

“Get the ‘Little Man’ to Do His Share in National Campaigns”: Debates over Campaign Finance Reform, 1961-1974

Takahito Moriyama

Introduction

“Raising campaign funds has been a pressing difficulty for generations, but it assumed new dimensions,” said Alexander Heard, political scientist who served as chairman of the President’s Commission on Campaign Costs in 1963. Both major political parties spent larger amounts of money than ever for political campaigns in the early 1960s, and the budgets continuously grew throughout the decade. Among the reasons for the mounting political costs was television advertising in the postwar years when a half-hour of prime-time TV was estimated to be more expensive than Lincoln’s total campaign in 1860. The increasing war chest resulted in political parties’ dependence on “fat cat money” provided by certain wealthy individuals and organizations. According to a report, 60 percent of the funds received by the Democratic National Committee (DNC) and the Republican National Committee (RNC) came from about 4,000 people. As Democrats and Republicans attempted to rake in big money through various methods, the intimate connections between political parties and money interests shortly attracted public criticism in the 1960s. “The burden of raising such sums weighs heavily on the political parties and the methods they use are often open to serious objections,” Heard added.¹

This study analyzes congressional debates over campaign finance mainly from the 1960s to the mid-1970s. The 1960s witnessed a series of proposed campaign finance reform bills. In response to several fundraising scandals, legislators and experts attempted to transform campaign finance laws,

1 Alexander Heard, “A New Approach to Campaign Finances,” *New York Times Magazine*, October 6, 1963, 244. For the observations on increasing campaign finance and big donors, see “Ike and Truman Join Bipartisan Fund Plea,” *New York Herald Tribune*, June 9, 1964, 22.

believing that big money would decay American democracy. While a coalition of public interest reformers tried to ease the danger of money corruption in electoral politics, their election reforms encountered partisan oppositions throughout the 1960s. Republicans sought to decrease Democrats' ability to collect political funds from wealthy donors. Liberal Democrats pursued new campaign reforms without undermining political activities of labor unions. Southern Democrats were warm to campaign reform unless the change would increase the influence of the federal government in primary elections and state organizations. Indeed, public support for campaign finance reform was not so sustainable to transform elections in the 1960s, but the congressional debates over money and politics laid the groundwork for campaign finance reforms in the first half of the 1970s, including the Federal Election Campaign Act (FECA) of 1971 and the Amendment to the FECA of 1974.

Scholarship has paid attention to discussions over campaign finance of the 1960s and early 1970s. Robert Mutch has stressed the central significance of scandals, particularly Watergate, in accelerating the reform movement. Yet, Julian Zelizer has focused on the role played by "the coalition of reformers," including experts, foundations, and philanthropists, in framing legal discussions. While touching on scandals revolving around political fundraising, Zelizer criticizes that Mutch dismissed a series of reform laws long before the Watergate scandal. Arguing against Zelizer's public interest model, Raymond La Raja has succinctly pointed out partisanship and factionalism in the congressional debates. La Raja makes his case that Congress passed campaign reform bills not when legislators were aware of public interest, but when partisanship between Democrats and Republicans or intraparty factionalism helped to push for the legislations. However, previous studies on campaign finance reform focus exclusively on Congress without investigating the impacts on grassroots social movements.²

This research explores the unintended consequences of the liberal

2 Robert E. Mutch, *Campaigns, Congress, and Courts: The Making of Federal Campaign Finance Law* (New York: Praeger, 1988); Robert E. Mutch, *Buying the Vote: A History of Campaign Finance Reform* (New York: Oxford University Press, 2014); Julian E. Zelizer, "Seeds of Cynicism: The Struggle over Campaign Finance, 1956-1974," *Journal of Policy History* 14, no. 1 (January 2002): 73-111; Raymond J. La Raja, *Small Change: Money, Political Parties, and Campaign Finance Reform* (Ann Arbor, MI: University of Michigan Press, 2008).

campaign reforms, while also examining the development of fundraising for small contributions over the years. The search for small funds and campaign finance reforms shared the tendency of candidate-centered election in American politics. During the 1960s, conservative candidates made efforts to tap individual contributions with little help from the mainstream of the Republican Party. On the other hand, the 1974 reforms were designed for the circumstances under which candidates, rather than political parties, controlled their campaigns.³ The “Democratic reforms” strengthened the regulatory power of the federal government in electioneering by establishing the Federal Election Commission, which conservative Republicans and Southern Democrats had resisted. However, the liberal Democrats’ reforms against big-monied interests ironically encouraged the financial and political power of conservatives who successfully collected small money from the mass since the 1960s. The campaign finance reforms demonstrated how liberals and conservatives intertwined with each other in an unintentional way. The 1970s was a period when conservatism came to national power in American politics. Some have chronicled the “ascendancy” of the Right over the years, and others have asserted that the rise of conservatism took place due to the crises of liberalism. Yet, the relationship between liberals and conservatives was more complex in the decade.⁴

I Controversies over Fundraising Campaigns

In the early 1960s, John F. Kennedy played a starring role in raising funds for the Democratic Party, which incurred an unprecedented debt of \$3 million during the 1960 campaign. Beginning with the inauguration eve gala in Washington, D.C., President Kennedy organized many events to contribute to his party’s coffers. Most of the events were \$100-a-plate dinners, a solicitation method that had begun back in the New Deal years. Through organizing the traditional fundraising parties, Kennedy helped to pour approximately \$10

3 Raymond J. La Raja, “Campaign Finance and Partisan Polarization in the United States Congress,” *Duke Journal of Constitutional Law & Public Policy* 9, no. 1 (2014): 223–58.

