOGH-DWYER: How do you explain one of your former members becoming a legislator after quitting the organization within such a short period of time?

MRS. LEVINE: I think it would be unconstitutional of us to bar any member from running for office, ever.

ASSEMBLYMAN KEOGH-DWYER: O.K. Thank you.

ASSEMBLYMAN DICKEY: Do you have any questions, Mr. Spizziri?

ASSEMBLYMAN SPIZZIRI: Mrs. Levine, on page 3, article 4 of the act, subsection (a), it states "in any primary election for any public office of this State or any political subdivision thereof"- you don't believe that covers County Committee?

MRS. LEVINE: I didn't think so. I would really have to go back to the definition in Title 19 on that. Mr. Wallace assures me that, in fact, that is a public office and I regret my error. ( see page 82 A. )

ASSEMBLYMAN SPIZZIRI: Thank you very much.

ASSEMBLYMAN DICKEY: May we have Mr. Francis Forst, please - candidate for governor. Mr. Forst, it is nice to have you with us today.

F R A N C I S A. F O R S T: Thank you, Assemblyman Dickey. Because of the late hour I am not going to read my three page presentation, since you have it. It starts out by saying normally I usually thank the Committee for allowing me to appear before it but I just can't with this Committee. I just don't feel these hearings are necessary. I think the real question in this Senate bill 1124 is the public interest and not what interest a particular assemblyman or senator or candidate for governor has.

We are faced here with some previous testimony where somebody said 95% of the candidates are honest, or 95% of the people are honest. Our problem is finding out who are the 5%. I'd like to paraphrase Governor

Cahill when he said that Paul Sherwin is the most honest man he knows, and he is in the 5%. Unless we have a public disclosure act, which makes everybody say who is giving them what money, we are never going to find that 5%. And that is really the crux of the whole thing here.

We talk about contributions in excess of \$100; somebody mentioned raising it to \$500. The truth of the matter is I am raising funds, we all know it. I have very close friends who won't part with \$25, Assemblyman Dickey, and you know it and we all know it. If somebody wants to give you \$101 they want the Secretary of State's job or something like that.

Now you are talking about thousands of dollars given as large political contributions and I say they should be reported. They should be reported and we should know who they are. I believe it is very important, very important.

We had a situation, as you are aware, and as I say in my statement, where three years ago we didn't even know if Governor Cahill could be inaugurated because of the money spent on television, etc., allegedly in violation of the last reporting law.

If people are going to want to run for public office - I want to run for public office, you have all run for public office and you know what I am talking about - they should be willing to tell where the money comes from, where the money is going. It would free us. It would free you, I believe.

If a fellow comes up with \$1,000 and he knows his name is going to be revealed, he is going to be free. He is going to be free because everybody is going to know about it. When you take it you don't owe him anything because everybody knows he has given it to you. That is the way I look at this bill, as a very needed and very important piece of legislation.

I wish it were \$25 that we should have to disclose.

Because people testified before me and I didn't know in my prepared statement what they were going to say, let me say I do not think this will discourage big campaign contributors whose names will have to be known. You heard Joel Jacobson say here that the most they give out is \$250. I am surprised that some of you didn't know what it is to raise funds among the poor. I know a lot of you raise funds among the rich. When he told you 50 thousand members gave a total of \$10,000 that is about .25¢ a member. Twenty-five cents a member is not an awful lot of money for a political campaign. That is all the money people in labor give. If a working man reaches in his pocket and gives \$25, that is an awful lot of money. If he gives you \$100, I think the public should know about it. If a guy gives you \$200-- This business of \$500 is fine for business people and people who make a lot of money, people maybe looking for favors. I think those people should be known. I think the public wants to know who they are and what kind of favors they are looking for, even on the county level, even on the municipal level. Who got the job in the Parks Department if he gave a hundred and one-half? You know, who got the job over in the State Department because he gave \$200, or 10% of his pay to keep his job? I think the people want to know if the fellow who works in the County Clerk's office had to give 10% of his pay to keep his job. I think the people want to know that.

So, I strongly support Senate bill 1124 and hope we get it passed.

ASSEMBLYMAN DICKEY: Thank you, Mr. Forst.

How do you plan to finance your campaign?

MR. FORST: I have a First for Forst Club, Bill. If you want to join, it is \$25 a member. We will give you a signed card, signed by one of the candidates, for \$25 - a membership card - and it says, "I

was first for Forst - Forst for Governor Campaign." We have a little number over here to keep a record of it. That number is all recorded. We are going to make sure it is written down so that everybody name and address is known who gave to us. Do you want in? I have a few V.I.P. numbers - 100, 101, etc. - like low license plates.

(laughter)

I went to a few business friends of mine, Bill, and asked them for \$100. I picked up one \$50 so far. Where do you get these hundreds of thousands? They are looking for something, Bill. They are looking for something. I don't want that kind of money.

On this reporting, I am glad you asked because I went to a small grocer and he said, "why shouldn't they have to report over \$25? If I pay \$1.47 for my laundry, I have to mark it down somewhere and the State Auditors come in and want to look at my books when I pay \$2.30 to the bread man every day. They still want to look at the books for sales tax purposes. I have to write down every damn nickel I take in and pay out; why shouldn't the politician want to mark down a few nickels he takes in and pays out over the course of a campaign?"

ASSEMBLYMAN DICKEY: I might buy one of those tickets, Frank, but don't report my name, please.

MR. FORST: Anybody else?

ASSEMBLYMAN DICKEY: Does any other member of the Committee want to ask a question?

(no questions)

Thank you very much, Mr. Forst. (see page 85 A )  
Mr. Julius Levin? Is he here?

MRS. LEVINE: Mr. Dickey, excuse me, I would like to make a correction in what I just said. May I have that opportunity now?

ASSEMBLYMAN DICKEY: Yes, you may. Will you hold up just one minute, Mr. Levin?

MRS. LEVINE: On this question of public or party office, I have consulted Title 19. In Section 19:1-1, it defines public office. It includes any office in the government of this State or any of its political subdivisions. Party office means the office of delegate, or alternate, to the national convention of the political party, or member of the State, County or Municipal Committee of the political party. So, I think in 1124, it is referring to public office and not party office; it must mean that County Committee people are not required to report on their campaign funds when they run for election.

ASSEMBLYMAN DICKEY: Thank you very much.

Mr. Julius Levin?

J U L I U S L E V I N: My name is Julius Levin and I represent the Socialist Labor Party, along with Mr. Robert Clement, who spoke previously.

I wasn't prepared to make any statement today and just about all the points that the Socialist Labor Party wanted to present to this Committee have been made. However, there was one point that I don't think received the emphasis that it should have received. All during the course of the proceedings there was no mention made, whatsoever, with regard to the violations of the secret ballot that this pending legislation would violate.

The secret ballot is a heritage that is part of the democratic process and it is one that would certainly be altered as a result of this legislation. There is absolutely no reason whatsoever why anyone should be forced to identify his support to a particular candidate, or to a particular political party, as this law would require him to do.

The very fact that we do not have to reveal who we want to vote for, in the voting process itself, is indicative that we should not have to reveal who we

are going to give our political support to as a result of having made a contribution to a particular campaign. I think that this is one factor that this Committee should give far more consideration to than has been indicated by the course of the questioning that has taken place during the course of these proceedings this morning and afternoon. Thank you.

ASSEMBLYMAN DICKEY: Thank you very much. You are from Camden County, aren't you?

MR. LEVIN: Yes, I am.

ASSEMBLYMAN DICKEY: Mr. Spizziri, any questions?  
(no questions)

Mr. Keogh-Dwyer?

(no questions)

Thank you very much, Mr. Levin.

Mr. Lewis Ripps?

L E W I S S. R I P P S: Good afternoon, gentlemen. My name is Lewis S. Ripps, I reside at 734 Avenue C, Bayonne. I am Legislative Affairs Chairman of New Jersey Common Cause. Common Cause is a 200,000 member national citizens'lobby that counts between 9,000 and 10,000 New Jersey residents in its membership.

I guess the words of Thoreau best express why we are here. He said, "Let every man make known what kind of government would command his respect and that would be one step toward obtaining it."

Specifically, we are appearing here this day to advocate the immediate release by the New Jersey State Assembly Judiciary Committee of Senate bill S-1124, the New Jersey Campaign Contribution and Expenditures Reporting Act. As you are aware the bill now being considered by this Committee passed the New Jersey State Senate in December, 1972, by a vote of 31-0.

We are quite certain that members of the General Assembly are familiar with the contents of this legislation and are prepared to vote on it as adopted by the Senate. We are confident that if the Judiciary

Committee releases this bill and allows their fellow Assemblymen to demonstrate the courage of their convictions by an open and recorded vote in the General Assembly it will be adopted by a wide margin.

Before I continue with some of the substance of our general report, I would like to comment on some of the things that have been said here today. First of all, Common Cause receives no funds from any fund organizations other than from its own membership dues. We are not supported by any philanthropic or any other kind of special organizations. We are not partisan. We are issue oriented. We do not support candidates or public issues presented on ballots. We are subject to the Legislative Activities Disclosure Act of 1971 and have been filing the required timely reports.