4 For the fragility of conservatism in its era of apparent victory, see Kim Phillips-Fein, “Conservatism: A State of the Field,” *Journal of American History* 98, no. 3 (December 2011): 739–42.

million to the party's treasury, which easily wiped out the \$3 million debt by the summer of 1963.⁵

Such remarkable fundraising campaigns sometimes came under attack. One of Kennedy's controversial solicitations was an invitation to the second inaugural anniversary on January 18, 1963. In the winter of 1962, federal government career employees received formal invitations to purchase \$100-a-plate tickets for a second inaugural salute dinner, which was sponsored by the DNC. In honor of President and Mrs. Kennedy and Vice President and Mrs. Johnson, the gala would be attended by stars of the stage and screen, including Carol Channing, Gene Kelly, Kirk Douglas, to name only the most notable celebrities. In this invitation, the DNC asked government employees for "the pleasure of your company," while making it clear that the money raised by the event would go to the campaign coffers of the DNC.⁶ This sort of solicitation lay in the gray zone of campaign finance laws. The 1939 Hatch Act prohibited federal employees from participating in any partisan activities, and the Civil Service System assured that the employees would be compensated and promoted on the basis of merit.⁷ Civil Service Commission officials noted that the invitation to the gala did not violate the Hatch Act so long as the letters were mailed to the employees' homes, not to government buildings nor at government expense. However, some government personnel officials questioned the ethics in such a practice to raise funds from government employees. When they got the letters from the DNC, some career employees complained that the invitations were "not-too-subtle pressure" on them to buy the \$100 tickets if they wanted to remain in the good graces of their bosses and hang on to their jobs or receive promotions.⁸

The DNC invitation ignited partisan debates between Democrats and Republicans. Shortly after newspapers had reported the fundraising event for the Democratic Party, Republican Senator John L. Williams, a prominent watchdog of Civil Service operations, directed the Senate's attention to the

5 "Kennedy as a Party Fund-Raiser," *San Francisco Chronicle*, August 6, 1963.

6 Joseph Young, "Federal Workers Charge Pressure on \$100 Tickets," *Washington Star*, November 6, 1962, A-1.

7 For the Hatch Act, see Shannon D. Azzaro, "The Hatch Act Modernization Act: Putting the Government Back in Politics," *Fordham Urban Law Journal* 42, no. 3 (March 2015): 781-839.

8 Young, "Federal Workers Charge Pressure on \$100 Tickets," A-1.

DNC solicitation. Claiming that federal government employees were being solicited in government buildings to buy the tickets, Williams pointed out that such a solicitation was “morally and legally wrong.”⁹ On their part, Democrats asserted that the solicitation never breached campaign finance laws. Senator Hubert H. Humphrey refuted Williams by making his case that solicitation of political funds from federal government employees was nothing new and “there is no evidence of coercion.”¹⁰

Even a few Democrats expressed concern over the invitation sent to federal employees. Representative Richard E. Lankford of Maryland sent a telegram to John W. Macy, head of the Civil Service Commission. Lankford mentioned in his message that the nonpartisan Federal Civil Service was essential to the proper functioning of the executive branch, adding, “It would be most unfortunate if this tradition were jeopardized as the result of over-zealous activity of a few individuals.” The gala invitation could be regarded as putting pressure or threats on government workers, which was unethical and undemocratic behavior, thus provoking some dissents in Democratic circles.¹¹ Government employees themselves also spoke out against the invitation to the Democratic celebration. John E. Durrett, an electronic engineer who had worked for the Veterans Administration for fourteen years, sent a letter to the DNC in which he rejected the invitation to the \$100 gala to protest what he considered a “politically inspired infringement on the career service” that was not conducive to confidence in the national leadership.¹²

Despite these criticisms and protests, the second inaugural anniversary was held at the Washington National Guard Armory on January 18, 1963. It successfully raised enormous funds for the Democratic Party. This event alone collected \$1 million overnight enough to wipe out the Democratic Party’s deficit of \$800,000, making the party solvent for the first time since 1952. The income flowed into the Democratic Party coffers from two events: a foodless gala at the Armory in which 4,000 or 5,000 guests paid \$100 to attend; and a dinner at the International Inn attended by 600 who paid \$1,000 each to join “the President’s Club.” At the dinner, President and Mrs. Kennedy showed up

9 “Demo ‘Shakedown’ Probe Asked,” *Indianapolis Star*, January 16, 1963.

10 Ibid.

11 Edward T. Folliard, “Party Denies Pressure in Ticket Sale,” *Washington Post*, January 16, 1963.

12 Jerry Kluttz, “Federal Aide Scorns Bid to \$100 Gala,” *Washington Post*, January 18, 1963.

in the center of the large ballroom with Vice President and Mrs. Johnson and other prominent Democrats. President Kennedy moved from table to table, visiting with such guests as New York Yankees center fielder Mickey Mantle and Charles Clark who lobbied for the Francisco Franco government of Spain. Using his dazzling personality in the spectacular fundraising events for the Democratic Party, Kennedy helped the DNC to attract big money during his presidency.¹³

II Drives for Small Money

As political parties were suffering from the increasing amount of television costs and astronomical debt by the early 1960s, a nonprofit group of experts including scholars, politicians, and philanthropists began to investigate campaign finance. In January 1958, William H. Vanderbilt, former Republican governor of Rhode Island, initiated the Committee on Campaign Contributions and Expenditures, which would be renamed the Citizens' Research Foundation. The organization was dedicated to studying political campaign costs and informing the public of campaign finance. When the foundation was established, there was no reliable information available about contributions and expenditures in political campaigns. With a special emphasis on disclosure, Vanderbilt appointed Herbert Alexander, who taught political science at Princeton University, to direct a research division of the foundation. Known as the "dean" of political finance and election reform studies, Alexander would direct the Citizens' Research Foundation for forty years, constructing a framework of campaign finance reform throughout the 1960s.¹⁴

At the White House, while collecting money through galas and dinner parties, JFK appointed a bipartisan commission to discuss measures for improving campaign finance. In 1961, Kennedy invited Alexander Heard into the executive branch to lead the President's Commission on Campaign Costs, and also assigned Herbert Alexander as Executive Director of the commission

13 Edward T. Folliard, "\$1 Million Salute Given to JFK!" *Boston Globe*, January 19, 1963, 1, 3.

14 For more on the Citizens' Research Foundation and Herbert Alexander, see for example Gloria Cornette, "Herbert E. Alexander," The Campaign Finance Institute. Accessed September 10, 2019. <http://cfinst.org/HerbertEAlexander/Bio.aspx>. See also Zelizer, "Seeds of Cynicism," 80-81.

in December. The political scientists in the commission crafted a unanimous report concerning the financing of the presidential election campaigns in April 1962. As a bipartisan project, the report was endorsed by DNC chairman John M. Bailey, RNC chairman William E. Miller, Harry S. Truman, Dwight D. Eisenhower, Adlai Stevenson, Thomas E. Dewey, and Richard Nixon.¹⁵ Heard's proposals included several matters on campaign finance. Although Kennedy supported a public funding program, the commission suggested small individual contributions as an alternative solution. Heard emphasized that presidential initiatives were essential to achieve several programs and changes, especially bipartisan fundraising activities and legislative reforms, to encourage more citizens to contribute to the party of their choice.¹⁶

The projects of the commission went through twists and turns. After Kennedy's assassination in November 1963, Lyndon Johnson took over the President's Commission on Campaign Costs. Yet President Johnson was initially uninterested in campaign finance reform. He cancelled a White House conference on political contribution and declined to resubmit Kennedy's reform proposals to Congress. Alexander left the administration to work again in the Citizens' Research Foundation, and efforts for campaign finance reform stagnated in the Johnson administration.¹⁷ However, by the time that the 1964 general election was about to begin, Johnson became more positive about dealing with campaign finance issues. "As I understand it, the basic point made by your Commission is that the broadest possible participation in fund-raising should be encouraged," Johnson said in his reply to Heard. Johnson considered swelling campaign finance a serious problem, saying that contributing money to politics was also "contributing to the health of our democracy."¹⁸

Johnson's words were not just lip service to campaign finance reformers. Based on the proposals by the Commission on Campaign Costs, Democrats and Republicans implemented a bipartisan fundraising campaign for the 1964

15 Alexander Heard to the President, June 24, 1964, White House Central Files, Lyndon B. Johnson Presidential Library (LBJL), Tex., box 110, folder: PL3 4_20_64 - 7_25_64.

16 Herbert E. Alexander to the President, February 6, 1964, White House Central Files, LBJL, box 110, folder: PL3 Fund Raising 11_22_63 - 4_19_64.

17 Zelizer, "Seeds of Cynicism," 81.

18 Lyndon B. Johnson to Alexander Heard, July 13, 1964, White House Central Files, LBJL, box 110, folder: PL3 4_20_64 - 7_25_64.

presidential election. The commission sponsored a White House Conference on Campaign Finance in the spring of the year. Alexander stated that the conference had three purposes: to alert the public by assembling representatives of the major parties, to focus attention on the responsibility of citizens to participate in the political system through contribution, and to encourage private groups, associations, unions, and corporations to undertake bipartisan campaign activities.¹⁹ As both parties shouldered the burden of mounting campaign finance, the president's commission announced a bipartisan fundraising drive in New York in June 1964. This was the latest effort in a series of attempts to help both the Democratic and Republican parties raise more money through small contributions from "average voters." Although many candidates for governor and senator had already made similar efforts, it was the first initiative beyond party lines. By enlarging the base of financial support for Democrats and Republicans alike, the bipartisan solicitation campaign aimed at making candidates more independent of large contributors.²⁰

It was the new technology of direct mail that the president's commission deployed to promote small funds from a larger number of contributors.²¹ Walter N. Thayer and Dan A. Kimball were the planners of the bipartisan fundraising drive. Both men were members of the President's Commission on Campaign Costs. Thayer was a Republican and president of the *New York Herald Tribune*, and Kimball was a Democrat and chairman of the Aero-Jet General Corp., and also former Secretary of the Navy under President Harry Truman. While each of them recruited five Democrats and Republicans respectively, Thayer and Kimball employed R. L. Polk & Co., a Detroit political consulting firm, which specialized in direct mail advertising, to handle the bipartisan solicitation campaign.²² Julian Haydon, vice president and assistant general manager of the Polk firm's marketing service division, suggested direct mail

19 Herbert E. Alexander to Jack Valenti, March 5, 1964, White House Central Files, LBJL, box 110, folder: PL3 Fund Raising 11_22_63 - 4_19_64.

20 Julius Duscha, "Parties Seek Small Gifts from Many," *Washington Post*, June 14, 1964, L3.

21 For the development of political direct mail in the post-World War II era, see Takahito Moriyama, "Conservatives on Madison Avenue: Political Advertising and Direct Marketing in the 1950s," *Nanzan Review of American Studies* 41 (December 2019), 3-25.

22 "2 Parties Plan Mail Appeal to Raise Campaign Funds," *Washington Evening Star*, June 9, 1964.

appeal to the president’s commission chairman Heard. Haydon remarked, “This is a noble effort to solve a problem that has nagged this country for decades—how to get the ‘little man’ to do his share in national campaigns,” estimating that the revenue from the direct mail solicitation could amount to \$45 million.²³ The commission accepted the scheme. Former Presidents Truman and Eisenhower signed the joint bipartisan mail appeal for contributions to finance the 1964 campaign. Plans called for direct mailings to be sent to 45 million voters beginning in September, asking the voters not only to give money to the party of their choice, but also to get out the vote.²⁴

However, the joint direct mail fundraising failed in 1964. “The bipartisan Dwight Eisenhower-Adlai Stevenson direct mail pitch for political campaign funds from average citizens has flopped,” a newspaper article reported in late September. Although the Polk firm did not reveal how much cash they collected through the direct mail drive, the advertising firm discontinued the fundraising campaign probably because the revenue fell short of their expectations.²⁵

Goldwater’s direct mail contrasted with the failed joint solicitation as it raised the great amount of funds during the 1964 election. The Goldwater campaign received \$5.8 million from 650,000 contributors by sending fifteen million letters. Many of the individual contributions were small such as \$1 or \$5. In the 1964 election, 28 percent of the Republicans’ income came from donations of \$500 or more, but such big contributions occupied 69 percent of the Democrats’ campaign finance. Congressional Quarterly, Inc. estimated that Republicans raised over 2 million by television campaigns, while their direct mail collected over 5 million, almost one third of the Goldwater’s war chest. A report of Congressional Quarterly, Inc. noted, “For the first time in national politics, direct mail and television appeals for funds proved fully successful.”²⁶

23 Chester Bulgier, “Polk & Co. Experiment to Ask Public to Share Cost of Politics,” *Detroit News*, June 10, 1964.

24 “Ike and Truman Join Bipartisan Fund Plea,” *New York Herald Tribune*, June 9, 1964, 1, 22.