The number and frequency of reports required to be filed in accordance with the provisions of this act may be a burden to some candidates but the intent of this act is to provide accountability on the part of the candidates to the public they seek to serve. If that accountability requires a candidate to file frequent reports, so be it.

The primary interest of legislators giving consideration to this bill ought to be what is fair to the public, not what is fair to the candidate.

If it is true, as recorded, by recent court cases, that as a result of extortions by public officials and contractors doing business with government agencies, those contractors recoup the amount of funds extorted by adding to the price of the public contract, then the \$50 thousand, or grade of funding this bill may require to provide enforcement, is one of the best investments that could be made in behalf of the taxpayers of New Jersey.

If only wealthy people can get elected to office, I wonder how one speaker today managed to get

elected on \$600. And if wealth is a barometer that measures success at the polls, then someone must have drained the mercury, so to speak, when Winthrop and Jay Rockefeller and Richard Ottenger all lost their most recent elections.

One of the considerations this act does not require is that the Commission be quartered in Trenton. Why should the Assembly adopt this legislation? Because New Jersey is sadly lacking in this needed, enforceable election reform. It appears New Jersey has been deliberately bumbling along with a weak, ineffectual, and unenforced statute that apparently encourages evasion and violation. We find that eight members of the present legislature have failed to comply with the existing statute and we are unaware of any penalty being assessed against them for their violation.

Money has begun to dominate the American political scene and is creating an air of truthlessness and corruption. It has led to such a tremendous public distrust of those who seek and hold public office in New Jersey that passage of this act is essential to restore some measure of trust and confidence by the people of New Jersey for those who are elected or selected to serve.

Is there any need for New Jersey Common Cause to recall for your attention the scores of indictments of public officials that have led to convictions during the past three or four years? Do you want us to list the names of Councilmen, Mayors, Freeholders, members of the New Jersey Legislature, Secretaries of State, Congressman? Should we tell you about the City and County Engineers, the members of various semi-autonomous and autonomous agencies? Should we recount for you the members of law enforcement agencies such as County Police, Corporation or City Counsels, Sheriff's Officers - all of whom have contributed to the tremendous distrust New Jersey citizens have come to feel for even those

many honest and dedicated public officials who merit the trust and confidence of the citizenry but lack it because the State is slow to enact legislative reforms that will restore the confidence of people in the houses of government and root out the corrupt and expose the corrupters?

Might I respectfully suggest you read the February 4, 1973 edition of the Sunday Star-Ledger which details the story of a so-called \$15,000 political contribution by a New Jersey builder to a former Gloucester Township Committeeman who was convicted of extorting a political contribution. The former Mayor of Gloucester Township and his successor pleaded guilty to Federal extortion charges rising out of the same incident. Despite this conviction and guilty plea, according to the Star-Ledger, the attorney who counseled the builder to make this contribution in cash, claims that the \$15,000 "was not discussed in the idiom of a bribe or extortion. It was a practical not an ethical problem. Purely politics." Not an ethical problem? We suggest that the problem is that this sort of corruption and corrupting influence is so widespread and accepted that some of those who govern and seek the favor of government are hard put to distinguish between the ethics of the office of government and the illegality of their own acts.

The very fact that people who would solicit such contributions or would make them are made aware of the requirement of disclosure, called for in S-1124, is sufficient reason to expect that the number of such corrupt practices will significantly diminish.

The suggestion that the disclosure requirement of contributions in excess of \$100 will dry up contributions is not supported by the facts. Of the 41 states having disclosure laws, 39 of them require disclosure of contributions in excess of \$100. To the best of our knowledge, none of those states have amended their laws to

disclosure levels higher than in excess of \$100. The Federal law also requires disclosure of contributions exceeding \$100. This did not seem to hamper the President's efforts in attracting a reported 46 million dollars to his campaign. His opponent, whose resounding defeat was so accurately and widely predicted in the polls, managed to raise almost as much money as the two major party candidates raised in 1968, despite public disclosure.

We really do not foresee any difficulty in the ability of candidates for public office to prepare and file the reports required by this act. If a candidate cannot handle this relatively simple bookkeeping requirement, then he or she ought not to seek a public office that will require their accountability for the expenditures of millions of dollars of taxpayers' money.

We believe this bill will equalize the opportunity to gain public office. If threat of disclosure in excess of \$100 reduces the number of contributors to a campaign, it will more than likely affect the wealthy or easily corrupted office seeker. The honest candidate will have no need to concern himself with disclosure and the less affluent have little access to a significant number of larger than \$100 gifts.

Although many candidates for public office cannot be "bought" at any price, the public has a right to determine if there is a cause and effect relationship - a quid pro quo - between the actions of a public official in regard to a matter that his or her sources of campaign contributions have an interest in. John C. Calhoun said, "The very essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party."

To every member of this Committee and the New Jersey Legislature, we would like to suggest that you

consider the New Jersey Campaign Contributions and Expenditures Reporting Act an opportunity to restore public trust in the government and a benefit to the people of this State.

Seize this opportunity. Release this bill from your Committee this day without any debilitating amendment. Make timely its effectiveness for this year's municipal, primary and general elections by making operative the reporting requirements of Sections 7 and 12 of the act within 30 days after the effective date.

The people of New Jersey are carefully watching the actions of this Committee. They are hopeful. Please do not disappoint them. Thank you.

ASSEMBLYMAN SPIZZIRI: Mr. Ripps, I have a few questions. Do you feel that the hundred dollar level is too liberal? Should it be reduced to, say, \$50 or \$25?

MR. RIPPS: Should it be reduced to \$50 or \$25? No. We believe that this act should be adopted as it exists right now.

ASSEMBLYMAN SPIZZIRI: Did I understand you to say that Common Cause does not solicit contributions.

MR. RIPPS: I didn't say we don't solicit contributions. I said funds that support the activities of Common Cause are derived from membership fees.

ASSEMBLYMAN SPIZZIRI: Do you believe that your organization and other organizations such as the League of Women Voters--

MR. RIPPS: Excuse me, I can't speak for the League of Women Voters.

ASSEMBLYMAN SPIZZIRI: May I finish my question, sir? Do you believe that your organization and other organizations, such as the League of Women Voters, the Chamber of Commerce, the Jaycees, etc., should be covered under this act?

MR. RIPPS: I don't know what the activities of

the other organizations are. All I can tell you is the activity of our own organization is to promote decent legislation that will enhance the life of the people that reside in the State of New Jersey and in the United States. We are not partisan oriented and we do not support political candidates and we do not support issues that appear on the public ballot, or we have not.

ASSEMBLYMAN SPIZZIRI: You didn't answer my question, Yes or no? Do you feel your organization should be covered under this act?

MR. RIPPS: Yes, if our organization does participate in those items that are covered under this act, if we do participate in a political action or if we do participate in supporting a public issue that appears on the ballot, of course we should be required.

ASSEMBLYMAN SPIZZIRI: Does your organization conduct any polls or have they conducted any polls, or do you know of any polls that show this public mistrust that you speak of?

MR. RIPPS: Yes, we have polls that were conducted by our national organization and some of the things--

ASSEMBLYMAN SPIZZIRI: I mean in New Jersey. Excuse me for interrupting.

MR. RIPPS: You have to realize, of course, Mr. Spizziri, that the polls were conducted on membership in New Jersey as well as people throughout the country.

ASSEMBLYMAN SPIZZIRI: As far as New Jersey is concerned have you conducted any polls? Do you know of any polls?

MR. RIPPS: They have been conducted by our national office.

ASSEMBLYMAN SPIZZIRI: But they are not limited to just New Jersey?

MR. RIPPS: They are not limited just to New Jersey but they include the members who reside in the State of New Jersey and they also include non-members. The polling information is solicited from people who

do not belong to Common Cause as well.

ASSEMBLYMAN SPIZZIRI: Could you provide this Committee with the results of these polls?

MR. RIPPS: I think it could be made available to you.

ASSEMBLYMAN SPIZZIRI: We would appreciate it.

ASSEMBLYMAN DICKEY: Mrs. Klein, do you have any questions?

ASSEMBLYWOMAN KLEIN: I was on the telephone and didn't hear your testimony. Do you have a copy of it?

MR. RIPPS: Yes, I do.

ASSEMBLYMAN DICKEY: Mr. Wallace do you have any questions?

(no questions)

Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: Mr. Ripps, does your organization feel that by and large the average elected official is dishonest?

MR. RIPPS: Definitely not.

ASSEMBLYMAN KEOGH-DWYER: Could you limit it to a percentage?

MR. RIPPS: I don't think we would even hazard a guess. I don't think we are talking about percentages but I think the evidence is certainly obvious by reading the newspapers from day to day over the past three or four years that there is a prevalent attitude of corruption in government in New Jersey.

Now if you want us to do this, I suppose we could sit down and take the total number of office holders and give you some percentage figures. But whatever the percentage figure may be, if you take into consideration there probably has been well over one hundred public officeholders in the State of New Jersey who have been either indicted or convicted in the last two or three years, I think that is a significant number to consider.

ASSEMBLYMAN KEOGH-DWYER: They are being indicted and prosecuted under existing law?