25 James Robinson, “Ike-Adlai Campaign for Widely Based Party Gifts Flops,” *Washington Post*, September 24, 1964, B2.

26 Dan D. Nimmo, *The Political Persuaders: The Techniques of Modern Election Campaigns* (Englewood Cliffs, NJ: Prentice-Hall, 1970), 63-64; Congressional Quarterly Inc., “Campaign Spending Reports for 1964,” January 7, 1965, Democratic National Committee Collection, LBJL, box 4, folder: Campaign Fund Raising, Campaign Costs. General 1964.

There were several reasons why the bipartisan direct mail drive was less successful than the Goldwater campaign's solicitation. Partisanship was among the main differences. Several experts indicated the nature of political direct mail, blaming the bipartisan concept for the failure of the commission's solicitation. "People are just too partisan, at least in this election," a spokesperson commented.²⁷ Advertising operatives recognized the significance of partisanship and emotion in direct mail politics because aggressive messages were likely to attract public attention and encourage unconcerned voters to go to the polls. As the personalized medium, direct mail was suitable for provoking emotional reactions from individual voters and became immensely profitable when consultants used it to highlight ideological differences, rather than common problems shared by Democrats and Republicans. More importantly, the failure of the joint bipartisan fundraising suggested that successful direct mail campaigns might promote the schism between Democrats and Republicans, and liberals and conservatives, in American politics.

III Controversies and Campaign Finance Reforms under Johnson

The efforts in constructing a large bipartisan financial base collapsed in the 1964 presidential campaign, and the dependence on large contributions remained unsolved in years to follow. "Many ideas have been proposed, but the experts haven't yet hit upon a system for financing elections that will broaden the base of participation," lamented a journalist during the 1964 election.²⁸ The issue of campaign finance was evident, but nobody had yet to discover panacea for a series of problems—swelling campaign costs, debt after election, and the danger of fat cat money.

The issue of campaign financing remained more crucial to the Democratic Party well into the mid-1960s. Notable journalists Rowland Evans and Robert Novak reported the fragile financial situation of the Democratic Party after the 1964 race. "The best-kept secret in Washington," Evans and Novak mentioned, "is that despite President Johnson's landslide election, the Democratic National

27 Robinson, "Ike-Adlai Campaign for Widely Based Party Gifts Flops," B2.

28 "The Campaign Fund Problem Is Unsolved," *Providence Sunday Journal*, October 11, 1964.

Committee is nursing a gargantuan deficit.” Although the DNC did not publicize the amount of their debt, Evans and Novak estimated it was close to \$2 million.²⁹ President Johnson then resorted to conventional ways to raise campaign funds. Democrats tackled the mounting costs and debt by raking in large donations during and after the campaign. Partly due to Goldwater’s unpopularity among big business, executives did not give cash to the conservative candidate. Henry Ford II, who had donated \$7,000 to Republicans in 1960, gave \$40,000 to Democrats and \$4,100 to non-Goldwater Republican committees in 1964.³⁰ As the financial reports were issued by the DNC and RNC in 1965, mass media found out that a historic switch took place in party financing in the 1964 election campaign. The “Democrats became the party of the ‘fat cats’ and the Republicans the party of the small contributors,” the press, including *Fortune* magazine, *New York Times*, and *Washington Post*, reported in October 1965.³¹

The President’s Club was a central organization to draw big contributions during the Johnson administration. The Club was another legacy of JFK, who had founded the group to wipe out the party’s deficit of \$4 million in 1960. Johnson expanded the Club and proved more adept than his predecessor in attracting big money. The membership fee of the Club was a \$1,000 contribution. Members of the Club had privileges such as dinners with President during the Kennedy years, and Johnson added other benefits including briefings from government officials, and invitations to the national convention and to the White House.³² The Club was estimated to have 4,000 members across the nation.³³ The President’s Club raised more than \$600,000 by August 1964,³⁴ and pulled in over \$1 million from the members based in

29 Rowland Evans and Robert Novak, “Inside Report: The Democratic Deficit,” *Washington Post*, September 23, 1965.

30 Richard L. Lyons, “Fat Cats’ Leaving GOP,” *Washington Post*, October 28, 1965, G5.

31 “Democrats Led in Large Donors,” *New York Times*, October 26, 1965, 30.

32 On the President’s Club, see Herbert E. Alexander, *Financing the 1964 Election* (Princeton, NJ: Citizens Research Foundation, 1966), 9; Mutch, *Buying the Vote*, 125-26; Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York: W.W. Norton, 2009), 141.

33 Lyons, “Fat Cats’ Leaving GOP,” G5.

34 Eileen Shanahan, “Campaign Marked by Shifts in Patterns of Fund-Giving to Republicans and Democrats,” *New York Times*, October 14, 1964, 27.

New York, Illinois, and other populous states, for one year from July 1966 to June 1967. The Club raised much of the cash at events attended by Johnson, and most of the money was intended to be used in his reelection campaign in 1968.³⁵

Facing a major financial crisis during the 1960s, Democratic and Republican party organizations were desperately looking for new channels of political contribution. Those years witnessed two general trends in campaign finance. In a traditional fashion, the Democratic and Republican national committees actively conducted solicitation campaigns, such as fundraising dinners and magazine advertisements, to obtain large contributions. At the other end of the fundraising scale was fundraising from small contributors. Republican Finance Chairman James Middleton said, "We found out in the last campaign, quite by accident, that you can tap the small donor. The Goldwater campaign proved this," and added, "This develops more interest in the party because the donors feel they are part of it. This is grass roots politics."³⁶ The conventional fundraising reliant on big money went hand in hand with the Goldwater model of small contributions in the post-1964 election years. Demonstrating that big money interests were tenacious and small fundraising was possible, solicitation scandals promoted reform debates in the late 1960s.

However, with the public uproar over fat cat money, the mood grew in favor of campaign finance reforms in 1966 and 1967. Campaign financing reform became a bipartisan agenda in Congress over the years. While a coalition of public interests including nonprofit groups and campaign finance experts formed the framework of the debates, the Democrats and Republicans were actively engaged with making new laws on campaign finance. But at the same time, the congressional debates were colored by partisanship and intraparty factionalism. Liberal Democrats, Southern Democrats, and moderate Republicans pursued reform for their own purposes, suggesting new approaches such as ceilings on contributions and spending, improving publicity of campaign finance, and direct public subsidies to political parties.

In his State of the Union address in January 1966, President Johnson called

35 Jerry Landauer, "Political Fund-Raising: A Murky World," *Wall Street Journal*, June 28, 1967, 14.

36 Walter R. Mears, "Political Parties Find New Source of Revenue in Magazine Advertising," *Oregonian*, January 6, 1966, 12.

on Congress to reform laws governing campaign contributions and spending. The statement was a special surprise and delight for advocates of campaign finance reform because Johnson had never shown official interest in this issue since he assumed the presidency in 1963. For the purpose of enlarging the base of financial support to national parties, President Johnson specifically stressed the necessity of tax incentives to stimulate small contributions, and of closing loopholes of campaign finance laws. As Johnson stated again later in 1967, the Corrupt Practices Act, which had been created and revised in the Progressive Era, was “more loophole than law.”³⁷ The Democratic Party and the Republican Party alike endorsed his stand. Johnson achieved the bipartisan support partly because both parties shared similar financial problems, and also because the Republicans were deeply concerned that the Democrats had made some big strides in securing large contributions.³⁸

In March 1966, Senator John J. Williams (R-DE) drew up an amendment that forbade corporations from claiming tax deductions for advertisements in political handbooks. The chief purpose of the Williams’ ad law was to regulate big contributions through political parties’ publications. President Johnson signed the tax bill. There was general agreement that the regulation would choke off revenue from all the political ad books both on the national and state levels, and therefore that Democratic and Republican Parties would face a more serious financial crisis. As Senate Minority Leader Everett McKinley Dirksen (R-IL) mentioned, the Williams amendment was “a sword that cuts both ways,” harming Republicans as well as Democrats. Senator Williams, too, admitted that “there weren’t too many people very happy about it.” Nevertheless, the Williams amendment enabled the Republicans to claim chief credit for ending a practice of attracting large corporate contributions, although a Democratic-dominated Congress would eliminate the amendment

37 Congressional Quarterly, Inc., “Campaign Financing Reforms Sought by President,” January 14, 1966, DNC Collection, LBJL, box 152, folder: Johnson, Pres. Lyndon: Campaign Finances 1966. Funds Reform Proposal in State of Union Message, Jan. 12, 1966.

38 On the Republicans’ endorsement of the campaign finance reform, see Editorial, “End Campaign Cheating,” *Chicago Sun-Times*, January 30, 1966.

just a year later.³⁹

Moreover, in May, President Johnson demanded that Congress extend disclosure laws into primary and general elections, and also establish a tax deduction for small contributions up to \$100. Senator Joseph Clark (D-PA) offered a bill based on Johnson's proposals. Herbert Alexander drafted a more ambitious measure. In the House of Representatives, Democrat Robert Ashmore (D-SC) and Republican Charles Goodell (R-NY) introduced the measure drafted by Alexander, which included disclosure, an independent commission, ending spending limits, and preventing unions and corporations from spending voluntary contributions for political expenditures. However, the legalization did not go into effect when it was confronted with fierce opposition in Congress and lukewarm support from LBJ, who did not endorse the establishment of an independent commission to monitor elections.⁴⁰

In June Senator Russell Long (D-LA), President Johnson's old senate friend, attempted to improve campaign finance with a direct subsidy to the national parties. In tandem with Senators Gaylord Nelson (D-WI), Lee Metcalf (D-MT), and Paul Douglas (D-IL), Long proposed the first amendment designed to introduce public finance into presidential elections without any regulations of contribution or spending. In order to evade criticism that a direct subsidy was too expensive, Long proposed an income tax checkoff. When a taxpayer filed a federal income tax return, one could designate that one dollar of the taxes could be voluntarily paid into the Presidential Election Campaign Fund. Contributions would be allocated to the major parties, and could go to minor parties if they gained more than four million votes. The Long amendment encountered criticism from both Republicans and Democrats. Republicans such as Senator Williams rejected the plan for public funding, charging that the amendment was still too costly. Senator Robert Kennedy (D-NY), who led an anti-Johnson group in the Democratic Party, also opposed the bill. Another senate liberal, Albert Gore, Sr. (D-TN) advocated public funding and disagreed

39 For Senator John J. Williams' remarks, see Joseph R. Daughen, "The Williams Amendment: Political 'Blackmail' Ends," *Evening Bulletin*, March 15, 1966, B-33. For Senator Everett McKinley Dirksen's comment, see Congressional Quarterly, Inc., "New Political Ad Law May Hurt Party Finances," March 17, 1966, DNC Collection, box 4, folder: Campaign Fund Raising, 1966. Reform. On the rescission of the Williams amendment, see La Raja, *Small Change*, 69.

40 Zelizer, "Seeds of Cynicism," 84-85.

with how the funds would be disbursed in the bill, warning that third parties would be crippled. However, after weeks of deadlock and a series of compromises, Congress passed the bill and Johnson signed the “Christmas Tree” bill into law in November.⁴¹

Several politicians were afraid that the Long amendment would increase the power of the federal government over campaigns and national parties. A Democratic Party official speculated that Long’s introduction of subsidies would alter party organizations, saying that it would “change the whole function of the national committees.” An official of the RNC, too, interpreted the amendment as a “major step toward government control of both parties.”⁴² Likewise, Senator Kennedy noted that direct subsidies accelerated the centralization of power, raising constitutional issues such as freedom of speech when the 1966 Campaign Fund Act required limits on contribution and spending.⁴³ Regarding the new legislation as only “a beginning,” President Johnson appointed a bipartisan study group headed by Harvard Professor Richard Neustadt to study improvements of campaign finance.⁴⁴

While some legislators supported campaign finance reforms, partisan opposition loomed when Democrat Robert Ashmore and Republican Charles Goodell attempted to accomplish a more thorough reform in June 1967. Their proposal expanded disclosure to primary elections and to all political committees, established a bipartisan commission to monitor financial activity, regulated political action committees, and abandoned limits on campaign spending. This far-reaching legislation faced resistances from Southern conservatives, liberal Democrats, and Republicans for different reasons. Southerners rejected primary regulations, which was what they considered the expansion of the federal power. Liberal Democrats opposed the regulation imposed on political action committees. Their opposition came from the AFL-CIO’s announcement that the definition of “committee” was so broad that the provision could be menacing to their Committee on Political Education (COPE)