MR. RIPPS: Obviously.

ASSEMBLYMAN KEOGH-DWYER: Under the existing law?

MR. RIPPS: I didn't say under the existing law. I didn't say that at all.

ASSEMBLYMAN KEOGH-DWYER: Do you think they are being--

MR. RIPPS: No. I think some of the abuses that we are talking about would have been prevented if this law were enacted. For example, the State of New Jersey versus Gabriel Catanio, this is a case of a sheriff in a Northern New Jersey county who was indicted for false swearing and perjury because he testified before a grand jury that he did not extract 3% of the salary of the employees of his office for political campaigns. Rather he testified that he only extracted \$100. Well, I think that he never would have committed himself to that perjury and false swearing nor would he have solicited those funds in that amount if public disclosure were required. I think it would have been a heck of an embarrassment to the public officials of that county if the public knew that employees were being imposed upon to contribute percentages of their salaries to political campaigns.

ASSEMBLYMAN KEOGH-DWYER: How would you recommend, Mr. Ripps, the enforcement of this piece of legislation?

MR. RIPPS: I think the act speaks for itself. The enforcement procedure is in the act.

ASSEMBLYMAN KEOGH-DWYER: I don't know if you were here earlier. I pointed out that there was no real provision for spot-checking, or what have you, so that they would know of the violations.

MR. RIPPS: I don't agree with you at all. Reports are to be filed with the Election Law Enforcement Commission. I would assume that the staff is going to review those reports to see whether or not they are

accurate and provide all the information that is called for under the act.

ASSEMBLYMAN KEOGH-DWYER: I think I may have pointed out that certainly those people that file are going to make sure the percentages are correct, the amounts are correct and that everything could be verified.

With the number of dishonest politicians we apparently have throughout the State of New Jersey, would you say that the amount solicited in the bill to be appropriated - \$50 thousand - would be sufficient to carry out the full purpose of the act?

MR. RIPPS: No. I don't think it is sufficient to carry out the full purpose of the act and it doesn't frighten me as a taxpayer of the State of New Jersey that it would cost a heck of a lot more to sustain the cost of this act. It doesn't bother me at all.

ASSEMBLYMAN KEOGH-DWYER: Thank you.

ASSEMBLYMAN DICKEY: Mr. Klein?

ASSEMBLYMAN KLEIN: I have no questions.

ASSEMBLYMAN DICKEY: Mrs. Klein?

ASSEMBLYWOMAN KLEIN: I would like to recount to you a thing that happened in our county under the Congressional Reporting Act that we had. A county committeeman from the Democratic Party was reported as having contributed \$1,000 to a senator of the Republican Party who was running for Congress and this \$1,000 turned up in the Congressional report of the campaign spending. At the same time this committeeman, who made the contribution, was nominated for the post of County Tax Board, a post which belonged to the Democratic Party. Although he was not a nominee of the Democratic Party, he was a nominee of the Republican Senator who received the contribution. When the two things were put together in the press, the name was withdrawn from nomination. Is this the kind of public abuse, let's say, that would be prevented by this type

of legislation?

MR. RIPPS: Very certainly. That is exactly what we are talking about. We regard this act as necessary to determine what the cause and effect relationship is between the giving of a gift and the action of the person that gift was given to.

ASSEMBLYWOMAN KLEIN: There has been a lot of talk about dishonesty of politicians. Would you say that that was a dishonest act, per se, or do you think it is an act which the public has a right to know about?

MR. RIPPS: It is not a dishonest act under the law and I wouldn't say it was a dishonest act even on moral grounds, but it is the kind of an act that the public certainly has a right to have knowledge of and to be in a position to judge as to the merits of the action taken by the party making the nomination for that position.

ASSEMBLYWOMAN KLEIN: Do you feel that the passage of this law is urgent?

MR. RIPPS: Very urgent. It is absolutely essential that this Committee act upon it at the conclusion of this session this day and that the General Assembly have an opportunity to act upon it in the month of February. It is urgent that the operative provisions of the chapters I cited, 7 and 12, should be reduced from 90 days to 30 days so that this law will take effect for this year's primary and general election. There are also some municipal elections that are held in May of this year.

ASSEMBLYWOMAN KLEIN: You followed this act through the Senate and through the Assembly?

MR. RIPPS: That's correct.

ASSEMBLYWOMAN KLEIN: Are you recommending an amendment to this Act?

MR. RIPPS: The only one I would recommend is one which has been forced upon the public by delay; that is, the amendment to reduce the operative effect

of this act. What I am referring to, if you will bear with me, is on page 17 of the act, paragraph 25, "this act shall take effect immediately, provided, however, the reporting requirements contained in section 7 and section 12 of this act shall remain inoperative for 90 days after the effective date."

Well, that 90 day period was fine when we were talking about this act back in October but it is not fine today. It is going to destroy some of the timeliness of the act.

ASSEMBLYWOMAN KLEIN: Are you aware that such an amendment would mean the bill would then have to be returned to the Senate?

MR. RIPPS: I am confident that the Senate would adopt it very promptly.

ASSEMBLYWOMAN KLEIN: So you think it would be best to amend it?

MR. RIPPS: I think that it would be wiser to amend that on the floor of the Assembly. I would have no objection to it being done. We want this act to be timely.

ASSEMBLYWOMAN KLEIN: Is this act for this year?

MR. RIPPS: It is for a long time to come but if the Assembly Judiciary Committee decides, and the Assembly decides, that there is no rush in adopting this act, unless we attach some timeliness - give some import to the timeliness of enactment - then we might not see this act enacted for any year.

ASSEMBLYWOMAN KLEIN: If the act is passed in its present form, without any amendment, how would it affect the primaries?

MR. RIPPS: How would it affect the primary election? I think it would affect it in that the candidates would not have to report for a period of 90 days and although they may be required to report eventually, the reporting might take place after the

primary or too late to have any effect on the primary election - too late for the public to give consideration as to the sources of contributions, as they are made prior to the primary elections.

ASSEMBLYWOMAN KLEIN: Nevertheless, the act would take effect immediately and it is only the reporting aspect which would remain inoperative.

MR. RIPPS: Exactly. We understand that.

ASSEMBLYMAN DICKEY: Any other questions?

Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: Mr. Ripps, I think you agreed with me a short while ago that the amount stipulated in the act - \$50 thousand - would probably be insufficient to carry out the purpose of the act.

MR. RIPPS: That's correct.

ASSEMBLYMAN KEOGH-DWYER: Well, we are talking about honesty here. We are trying to be honest with the public. We are putting a bill before them, for those who would take the trouble to read it, and we are stating in there \$50 thousand shall be appropriated when actually you and I have agreed it will cost far in excess of that. Would you ask this be passed without amendment on that basis - without informing the public exactly what we are talking about?

MR. RIPPS: Of course it is very difficult to judge what was in mind. It doesn't say that \$50 thousand shall be appropriated annually.

ASSEMBLYMAN KEOGH-DWYER: If it is over a period of years it is worse.

MR. RIPPS: No. It shall be appropriated for use, I believe, up to a certain date in July of 1973 - "The sum of \$50 thousand is hereby appropriated to the Election Law Enforcement Commission for the fiscal year ending June 30, 1973 for the purpose of carrying out the provisions of this act."

ASSEMBLYMAN KEOGH-DWYER: Regardless, we agreed that \$50 thousand wouldn't cover this act regardless

of what year it was in.

MR. RIPPS: I don't think that \$50 thousand would cover this act, no matter what year you have. I have doubts but I don't doubt, Mr. Keogh-Dwyer, that the people of New Jersey are prepared to sustain a higher cost to provide them with the kind of government they feel they ought to have.

ASSEMBLYMAN KEOGH-DWYER: That is beside the point. You are then saying that since it isn't - you are not saying it, but I am saying - that perhaps the bill should be amended to reflect the true anticipated cost, that maybe you people could come up with.

MR. RIPPS: Well, I am not in a position to give you what the cost might be. I haven't got the latest figures.

ASSEMBLYMAN KEOGH-DWYER: O.K. But, again, I am saying that while we are talking about being honest with the public, let's be honest.

MR. RIPPS: Well, I think the Appropriations Committee of the Assembly has the opportunity and the responsibility of doing that. Before this bill can be released, as I understand it, from the floor of the Assembly, since there is an appropriation requirement, the Appropriations Committee might have to approve it.

ASSEMBLYMAN KEOGH-DWYER: I don't think so.

ASSEMBLYMAN SPIZZIRI: Thank you very much, Mr. Ripps. (see page 88 A for full statement)

Mr. Tirpok? (not present)

Is Mr. Coffee here? (not present)

Mr. Sayen? (not present)

Mr. Doyle? (not present)

Mr. Burke?

Gentlemen, in view of the lateness of the hour, I am going to ask your indulgence, if you have a prepared statement would you submit it to the Committee and attempt to summarize that statement for us?

A N D R E W T I R P O K, JR.: You mean I can't read my 25 page statement?

ASSEMBLYMAN SPIZZIRI: I prefer not.

MR. TIRPOK: I have only one-half page.