41 La Raja, *Small Change*, 69-71; Zelizer, “Seeds of Cynicism,” 84-85; Mutch, *Buying the Vote*, 128-29.

42 Walter Pincus, “Campaign Fund Law Will Revolutionize Politics,” *Philadelphia Inquirer*, November 27, 1966.

43 Zelizer, “Seeds of Cynicism,” 86.

44 “. . . and a Bad Signing,” *New York Times*, November 15, 1966, 46.

and other labor union PACs. (The first PAC in American politics had been established by the Congress of Industrial Organization in 1943, and PACs were primarily political organizations for labor unions in the 1960s.) On the other hand, Republicans did not support the Ashmore-Goodell bill, calling for a harsh provision against PACs. In October, Goodell charged that their bill was blocked by an “unholy coalition” including conservative Southerners, liberal Democrats, and some Republicans.⁴⁵

The 1960s reforms did not have a major impact on the American campaign system as legislation that did pass was not effective. Indeed, the coalition of campaign experts and policy makers attempted to elevate campaign financing into the forefront of the political agenda. But the majority of legislators showed little interest in the issue through most of the 1960s. The Citizens' Research Foundation made efforts to inform the public of campaign financing by publishing the series starting *Financing the 1960 Election* in every presidential race. But many Americans did not yet consider campaign reform an urgent issue. In public opinion polls, the public showed contradictory attitudes toward reform when most of those polled supported spending limits in elections but rarely favored alternative forms of campaign finance.⁴⁶ Nevertheless, the 1960s became the incubation period for campaign finance reforms in the following decade when partisan struggle sped up congressional debates after the Watergate scandal shook the Nixon White House.

IV Watergate and the 1970s Campaign Finance Reforms

The 1968 presidential election witnessed another campaign that cast light on the significance of media experts and television in American politics. Richard Nixon, who had played poorly in the televised debates with John F. Kennedy eight years before, actively employed advertising agencies to sell himself in 1968. Madison Avenue ad agencies worked with Nixon in remaking his images. They made him an excellent “TV politician” to engage in intimate conversation with voters through televised speeches and spins, trying to

45 “Election Finances Still Under Debate,” *Washington Post*, December 28, 1967. For more on the 1967 Ashmore-Goodell bill, see Zelizer, “Seeds of Cynicism,” 76, 87.

46 Zelizer, “Seeds of Cynicism,” 84.

construct the illusion that the candidate was communicating with the people as “one of the great joys of seeking the Presidency.”⁴⁷ Critically examining how the advertising industry worked to package politicians in elections, writer Joe McGinniss vividly described the behind-the-scenes activities of political advertisers. His exposé increasingly popularized the discussion of “selling the president” after the 1968 campaign.⁴⁸

The 1968 election also laid bare the essential role of money accompanied with political consulting. Broadcasting campaigns directed by consultants proved that electronic political advertisement was extremely expensive. The expenditure on television increased from \$3 million in 1952 to \$27.1 million in 1968, while spending on radio grew from \$3.1 million to \$13.3 million over the years. With candidates spending more funds for broadcasting, campaign expenditures skyrocketed throughout the 1950s and 1960s. When Adlai Stevenson and Dwight Eisenhower contested in 1952, Democrats and Republicans spent \$6.1 million in their campaigns; in 1968, the figure amounted to \$40.4 million.⁴⁹ The dramatically swollen campaign budgets ended up highlighting the importance of fundraising in political election. In this field, too, the Nixon campaign broke records. Nixon took \$2.2 million from more than 150,000 donors who responded to direct mail solicitation with \$14 on average. But the main source of Nixon’s political funds was the Richard Nixon Association (RNA), whose members contributed over \$1,000. With approximately 1,200 members who had special privileges at the national convention and a promised post-election advisory role, the RNA upheld the Nixon campaign by providing more than half of the \$8.5 million total.⁵⁰

Democrats noticed that they had financial disadvantages in competing with Republicans in the late 1960s. As the party was deeply divided over the civil rights movement and the Vietnam War, Democrats lagged behind Republicans in raising political money during the 1968 election. Furthermore, after Nixon won the presidential election, the Democratic Party lost the

47 Joe McGinniss, *The Selling of the President, 1968* (New York: Trident Press, 1969), 39.

48 “Daily, California Agency Chief, to Head Nixon’s House Agency Setup,” Jeb Stuart Magruder Papers, Richard Nixon Presidential Library, box 10, folder 15: (JSM) Advertising #1 [1].

49 Herbert Alexander, *Financing the 1968 Election* (Lexington, MA: Heath Lexington Books, 1971), 95; Alexander Heard, *The Costs of Democracy* (Garden City, NY: Doubleday, 1962), 22.

50 Herbert E. Alexander, *Money in Politics* (Washington: Public Affairs Press, 1972), 60-61.

presidency and large contributions steered away from Democrats. Democrats were no longer able to rely on any organization of big contributors, such as the President's Club, and they called for campaign finance reform more ardently than ever before. Thus the Nixon presidency accelerated partisan struggles that brought about what researchers have dubbed "Democratic reforms."⁵¹

As in the 1960s, a coalition of reformers in and outside Congress worked for campaign reform during the early 1970s. A liberal organization added new momentum to the calls for reform. John W. Gardner, former Secretary of Health, Education, and Welfare in the Johnson administration, founded Common Cause in 1970. Believing that monied interests, such as the military-industrial complex, exercised disproportionate power in policy making, Gardner and other Common Cause founders were dedicated to promoting campaign finance reform while also lobbying legislators on other reform issues such as ending the seniority system in Congress. Gardner said before the House Administration Committee, "the root of campaign financing [abuse] can never be eliminated until candidates are assured of adequate funds to run a credible and competitive campaign without having to rely on big-money contributors."⁵² With educated, middle-class, liberal-minded membership growing from one hundred thousand in 1971 to more than three hundred thousand by 1973, Common Cause served as the main interest group for campaign reformers.⁵³

In 1971, Common Cause led a movement arousing public interest in campaign finance to pressure lawmakers to pass new legislation. On January 11, the organization filed a lawsuit in a U.S. District Court against the New York Conservative Party, the RNC, and the DNC, claiming that these parties had violated the 1925 campaign laws. Joined by other groups such as the Americans for Democratic Action, the Twentieth Century Fund, and the National Committee for an Effective Congress, Common Cause pointed to loopholes of the existing campaign legislature, especially the absence of a

51 La Raja, *Small Change*, 45.

52 House Committee on House Administration, Subcommittee on Elections, Hearing on Federal Election Reform, 93rd Cong., 1st sess., November 29, 1973, Committee Print, 385, quoted in Gillon, *That's Not What We Meant to Do*, 267, n. 1.