ASSEMBLYMAN SPIZZIRI: Fine.

MR. TIRPOK: Can I read my one-half page?

ASSEMBLYMAN SPIZZIRI: If you insist.

MR. TIRPOK: O.K. fine. As Chairman of the Hunterdon County Republican Committee, I would like to be on record in favor of S-1124. In these times of concern of the public's rights, I believe it is time for the people involved in politics to make available more information of the financial aspect of politics. This may restore a little confidence in our political system that has been subject to much criticism in the last few years.

The Federal elections last fall were subject to similar stipulations and in my opinion did not suffer from a lack of donations. This threat has been made by opponents of this bill. If a person is afraid to put his name on a donation, perhaps the donation is not meant as a contribution to better government.

I feel very strongly about this and I would be happy to answer any questions.

ASSEMBLYMAN SPIZZIRI: Does anyone on the Committee wish to ask any questions?

(no questions)

Thank you, Mr. Tirpok.

Mr. Burke?

C H R I S T O P H E R J. B U R K E: I have a prepared statement which corroborates much of what has already been said so therefore I will just read excerpts.

I am Christopher Burke, Research Coordinator of the New Jersey Public Interest Research Group. The New Jersey Public Interest Research Group is a

non-profit, non-partisan student corporation, funded by activities fees from over 25,000 college students on nine New Jersey campuses. The New Jersey Legislature endorsed the New Jersey Public Interest Research Group last spring by unanimously passing Concurrent Resolution #54.

According to the New Jersey Public Interest Research Group's charter, among the purposes for which the group is organized are "to make available to the public at all times a full and fair exposition of the pertinent facts and results of non-partisan analysis, study and research so that citizens may form independent conclusions beneficial to the community and general welfare of the people of the State of New Jersey."

The legislation under consideration here today, S-1124, is of fundamental importance not only to the purposes of the New Jersey Public Interest Research Group but also to the functioning of a true democracy. Only through centralized, uniform, and effectively enforced public reporting of campaign income and expenses will the public be granted its inherent right in a democracy to know not only how a candidate stands on the issues but also who supports him and how he spends his campaign income.

In order to instill greater public confidence in our State government, encourage good citizenship, discourage improper use of campaign funds, and allow for a more open truly democratic political process, we members of the New Jersey Public Interest Research Group urge you to report this bill unamended and immediately to the full Assembly.

ASSEMBLYMAN SPIZZIRI: Are there any questions?  
Mrs. Klein?

ASSEMBLYWOMAN KLEIN: I have no questions.

ASSEMBLYMAN SPIZZIRI: Mr. Wallace?

ASSEMBLYMAN WALLACE: You say it should be passed

unamended. You have no thoughts about the 90 day provision in the bill?

MR. BURKE: Well, I have personal thoughts about it and I am sure many of the members of our organization have preferences as to 30 day versus 90 day. I myself would accept either one and I am sure our organization would also.

ASSEMBLYMAN WALLACE: Do you feel you might prefer 30 days?

MR. BURKE: That's correct.

ASSEMBLYMAN SPIZZIRI: Mr. Keogh-Dwyer?

ASSEMBLYMAN KEOGH-DWYER: No questions.

ASSEMBLYMAN SPIZZIRI: Thank you. (see page 93 A. )

Mr. Sayen?

W. H A R R Y S A Y E N: First I would like to thank this Committee for the courtesy of staying and listening. I have learned that Mr. Dickey is a man of his word. He stated that I would be last and I am last it would seem.

So that there is absolutely no misunderstanding, I should like to state that I, both as a citizen and as a County Chairman, back Senator Schluter's Campaign Disclosure bill in its present form, with no further watering of the \$100 provision. I do not do so because Senator Schluter is from Mercer County. I do not do so out of misplaced idealism. I do so from a pragmatic, political point of view.

The term, "its time has come" is familiar to us all. I feel that a campaign disclosure bill - a meaningful one - is a must if our political escutcheon is not to be further marred. The public has made it rather clear that today's political figures, at all levels, are suspect. Only by disclosures as outlined in Senator Schluter's bill can we, in one small way, bring back public confidence, at all levels. This to me, then, is the primary reason - public disclosure plus public candour on the part of political figures will create an atmosphere whereby more people of good will can be lured

into politics and thereby help restore public confidence.

A second reason would be to broaden the scope of political fund raising. Then as a result, more people would be involved in our political process, to the overall benefit of our two-party system. This bill would represent a direct attack on cynicism and apathy.

Let's now examine the negative reasons that have been given against this bill. First, there would be too much red tape for campaign managers. Even if true, this seems to me to be a small price to pay for the tremendous benefits of public disclosure. From my study of the bill, the red tape argument is fallacious and remember I, in all likelihood, would be the fellow to fill out most of the forms.

A second negative reason that I have heard is there would be a drying up of political funds. I do not buy that one either. We have tested the waters in Mercer County, we have released names, as an example, of our Capitol Club - \$125.00 memberships. We released over 80 names and I did not get one kickback. There wasn't a single reverberation. As a matter of fact, our membership has gone up astoundingly in the past three months. Furthermore, if you remember, enormous amounts were raised during the last presidential campaign under the new Federal Disclosure Law. I did not detect any financial desert at that level.

If, by chance, an individual did not want his or her name known, there just could be a reason - a reason to the point that a candidate might very well not want to be beholden to such an individual.

Furthermore, and this is crucial to my argument, this bill would affect both parties equally. So both parties would be back exactly where they started as far as funds go - vis-a-vis each other.

And there is a further benefit. Even though the funds do drop a small percentage, campaigns in my

opinion are too expensive anyway. A few billboards less, a few TV commercials less, might just possibly lead to discussing pertinent issues rather than the false scent of name identification and charisma.

Finally, to go back to my primary positive argument, if the legislature does not act, the courts will. We have seen what has happened in re-apportionment. We see everyday the results in our lives of over-correcting, which seems to be an all too prevalent human trait. The courts could very well give us ground rules that might be next to impossible to implement. They could be ground rules which would be so stiff that they would automatically lead to evasion. The best and most disciplined policing is self-policing.

We can ill afford to dally. Senator Schluter's bill has been examined to the point of exhaustion. We cannot afford more stalling or more euphemisms. We need to pass this bill, as is, to help bring back confidence not only in politicians, but in our political system. It is just plain, hard, pragmatic political sense. S-1124 will not, obviously, solve all of the problems of political monies. There is always a way for the venal. But this bill sets firm fair ground rules and a tone that will help materially in ridding ourselves of political pollution.

As a county chairman, I do not fear it - as a citizen I need it.

ASSEMBLYMAN SPIZZIRI: Are there any questions?

(no questions)

Thank you very much, Mr. Sayen.

Mr. Shanahan?

J O S E P H F. S H A N A H A N: I think at this late time--

I am Joseph Shanahan of the South Hunterdon Taxpayers' Association. I will just leave a copy of

my statement here but I will point out verbally just one amendment that I thought the Committee might take into consideration.

On page 10, line 14, the sentence reads, "the campaign treasurer and the candidate shall certify the correctness of the report." We suggest the addition of the words "by affidavit" after "certify." This might avoid any possible ambiguity since on the opposite page, page 11, line 34, mention is made of filing a "sworn statement." We think that might be a welcome addition to this.

In general we are in favor of the bill, except that it should have, we feel, a ceiling expenditure. Thank you very much. (See page 96A for complete statement.)

ASSEMBLYMAN SPIZZIRI: Thank you, Mr. Shanahan.

ASSEMBLYWOMAN KLEIN: Was your last comment, "You think it should have?"

MR. SHANAHAN: What is that, Mrs. Klein?

ASSEMBLYWOMAN KLEIN: What did you say about a ceiling expenditure?

MR. SHANAHAN: We should have a ceiling expenditure. I don't believe there were very good reasons offered to eliminate it.

ASSEMBLYMAN DICKEY: Does anyone else wish to testify?

ASSEMBLYMAN KEOGH-DWYER: I'd like to ask a question.

Mr. Shanahan, do you recommend the Committee pass this bill exactly as it is right now, without amendments?

MR. SHANAHAN: Well, if I can refer to the proverb of the camel and the tent, I would say yes, first get the head in and then eventually the camel's body - the body being the campaign expenditures.

ASSEMBLYMAN KEOGH-DWYER: I am referring to the fact that this affidavit suggestion is--

MR. SHANAHAN: Oh, I see, yes. On that affidavit I would suggest that be looked into at any rate. If the Committee felt it was not necessary, I would leave it up to their discretion.

ASSEMBLYMAN KEOGH-DWYER: Apparently you agree with what I said originally, that there should be ceilings listed here so somebody couldn't spend \$1 million.

MR. SHANAHAN: We feel that the ceilings are just an added tool in the enforcement, that's all. There is no need to let them go.

ASSEMBLYMAN KEOGH-DWYER: Thank you very much.

ASSEMBLYMAN DICKEY: Thank you very much.  
Does anyone else wish to testify?

If not, I will close the public hearing on Senate bill number 1124. Thank you very much.