53 Andrew S. McFarland, *Common Cause: Lobbying in the Public Interest* (Chatham, NJ: Chatham House Publishers, 1984). On the role of Common Cause in campaign finance reform, see also Zelizer, "Seeds of Cynicism," 90-92; Gillon, *That's Not What We Meant to Do*, 200-2.

public commission to enforce campaign laws. As the result of this lawsuit, interest groups obtained the “right of private enforcement” of campaign finance laws, which enabled those groups to bring “class action lawsuits” against the political parties on behalf of voters. Common Cause and the Citizens’ Research Foundation also offered campaign financing data to the mass media. The press and television covered sensationalized stories, reporting how candidates for office received contributions from monied interests. The public gradually regarded campaign finance as an urgent issue in American politics.⁵⁴

In the same year, Democrats on Capitol Hill took the campaign reform movement one step further by introducing a new bill. Democrats aggressively called for new regulations, including spending limits for presidential candidates in return for public funds of \$20 million, limited expenditures on media, and strengthened disclosure of campaign finance information. Although these campaign finance proposals had been raised in the 1960s, Democratic leaders carefully chose the provisions to curtail Republicans’ financial strengths without reducing labor unions’ support for the Democratic Party. The bill prescribed that presidential candidates accept a \$20 million limitation if they receive public funds in elections, but it did not curtail Democrats’ reliance on contributions from unions. The limitations on presidential campaigns and media spending prohibited an arms race in campaign financing, where Republicans prevailed over Democrats during the late 1960s and early 1970s. The improved disclosure, which demanded candidates for national office report financial information on all contributions of over \$100, would also help liberal organizations like Common Cause to provide more information about political financing in order to stir up public debates on reform. Democrats vigorously pursued campaign reform primarily due to partisan politics, not purely in favor of public interests, in the early 1970s.⁵⁵

Despite Republicans’ resistance, Democratic majorities in Congress successfully passed the Federal Election Campaign Act (FECA) of 1971. The FECA, which Nixon signed into law on February 7, 1972, was a product of partisan struggles that Democrats largely won. However, the Watergate

54 Mutch, *Campaigns, Congress, and Courts*, 45; Zelizer, “Seeds of Cynicism,” 92.

55 La Raja, *Small Change*, 72-75.

burglary enormously accelerated public distrust of the Nixon administration as well as conventional fundraising practices and the election system per se. For instance, the American Conservative Action (ACA) was forced to change its fundraising strategy. As one of the older type organization, the ACA had been involved with “boiler room work,” which referred to sponsoring luncheons, cocktail parties, and dinners for political candidates. However, “Cocktail circuit fund-raising is much more difficult now because of Watergate,” the ACA director Charles McManus lamented, because lobbyists and businesses were “much less prone to participate.”⁵⁶

As the Watergate scandal consumed national attention by 1973, Senator Sam Ervin (D-NC), chairman of the Select Committee on Presidential Campaign Activities, held televised hearings that inspected how the 1972 Nixon campaign had violated campaign laws. The investigations revealed the corrupt relationship between the Nixon campaign and big money interests by proving that Nixon had secretly received big contributions from the corporate sector. The campaign received \$5.4 million from 100 defense contractors and another \$5 million from 178 oil company officials, who sought access to the administration. The Ervin committee also uncovered that the Nixon administration had decided to give milk price support immediately after the Milk Producers Association donated \$2 million to his reelection campaign in 1972. Furthermore, in 1974, Nixon’s recorded conversations proved that the White House had spent campaign contributions on concealing the break-in of the DNC at the Watergate.⁵⁷ The Watergate dramatically changed public opinion. Pollsters found out that the public support for public financing of presidential elections skyrocketed from 11 percent in 1964 to 67 percent in 1974.⁵⁸

Enacted in October 1974, two months after Nixon’s resignation, the Amendments to the FECA furthered campaign finance reform with limits on contributions and spending, and the establishment of the Federal Election Commission (FEC) as an independent organization to monitor federal campaigns. The 1974 amendments set a limit of \$1,000 contribution to a

56 “Conservative Fund-Raisers: New Hope for 1974,” *Congressional Quarterly Magazine*, September 7, 1974, 2437.

57 Zelizer, “Seeds of Cynicism,” 97.

58 Gillon, *That’s Not What We Meant to Do*, 203.

candidate’s committee in each election, and aggregate limitation of \$25,000. The amendments also limited individual donations up to \$5,000 dollar to a political action committee, and \$20,000 to a national committee. Candidates were not allowed to use more than \$50,000 from their personal funds. The FEC was able to carry out investigations, take civil actions, and refer criminal violations to the Attorney General.⁵⁹

Conservatives outside of Congress aggressively opposed the 1974 campaign finance reform. The American Conservative Union (ACU) sent out a direct mailing to criticize the liberal campaign legislation, especially public funds for presidential candidates. The ACU’s letter said, “Liberals say private contributions are a corrupting influence and that we can remove this evil through taxpayer subsidy.” However, the mailing asserted that a public financing of presidential election would not eliminate political corruption. Rather, the ACU claimed, the public subsidies would “create many new ills” by violating “your First Amendment right of freedom of expression—by using your tax funds to support political candidates with whom you disagree.” The ACU’s mailing criticized the growing influence of the federal government in elections, too. The message opposed the liberal campaign reform measures, such as the creation of the FEC, and the ACU instead maintained, “citizens ought to be allowed to give money to candidates or parties of their own choosing, and not have that decision made for them by federal planners.”⁶⁰ Conservatives never endorsed the 1970s campaign finance reform on ideological grounds, claiming that the liberal reforms would breach constitutional rights.