(Hearing Concluded)

STATEMENT BEFORE PUBLIC HEARING ON SENATE BILL NO. 1124  
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I am vehemently opposed to this type of legislation because it is cumbersome, unworkable, an administrative nightmare and will dry up all campaign funds and is so designed that it will enable only candidates of wealth to run for public office, a proposition I find abhorrent to our democratic system of government. This Bill, if enacted, will do nothing to rid us of the crooked politician. It will only deprive the dedicated, honest public servant a source of funds in which to tell his story to the electorate.

I oppose this piece of legislation for the following reasons:

1. This piece of legislation as presently constituted is nothing more than an attempt to elect to public office those of means. I can assure this Committee that the campaign contributions will slow to a trickle and the effect of this kind of legislation will be to emasculate the two party system as we know it today. Any political fund raiser, or any candidate for that matter, who has ever been involved in campaigns knows the difficulty of raising funds. I am sure the members of this Committee know that problem as well as every member of the State Legislature. If a campaign contributor is to have his name, address, etc. plastered all over the public media as having contributed to the candidate or party of his choice, this form of notoriety will insure there will be no contributions of \$100 or more.

2. Two Party System

The people in New Jersey want and should have a vibrant, aggressive two party system in order that they may make a choice as to the best representatives to the State, County and local governing bodies. In my opinion, the provisions of this legislation will destroy this two party system which we all want and need.

From all sources that I have spoken to on both sides of the aisle there is unanimity that this Bill will seriously, and by seriously I mean could bring campaign contributions down to 1/2 or perhaps 1/4 of what they are now. How do the sponsors of this legislation expect the people of this State to choose a candidate unless they know where he stands? How do the sponsors of this legislation expect a candidate to get his message to his constituency unless he can publicize through the mass media his position for or against the issues of the day? I submit that unless the mass media is prepared to provide a free public form that this will be impossible or at best the candidates exposure will be very minimal.

### 3. Administrative Nightmare

I submit that this Bill is an absolute and total administrative nightmare. I notice where the Bill calls for a sum of \$50,000 to administer the law. I feel the sum should be more like \$500,000 or better. There are well over 500 communities in the State of New Jersey that hold municipal elections as well as School Board elections. All fund raising for these candidates of \$100 or more must be reported and I can visualize a dearth of paper work that could go as high as 3000 reports on municipal and School Board elections alone; and that does not take into consideration primary, general and special elections which could surely add another 1000 forms to be reported. One only has to add to that the 120 contested seats of the Legislature this year plus we must not forget any public questions or referendum must also be reported as well.

For example, I can visualize where a State-wide non-profit organization such as the New Jersey Jaycees might take a position on a public question where they would have to file an election report separately for all 225 chapters.

This is also true of the League of Women Voters and other organizations of this type.

In conclusion, this sort of thing is just out of the question and absolutely ridiculous and will do nothing to eliminate the evils of the crooked politician.

I would like to take this opportunity of outlining a few provisions in this legislation which I feel add to my previous statement. They are as follows:

Section 6 Lines 72 through 77

It would seem to me that the Commission through its legal counsel if given this authorization would be subjected to a great deal of controversy depending upon the party to which legal counsel is a member. For example, if the Commission should split 2-2 on a particular question and the legal counsel being a Republican could render an advisory opinion that could be questioned by a Democratic candidate. I think this should be clarified.

Section 7 Line 11

Does the word "loans" mean what happens in the case of a loan by a family? I think this should be clarified.

Section 7 Lines 40 through 50

I think this will be unworkable and that the campaign treasurer would be in great jeopardy if he made an honest error in the heat of a campaign after preparing and filing his papers. The word "knowingly" it would seem to make it very, very difficult to administer.

Section 8 Line 20

This states a candidate may serve as his own campaign treasurer. This should be stricken from the Bill, I believe, because the crooked candidate would love this and I do not think this is the intent of the sponsors.

Section 12 Lines 29 through 30

Just would add more paper work and will prove absolutely nothing. Who is going to pay for the extra work of the County Clerk? The State?

These are but a few of my objections to the present Bill as now drawn. I have just tried to hit a few highlights which I think may be of interest to this Committee in an effort to show how nightmarish this piece of legislation is.

I submit that if this legislature wishes to go down in the history of this State and nation as having drawn an election law that will service the interests of the people than I offer the following suggestions for your enactment:

1. That the total expenses of election board workers in each district in a primary and general election should be reimbursed in full by the State of New Jersey;
2. That the mass media, particularly in this case newspapers, provide FREE advertising space for the candidates of the major parties standing for office for a 45-day period prior to election; for example, it may be the newspapers could provide a half page or full page per week to be used by the candidate in whatever way he felt necessary. His only expense would be for layout, etc.;

3. That the television and radio stations within the State could provide free T.V. and radio advertising; for example, perhaps one minute of spot announcement per week to be allocated as a candidate so desires with the only cost being arrangement costs.

After you have enacted this type of legislation then I submit that Senate Bill No. 1124 in its entirety could be made a part of this. To do anything other than this would be serious and, in my opinion, a flagrant abuse of the democratic process as we know it today and would revert to candidates of the wealthy and privileged, and large corporations that existed in the early 1800's, when legislators were owned by the special interests. I hope that we do not revert back to this unhappy part of the past.

I respectfully submit that this Bill be returned to Committee for further study along the lines which I have suggested.

Jerome U. Burke

50 River Edge Drive  
Little Silver, New Jersey

VICE CHAIRMAN OF THE DEMOCRATIC STATE COMMITTEE  
BEFORE THE ASSEMBLY COMMITTEE HEADED BY ASSEMBLYMAN  
DICKEY, ON SENATE BILLS #615 AND #1124  
TUESDAY, FEBRUARY 6, 1973

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The miasma that clouds the area of campaign fund raising is worse than that which lies over the turnpike on a foggy day. This bill makes a good start toward letting some sun and air into the New Jersey politics.

The public is so distrustful of politicians that great advantage can occur to those who support any effort for reform. The citizens are becoming aware of the fact that they are paying hidden taxes as a result of the kind of financing that has been common practice. Every time there is a kick-back to a contractor who received a contract from the State, the contract is larger, more tax money is spent, and the public pays and pays. Lincoln Steffens said many years ago that behind every public official who has become corrupted stand many business men. The ultimate cost always accrues to the consumer. No consumer effort will have any meaning until the way that politics is financed is changed.

Full disclosure is a good beginning, but any money spent in a campaign, no matter when it was raised, must be reported. Special committees should not be allowed to collect funds before a certain date, such as the committee to "Re-elect the President." These funds should have been reported, and the expenditures such as for the Watergate espionage operation should have been disclosed. If this had been required no such operation could have taken place. No citizen is safe in his home or his place of business as long as this kind of operation can take place.

Another omission in the bill is a lack of limit on campaign spending. There are many excellent potential candidates for any office who cannot enter politics because they have no funds of their own. If they run against a candidate with private means they cannot win. The Federal Bill places limits on the amount of personal funds that can be spent and also on the amount spent in media advertising.

This is a very serious omission in terms of women candidates. It is both my responsibility and my interest to find and encourage women candidates. It is difficult to raise funds for any campaign, it is nearly impossible to raise funds for women candidates.

Finally, many politicians fear that such a bill as this would cut campaign contributions. It would diminish the kind that should not be made. The kind that informed citizens would not want made, knowing that in the end they pay them out of their own pockets. I have been involved in several campaigns funded by small, individual contributions. I raised over \$200,000 in Mercer County alone in 1968. The McGovern campaign raised about \$35 million from nearly a million contributors. I helped open those envelopes: I read the letters that went with the. When citizens feel they can trust a politician they will open up their pocketbook. It is a sounder basis for continuing political fund raising than kick-backs. I feel the relative responsibility of the politician who accepts such a contribution is less than the responsibility of the business man who offers it, but the public does not. In the public mind the word politician has connotations of corruption, and we must change that. This bill is first and most important step toward convincing the public that their public servants and that government can be trusted. No human relationship can work without trust. Let us show the citizens of New Jersey that their government can be trusted.



# LEAGUE OF WOMEN VOTERS OF NEW JERSEY

460 BLOOMFIELD AVENUE, MONTCLAIR, NEW JERSEY 07042 TELEPHONE 746-1465 AREA CODE 201

TESTIMONY IN SUPPORT OF SENATE BILL 1124 Sa.Sa.

"THE NEW JERSEY CAMPAIGN CONTRIBUTIONS AND EXPENDITURES REPORTING ACT"

by Ann E. Levine

a Director of the League of Women Voters of New Jersey

February 6, 1973

This bill concerns one part of the campaign funding problem. Its aim is public disclosure of the principal sources of political campaign funds and expenditures in order to:

1. discourage improperly motivated contributors;
2. inhibit conduct by officeholders that would unduly favor contributors;
3. provide voters with knowledge helpful in deciding for whom to vote.

Another effect passage of this law will have is to provide information now lacking in New Jersey about what political campaigns cost, where the money comes from, and what the money is spent on. With this information we can proceed to the more difficult questions of spending limits on campaigns, limiting or prohibiting contributions from particular sources, or providing public financing of political campaigns. To enact legislation in any of these areas now would be shooting in the dark.

We think passage and proper implementation of this law will have a good impact on public trust in the political process. We are all, of course, concerned about corruption. In a survey taken last year by the National Public Affairs Center for Television, 87% of those polled attributed "bad" motives to political giving. We do not agree. We feel the majority of the half million elected officials in this country are honestly never unduly influenced by their contributors. This law is exactly the kind of law that works to build public confidence in the integrity of the election process. Giving money to political campaigns ought to be as honorable a civic duty as voting.

The fact that ingenious ways of evading the law may be devised is a poor excuse for not passing this bill. Reassessment and improvements can follow in future legislative sessions. As it stands, the bill does provide an effective enforcement mechanism now lacking, adequate penalties for violations, and, more important, the timely information that advance reporting and publicity requirements will give the voters. We think voters are rightly as interested in who is supporting a candidate as in what his stands on issues are.

We believe that substantial campaign contributors have no claim to privacy that outweighs the public's right to know.<sup>1</sup> Our ballot is secret, of course, but when we pay to influence the votes of others, we shouldn't object to revealing our names. No one, after all,  
(more)

seriously questions laws requiring that handbills or political advertisements show who is paying for them.

Fears of some candidates that the proposed law may cut off some sources of money may be well founded. The question is not whether less money will be available, but whether a candidate will take contributions from questionable sources or from those who are ashamed to be associated with him in public while courting his favor in private.

There is a feeling that many large donors do not wish to be identified. It may have been embarrassing for some donors in last year's Democratic Primary to find their names published on the lists of several of the Presidential hopefuls. The fear that there could be economic reprisals does seem a bit farfetched. It would be difficult to prove that the demise of the T.V. show Bonanza is in any way traceable to the \$2,500 contribution Lorne Greene made to the Humphrey campaign. And, despite the financial aid given over the years to Republican and Conservative candidates by Mrs. Joan Payson, her New York Mets continue to fill Shea Stadium with loyal fans of all political persuasion.

We would vigorously oppose changing the minimum reportable amount from \$100 to a higher figure. The Election Law Revision Commission originally recommended a \$25 figure. This was raised to \$50 when the bill was first introduced and amended to \$100 in the Senate. Any further increase would fatally weaken the bill, providing only an illusion of control.

Raising the minimum reportable amount to \$500, as has been suggested, would mean that a significant number of major campaign contributors to local, county and state legislative campaigns would go unreported. This is not just our estimate. We consulted Mr. Herbert Alexander, Director of the Citizens Research Foundation and the most knowledgeable person in the country on this subject, who thought such a change in the proposed legislation would be outrageous, providing no kind of disclosure at all. As far as he knew, only two states (California and Kentucky) set such a high minimum reportable amount.

There is little doubt that campaign fund disclosure will be an issue this year. The ground rules that would be in effect if this bill becomes law are preferable to those presently on the books. If the present law were to be conscientiously followed, all candidates would have to reveal the sources and amounts of all contributions, regardless of amount, or else take advantage of loopholes by setting up special committees -- a procedure which we guarantee will subject them to severe public criticism.

Declared intentions of candidates to reveal names of contributors voluntarily leave them free to do so in their own time and manner. To be fair and meaningful, it would be

better to have everyone operating under the same ground rules, as this proposed legislation would provide.

We ask that you report this bill, unamended, and promptly, to the full Assembly.

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<sup>1</sup> The legal arguments involved here are discussed by Professor Albert J. Rosenthal, Columbia Law School, in Federal Regulation of Campaign Finance: Some Constitutional Questions, published by the Citizens Research Foundation, 1972. He says (p. 49), "... the values enhanced by disclosure appear to outweigh the inhibitory effect of disclosure upon what are likely to be a small number of potential contributors in a narrow range of situations."

Statement before the Judiciary Committee

of the

New Jersey General Assembly

on Senate Bill No. 1124

(Campaign Disclosure Act)

By

Francis A. Forst

Normally when appearing before a committee constituted by the Legislature, I begin by saying its a pleasure to be here and thank the committee for the opportunity to present my views. However, it is not so, this time. Frankly, I am of the opinion this Hearing is not necessary.

The purpose of a public hearing is to provide the general citizenry their chance to express themselves on legislation. In this case, however, it is difficult for me to see that anyone would be personally opposed to S-1124. Granted, we have heard and read public statements about how it requires a lot of records keeping and how, if someone wanted to, the law could be skirted.

First, I want to urge your reporting this bill out of committee and onto the floor for an early vote. The bill has already been watered down in the Senate and, if anything, it should be strengthened by reducing the \$100 figure for contributions back to \$25. Of course, this might take considerable thought and deliberation which would kill the bill. So, I'm urging its passage, as is. In fact, further deliberation must be looked upon by the public as a stall.

What have been the objections to the bill? Too much bookkeeping? Well, businesses are required to keep books. Labor unions are required to keep books. The small merchant, today, is required to maintain an extensive set of books for reporting and auditing taxes. Campaign fund raising and spending should be a matter of public record. And, if someone wants to raise funds in a campaign, then that person should be willing to keep track of those funds.

We have read statements to the effect that it will be "easy" for someone to avoid the law by listing contributions in many different names or, in the case of banquets, listing the purchases by individual ticket prices. Well, it is either "legitimate" or it is not! If a fund raiser accepts an amount in excess of the \$100 figure and then lists it in lesser amounts, that person would be in violation of the law.

Sure, he might get away with it. Certainly, it probably has been done before. But that person is a lawbreaker. And, if such a person is caught, the law should deal justice. We cannot legislate on the basis that some people might avoid the law. We must legislate and require people to obey. We must even set a moral tone of responsibility. And that's what is at issue, here.

S-1124 should be adopted and become law because the people are fed up with the immorality surrounding campaign funds and the cynicism and hypocrisy concerning the campaigning and voting process. Just a little more than three years ago, the legislature repealed, retroactively, a campaign spending law because there was some question as to whether Governor Cahill could take office since he was being sued for having violated the law. As best I recall it, the suit was to prevent his being inaugurated because he allegedly spent more than the law allowed.

Since that time, there have been a large number of convictions of public officials on kick-backs to political funds for favors received. We have just gone through a national scandal over the transmittal of campaign funds for favors and, apparently, for political espionage. The people are fed up. They expect you to do something about it.

The people want S-1124 because they want to know who is giving more to elect whom. A \$100 bill is not an amount a working man might hand a politician. It is more like an amount a businessman or contractor might use for the purpose of influencing a vote. If that's its purpose, we'd be better off if the money did not exchange hands. If that's not the reason, then why should anyone be afraid

to have the name and amount published?

We've heard it said that a Republican might not contribute to a Democrat or vice-versa, if it has to be made public. Not so! First, the amount would have to be in excess of \$100. People don't just walk around handing out more than \$100 without a reason. So the Republican probably thinks the Democratic Candidate is a good man. Or the Republican is a friend of the Democrat. Maybe the candidate is an incumbent and has built a good record. The individual donor would have no problem explaining such a contribution.

But - and this is the whole point - if the donor is seeking favor or if the recipient is granting favors to large contributors, then the public should know. In either instance, they may be warranted. But in both instances, the public should have the information and right to judge.

The average citizen does not make campaign contributions. I would venture a guess that most large contributions come from a small segment of the population. The people want to know from whom, to whom, and, if suspect, why.

They also want to know how much is spent, where it is spent, and who might be spending more than the office seems to be worth.

In some instances, contributors even want some assurances that what they contribute goes for the purpose the money is solicited.

As a candidate, I have already indicated that I intend to maintain complete records on every dime I receive or spend. I don't want contributions in large amounts from those who would seek to influence me. Rather, I would make it clear that those contributing to my candidacy must do so on the basis of what I stand for and what my programs and platform are. And if they want to hide, they'll have to go somewhere else because I will publish the names and amounts of all contributions.

As people who hold elective public office, you should do the same. You should be the first to want Senate Bill 1124. I strongly urge its passage.



common cause

TESTIMONY PREPARED FOR DELIVERY BEFORE JUDICIARY COMMITTEE, NEW JERSEY STATE ASSEMBLY, FEBRUARY 6, 1973.

My name is Lewis S. Ripps. I reside at 734 Avenue C, Bayonne. I am Legislative Affairs Chairman of New Jersey Common Cause. Common Cause is a 200,000 member national citizens lobby that counts between 9,000 and 10,000 New Jersey residents in its membership.

I guess the words of Thoreau best express why we are here. He said, "Let everyman make known what kind of government would command his respect and that would be one step toward obtaining it."

Specifically, we are appearing here this day to advocate the immediate release by the New Jersey State Assembly Judiciary Committee of Senate Bill S 1124, The New Jersey Campaign Contribution and Expenditures Reporting Act. As you are aware the bill now being considered by this Committee passed the New Jersey State Senate in December, 1972, by a vote of 31-0.

We are quite certain that members of the General Assembly are familiar with the contents of this legislation and are prepared to vote on it as adopted by the Senate. We are confident that if the Judiciary Committee releases this bill and allows their fellow Assemblymen to demonstrate the courage of their convictions by an open and recorded vote in the General Assembly it will be adopted by a wide margin.