Political consultants, who were directly affected by the campaign reforms, officially criticized the new campaign laws for more practical reasons. Overseeing the 1971 FECA and the 1974 Amendments, John Quincy Adams of the American Association of Political Consultants (AAPC) crafted a discussion paper concerning the effects of the campaign laws. Adams encouraged other political consultants to discuss campaign finance reform and

59 For key provisions of the campaign finance reforms in 1971 and 1974, see La Raja, *Small Change*, 78-79.

60 Ronald B. Dear, April 29, 1974, Group Research, Inc. Records, Rare Book & Manuscript Library, Columbia University, New York, box 8, folder: American Conservative Union, Washington, DC, 1974-5.

to “take more direct action, both individually and as an Association,” to alter the campaign financing, while pointing out several “deficiencies” of the laws.⁶¹

Adams made his case that the campaign laws in 1971 and 1974 were problematic because they hindered the free flow of information between candidates and voters. In political consultants’ view, the limits on individual contribution and expenditure set by the laws were too low. Fundraisers knew that most contributions ordinarily came from a few large donors, and if the campaign finance laws imposed a low maximum, fundraisers would need to spend more time, effort, and money on obtaining small contributions. Thus, Adams was worried, political consultants were required to allocate additional funds from the limited regular campaign budget for fundraising, and that would cause fewer dollars to be available for television, radio, and other media messages. Consequently, “communications with the voters are reduced, thereby thwarting another election law goal,” Adams noted.⁶²

The consultant’s discussion paper also demonstrated concerns over the shift in communication abilities from candidates to the mass media. Like other conservatives who were hostile to the mainstream media, Adams claimed, “Biased newspapers and disinterested TV and radio stations are not uncommon in America, and to the extent that candidates are statutorily inhibited in communication with the voters, the opportunity to dominate or ignore this communication falls to these minority of the fourth estate.” Political consultants interpreted the transformation of the electoral system as reducing the power of political candidates—and of political consultants—to send messages to the electorate. Adams argued that the campaign finance reforms were threatening to American democracy by saying that “Democracy thrives on the market place of ideas.”⁶³

Finally, the AAPC issued recommendations to the FEC on campaign financing. On the basis of Adams’ argument, the AAPC contended that the 1974 Amendments to the Federal Election Campaign Act reduced

61 John Quincy Adams, “Discussion Paper: The Deficiencies of the Federal Election Campaign Act and Its Amendments,” n.a., 21, President Ford Committee Records, Gerald R. Ford Presidential Library (GRFL), Ann Arbor, Mich., box D17, folder: Federal Election Campaign Act Amendments of 1976 - American Association of Political Consultants Recommendation.

62 Ibid., 6.

63 Ibid., 13.

communication between candidates and voters, and that the law discouraged individuals from entering the political process, especially as new candidates. The AAPC also suggested that the campaign finance law discriminated among candidates in favor of incumbents because the limited budgets for media communication handicapped political newcomers. Announcing that they believed there were "serious flaws in the present law," political consultants were not happy with the campaign reform provided by liberals.⁶⁴

Conclusion

The federal campaign finance laws in the early 1970s were a product of partisan struggles between Democrats and Republicans. Democrats used the issue of political funds to attack the Nixon administration and to curtail big money to the GOP, whereas conservatives opposed the reforms by claiming that the limits on individual contribution violated the right of expression. Many realized that the new campaign laws were not unflawed. Some people were afraid that the change might lead to another growth of the federal government in the electoral process, and others were concerned over the development of political action committees in campaigns. However, few forecasted exactly how the campaign finance reforms would recast the contours of money politics. When the new campaign laws went into effect, all of a sudden, campaigners had to build a large base of contributors. Although they relied partly on telemarketing, political direct mail emerged as the best way to amass small money in the post-FECA years. It turned out that the progressive reform, which was designed to reduce the influence of fat cat money, accelerated direct mail fundraising of conservatives. Since the 1964 presidential election, conservative activists made efforts to compile mailing lists of supporters who had contributed small funds to right-wing candidates and organizations. Despite their ideological opposition to the liberal campaign finance reforms, conservatives benefited from the electoral changes.

The 1970s campaign finance reforms seriously affected the current election

64 "Recommendations to the Federal Election Commission on the Federal Election Campaign Act of 1974 prepared by the American Association of Political Consultants," n.a., 1, President Ford Committee Records, GRFL, box D17, folder: Federal Election Campaign Act Amendments of 1976-American Association of Political Consultants Recommendation.

system in the United States. According to political scientist La Raja, the 1974 FECA Amendments institutionalized candidate-centered elections, and later the 2002 Bipartisan Campaign Reform Act, and the 2010 *Citizens United v. Federal Election Commission* case reinforced the political campaign system. Political candidates directed their own campaigns with little interferences from party organizations, promoting ideological conflicts in electoral cycles. Consequently, partisan polarization developed, and moreover, “Super PACS” poured the tremendous amount of funds into elections after the 2010 *Citizens United v. FEC* case. As such, the reforms that emanated from the partisan debates between liberals and conservatives still influence American politics in the present.⁶⁵

65 La Raja, “Campaign Finance and Partisan Polarization,” 223, 241.

ABSTRACT

“Get the ‘Little Man’ to Do His Share
in National Campaigns”:
Debates over Campaign Finance Reform, 1961-1974

Takahito Moriyama

This article traces congressional debates over campaign finance reform in the 1960s and early 1970s, examining how Democrats and Republicans dealt with growing campaign funds over the years. As television advertising became increasingly significant for political elections, campaign budgets skyrocketed throughout the 1960s. Both major political parties relied on big contributions from wealthy individuals and organizations, then the public and several reformers were concerned over the corruption of American politics. After investigating a series of reform bills during the 1960s, this study focuses on the 1974 Amendments to the Federal Election Campaign Act (FECA), the major achievement for liberal Democrats. Liberals called for electoral regulations on big contributions after Richard Nixon seized control of the White House in 1969. On the other hand, conservatives argued against liberal reforms by claiming that regulations on individual contributions would violate the First Amendment and freedom of expression. However, the liberal reforms led to the ascendancy of conservatives who employed direct mail as a political medium to collect the great amount of small money more effectively than liberal counterparts in the 1970s. By using the primary sources including the Lyndon B. Johnson presidential papers, this article reveals the ironic relationship between liberals and conservatives. The partisan debates over campaign finance during the period in question demonstrated how liberals and conservatives, despite their ideological conflicts, intertwined with each other. As a result of the ideological debates, a new form of “grassroots participation” emanated in American fundraising, promoting small contributions through the campaign reforms and the new medium.