The primary elements of this bill are as follows.

1. It applies to any primary, general, special, municipal or school election for any office of this state or political subdivision thereof--- in any primary election for delegates and alternates to the national convention of a political party-- and in any election at which a public question is

to be voted upon.

2. It establishes a four member Election Law Enforcement Commission to be appointed by the Governor with the advice and consent of the New Jersey Senate. These Commission members are to serve without salary. The Commission shall appoint a full-time executive director and a legal counsel and such other employees as necessary to carry out the purposes of this act.

Among other things the Commission will ascertain whether provisions of this act are being complied with or violated-- will hold public hearings, investigate allegations of violations-- issue subpoenas for the production of documents and the attendance of witnesses-- forward violations of this act to the Attorney-General-- render advisory opinions as to whether a given set of facts constitute a violation of this act-- consent or fail to consent to a certificate of election for any candidate whose election is subject to the provisions of this act-- hold public hearings upon receiving evidence of violations of Section 17 of this act and assess penalties up to \$3,000. as prescribed under Section 18a.

3. The act requires that each State, County, and Municipal Committee of a political party and each political committee make full reports of all moneys, loans, paid personal services, or other things of value contributed to it and all expenditures made, incurred, or authorized by it in the furtherance of the nomination, election, or defeat of any candidate or in the aid of the passage or defeat of any public question. These reports must disclose the sources, by name and address, of contributions in excess of \$100. and the names and addresses of each person, firm, or organization to whom expenditures have been paid, and the amount and purpose of each expenditure. These reports are to be filed at the times designated by other provisions of this act.

Should the Assembly adopt this legislation?-- because New Jersey is so lacking in this needed, enforceable election reform!

It appears that New Jersey has been deliberately bumbling along with a

weak, ineffectual, and unenforced statute that apparently encourages evasion and violation. We find that eight members of the present legislature have failed to comply with the existing statute and we are unaware of any penalty being assessed against them for their violation.

Money has begun to dominate the American political scene and is creating an air of ruthlessness and corruption. It has led to such a tremendous public distrust of those who seek and hold public office in New Jersey that passage of this act is essential to restore some measure of trust and confidence by the people of New Jersey for those who are elected or selected to serve. Is there any need for New Jersey Common Cause to recall for your attention the scores of indictments of public officials that have led to convictions during the past three or four years? Do you want us to list the names of Councilmen, Mayors, Freeholders, members of the New Jersey Legislature, Secretaries of State, Congressman - should we tell you about the City and County Engineers, the members of various semi-autonomous and autonomous agencies - should we recount for you the members of law enforcement agencies such as County Police, Corporation or City Counsels, Sheriff's Officers - all of whom have contributed to the tremendous distrust New Jersey citizens have come to feel for even those many honest and dedicated public officials who merit the trust and confidence of the citizenry - but lack it because the State is slow to enact legislative reforms that will restore the confidence of people in the houses of government and root out the corrupt and expose the corrupters.

Might I respectfully suggest you read the February 4, 1973, edition of the Sunday Star-Ledger which details the story of a so-called \$15,000. political contribution by a New Jersey builder to a former Gloucester Township Committeeman who was convicted of extorting a political contribution. The former Mayor of Gloucester Township and his successor pleaded guilty to Federal extortion charges rising out of the same incident. Despite this conviction and guilty plea, according to the Star-Ledger, the attorney

who counseled the builder to make this contribution in cash claims that the \$15,000. "was not discussed in the idiom of a bribe or extortion. It was a practical not an ethical problem. Purely politics." Not an ethical problem. We suggest that the problem is that this sort of corruption and corrupting influence is so widespread and accepted that some of those who govern and seek the favor of government are hard put to distinguish between the ethics of the office of government and the illegality of their own acts.

The very fact that people who would solicit such contributions or would make them are made aware of the requirement of disclosure called for in S1124, is sufficient reason to expect that the number of such corrupt practices will significantly diminish.

The suggestion that the disclosure requirement of contributions in excess of \$100 will dry up contributions is not supported by the facts. Of the 41 states having disclosure laws, 39 of them require disclosure of contributions in excess of \$100. To the best of our knowledge, none of those states have amended their laws to disclosure levels higher than in excess of \$100. The Federal law also requires disclosure of contributions exceeding \$100. This did not seem to hamper the President's efforts in attracting a reported 46 million dollars to his campaign. His opponent, whose resounding defeat was so accurately and widely predicted in the polls, managed to raise almost as much money as the two major party candidates raised in 1968 despite public disclosure.

We really do not foresee any difficulty in the ability of candidates for public office to prepare and file the reports required by this act. If a candidate cannot handle this relatively simple bookkeeping requirement, then he or she ought not to seek a public office that will require their accountability for the expenditures of millions of dollars of taxpayers money.

We believe this bill will equalize the opportunity to gain public office. The threat of disclosure in excess of \$100 reduces the number of contributors

to a campaign it will more than likely effect the wealthy or easily corrupted office seeker. The honest candidate will have no need to concern himself with disclosure and the less affluent have little access to a significant number of larger than \$100 gifts.

Although many candidates for public office cannot be "bought" at any price the public has a right to determine if there is a cause and effect relationship - a quid pro quo - between the actions of a public official in regard to a matter that his or her sources of campaign contributions have an interest in.

John C. Calhoun said "The very essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party."

To every member of this committee and the New Jersey Legislature, we would like to suggest that you consider the New Jersey Campaign Contributions and Expenditures Reporting Act an opportunity to restore public trust in the government and a benefit to the people of this state.

Seize this opportunity. Release this bill from your Committee this day without any debilitating amendment. Make timely its effectiveness for this year's municipal, primary and general elections by making operative the reporting requirements of Section 7 and 12 of the act within 30 days after the effective date.

The people of New Jersey are carefully watching the actions of this committee. They are hopeful. Please do not disappoint them. Thank you.

For additional information, please contact:  
Lewis S. Ripps, 734 Avenue C, Bayonne, N.J. 07002  
Office phone: 201-339-0855  
Residence phone: 201-339-4685

February 6, 1973

STATEMENT IN SUPPORT OF S.1124  
"THE NEW JERSEY CAMPAIGN CONTRIBUTIONS AND EXPENDITURES REPORTING ACT"

By Christopher J. Burke  
Research Coordinator  
New Jersey Public Interest  
Research Group

The New Jersey Public Interest Research Group is a non-profit, non-partisan student corporation, funded by activities fees from over 25,000 college students on nine New Jersey campuses. The New Jersey Legislature endorsed the New Jersey Public Interest Research Group last spring by unanimously passing Concurrent Resolution #54.

According to New Jersey Public Interest Research Group's charter, among the purposes for which the group is organized are "to make available to the public at all times a full and fair exposition of the pertinent facts and results of non-partisan analysis, study and research so that citizens may form independent conclusions beneficial to the community and general welfare of the people of the State of New Jersey."

The legislation under consideration here today, S1124 is of fundamental importance not only to the purposes of the New Jersey Public Interest Research Group but also to the functioning of a true democracy. Only through centralized, uniform, and effectively enforced public reporting of campaign income and expenses will the public be granted its inherent right in a democracy to know not only how a candidate stands on the issues but also who supports him and how he spends his campaign income.

We can look at the embarrassing results of the last gubernatorial election for evidence of the problem of campaign funding. In the 1969 campaign, the two leading candidates spent about \$600,000 on network broadcasting alone, (T.E.T. 11/5/69) according to the Trenton Evening Times. Each candidate surpassed the \$100,000 legal limit severalfold. When one of the defeated candidates, John D. Alvino, sued to void the election, the New Jersey Legislature compromised the integrity of the law by

repealing the spending limits, R.S. 19:39-1 and 19:39-2, retroactive to the election. In the court decision which voided Alvino's suit, Judge Kingfield urged a new law without any spending limitation, one that would require candidates to disclose the names of all contributors and the amounts they give (T.E.T. 12/24/69).

Indeed, the Legislature's own Election Law Revision Committee has recommended, in the Kimmelman Report, that cost ceilings on election campaigns be eliminated and that "full disclosure requirements are a better means of preventing excesses and abuses. If there were full public disclosure and publication of all campaign contributions and expenditures during a campaign the voters could better judge whether a candidate has spent too much." The Report further states, "that effective enforcement of a disclosure law requires the responsibility for enforcement to be centered within one agency rather than diffused through many agencies now involved in the reporting process."

This bill would do just that; set up an effective enforcement agency empowered to check for full compliance with the law, thereby minimizing violations.

In the final analysis, campaign disclosure will not directly limit the size or sources of a candidate's campaign expenditures and contributions. However, there is evidence to show that people do not take kindly to one candidate for outspending his opponent. This occurred in 1970 when Senator Williams spent roughly one-half of what loser, Republican Nelson Gross spent. It is of course hard to determine the real effect of that election's campaign financing on the results. In the recently concluded presidential campaign one candidate far outspent his opponent seemingly with no adverse effect on his victory.

The proposed law would focus on these inequities, not eliminate them; it would let the final decision rest where it should: with the people.

S.1124 would not even eliminate extortion, bribery and kickbacks. Legislation to eliminate these evils can wait for a future legislative session. However, purchase of political influence through campaign contributions is legal, and this modest step of opening the problem to public scrutiny is necessary.

By passing this bill, this Legislature will be entrusting to the people the final decision of whether or not a candidate has spent or received campaign monies properly.

In these days of increasing governmental power and responsibility and the frequent public disillusionment and apathy that plagues our democracy, entrusting such a decision to the voters is certain to reaffirm the public's commitment to our government. Working in daily contact with New Jersey college students of every political persuasion and economic background I am all too well aware of this apathy and distrust that threatens the very future of our system.

Therefore, in order to instill greater public confidence in our state government, encourage good citizenship, discourage improper use of campaign funds, and allow for a more open truly democratic political process, we members of the New Jersey Public Interest Research Group urge you to report this bill unamended and immediately to the full Assembly.

## **SOUTH HUNTERDON TAXPAYERS' ASSOCIATION**

P. O. BOX 93 - LAMBERTVILLE N. J. 08530

1970-1971

JOSEPH F. SHANAHAN, Chairman  
EDWARD CARMODY, Vice-Chairman  
MRS. DONALD EDWARDS, Treasurer  
JOSEPH CARTER, Secretary

5 February 1973

### STATEMENT TO STATE ASSEMBLY JOINT SELECT COMMITTEE

Mr. Chairman, Members of the Committee: I am Joseph F. Shanahan of Lambertville, N.J. representing the South Hunterdon Taxpayers Association- a non partisan organization. We are delighted to have this opportunity to address you gentlemen and state our opinions on this very important matter of election campaign contributions, in behalf of our own interests. We have no other reason for being here.

We believe that the time is long overdue for taxpayer groups such as our own to make known our opinions on political matters of a non partisan nature - that is, on questions such as; re-districting the legislature, ( which we believe should be by single-member districts only) conflicts of interest and election campaign spending. All of these go to the heart of the matter of whether we get the most for our tax dollar. If the legislative districts are unnecessarily large, if the rules against conflict of interests in public officers ambiguous and if the controls over election campaign contributions incomplete or inadequate then the responsiveness of those elected officials to their respective constituents may tend to become minimal to the detriment of the tax-paying public.

We have one basic objection to and two suggestions for this bill as it now stands. Our objection is that it omits fixed campaign ceilings. We have read the reasons for this as stated by the Revision Commission on page 3 of their Sept.1,1970 report and we are not convinced. The report states, " These ceilings have not had the intended

effects. Instead, they have led to evasions, secret manipulations and outright but unpenalized violations. Expenditures in fact have neither been limited nor disclosed." The report then quotes the Committee for Economic Development in part, " The inability to enforce ceilings on total contributions and outlays has led many political authorities to call for their repeal."

In our opinion the above phrase " The inability to enforce.." should really say, " The unwillingness to enforce.." And why should a campaign disclosure law be enforced - if a campaign ceilings one couldnt be? We agree with the Feb. 23,1971 article of Franklin Gregory in the Newark Star Ledger, when in reference to this very subject he asked the rhetorical question, " Because politicians refuse to obey a law, is that sufficient reason to repeal the law?" To that, we say no.. Keep the ceilings in. It's only another handy tool in enforcing a law against illegal contributions.

The two suggestions we offer bear on the mechanics of enforcement of the bill as it now stands,

1. On page 10 line 14 the sentence reads, " The campaign treasurer and the candidate shall certify the correctness of the report." We suggest the addition of the words "by affidavit" after "certify". This might avoid any possible ambiguity since on the opposite page (11) line 34 mention is made of filing a "sworn statement".

2. On page 14, lines 7-10 it states, " No person shall contribute,.... any funds or property not actually belonging to him and in his full custody and control..." We suggest that the committee look into the possibility of omitting the words," and in his full custody and control ", since it appears to limit the quality of ownership in such a case,

In conclusion I would like to thank you for your courtesy in hearing this statement and I hope you will give our objection your serious consideration and accept this in the spirit of cooperation in which it is offered.

THE EAGLETON INSTITUTE OF POLITICS  
*Wood Lawn, Neilson Campus*  
*New Brunswick, New Jersey 08901*  
*Tel. 201-828-2210*

February 2, 1973

The Honorable William K. Dickey  
State Capitol  
Trenton, New Jersey

Dear Assemblyman Dickey:

I greatly appreciate your kindness in accepting written comments concerning Senate Bill 1124 (Second Official Copy Reprint), and I write you to give my unqualified endorsement to that bill and with the hope that the Assembly, after due and proper consideration, will pass it.

As you may know, I have been a member of the Election Law Revision Commission since 1964 and had the honor of serving as its Chairman from 1967-1969. Governor Cahill appointed me as a member of the present Commission in 1970. Prior to that, I served as the staff director of President Kennedy's Presidential Commission on Registration and Voting Participation in 1963-64, and I presently serve as a member of the National Municipal League's Commission on Electoral Reform. The reform of our electoral system has been a long-time professional commitment of mine.

It seems to me that the Senate Bill No. 1124 gives the legislature of New Jersey an opportunity to pioneer a new, innovative concept in the regulation of campaign financing.

Study after study has demonstrated that the American people are growing increasingly cynical and skeptical about our political institutions. In my judgement, this is producing a serious alienation among our citizens. At the heart of this malaise lies the whole matter of campaign financing. Senate Bill 1124 is a serious attempt to effect a needed change in the method of approaching campaign spending. It is admittedly a tough bill, but it represents an honest effort to make campaign finance open and above board. Its present disclosure features will ensure that the citizens

The Honorable William K. Dickey

February 2, 1973

of New Jersey will be able to make judgements about the sources of a candidate's funds. Its novel Enforcement Commission represents the first time any state has taken the bold step of addressing itself to proper, fair and full enforcement.

As someone who has a profound belief in the integrity of the legislative process, I urge your committee to take favorable action on S1124 and hope that the Assembly will then promptly enact it.

Sincerely,

*Donald G. Herzberg*  
Donald G. Herzberg  
Executive Director

DGH/es

STATEMENT OF JOHN PAUL DOYLE BEFORE THE  
ASSEMBLY JUDICIARY COMMITTEE REGARDING  
CAMPAIGN DISCLOSURE ACT.

I appear here today to register my support for the campaign disclosure act. I do this not only as a member and vice-chairman of the Election Law Revision Commission, which has recommended this legislation. I do it also as one who has been a municipal chairman of my political party, as well as a campaign manager and campaign worker.

Presently, our State is without any disclosure act or any limitation of financing act. We are the only State that does not have one or the other provision in its laws. This gaping hole leaves the State of New Jersey as the one most derelict in the regulation of elections. Surely we cannot allow this situation to continue any longer.

The public has an extremely important right, which must be protected. It is the right to expect an operation of government that is truly for the people, and not the special interest. A government cannot be for the people if our decision makers assume their positions of power through the contributions of people whose names and the amounts of their donations are not known. The secrecy of such contributions strikes at the very heart of our system. There can be no denying that we have had too many examples in the recent past of governmental officials voting or acting in a way that is directly related to the sources and amounts of political contributions. The people must know these sources and these amounts before they go to the

polls. If they do not, they might as well be buying a "pig in the poke".

The only reasons that I have ever heard advanced against this act is that it would be an inconvenience upon the candidates and the political parties they represent, and further that it may eliminate certain sources of contributions. This reasoning falls when one considers that the system is not for the benefit of the politician that seeks office, but rather for the citizen that wishes to see this democracy run correctly. It is not too much a price to ask of the campaign manager, a candidate or a political party, that they make that additional effort to prepare the necessary forms that this act calls for. It is not too much to ask of a person that if he is willing to make some contribution which is in excess of \$100.00, that the public have a right to know that that contribution is being made. I realize from my own experience that there will be some extra effort. I further realize that there may be a contributor that will not wish to contribute if disclosure of his donation is to be made. These, however, are problems for the candidate. Because the candidate has a particular problem does not mean that the idea of this disclosure act is wrong. Perhaps it means exactly the reverse.

It has been said that this bill is abominable. The only thing about this entire situation that seems abominable is that the Stat of New Jersey is without the act that is before this Committee today.

**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

February 1, 1973

Mrs. Gretta Kiernan  
62 Spring Street  
Harrington Park, New Jersey 07640

Dear Mrs. Kiernan:

I appreciate your having contacted my district office relative to campaign disclosure legislation pending in the New Jersey State Assembly Judiciary Committee.

As my secretary explained to you, there is insufficient time to prepare testimony due to various factors, one of which is that several of my staff are ill with the flu. However, I share your goal and that of the League of Women Voters.

Having gone through last year's campaign with the new Federal campaign disclosure law operating, I did not find that people do not contribute because their names would be reported. The Federal law is quite appropriate and did not deter from my conducting a fair campaign and raising funds, as in past elections. The only adverse factor that I found was that there is a great amount of paperwork involved, which is time consuming. Outside of this, I did not find that the Federal campaign disclosure law substantially affected the contributions I received.

With all best wishes, I am

Sincerely yours,



HENRY HELSTOSKI  
Member of Congress

HH/rldjm