IN THE SENATE OF THE UNITED STATES

Mr. NEUBERGER introduced the following bill; which was read twice and referred to the Committee on

A B I L L

To provide for Federal contribution to the election campaigns of major political parties, to reduce the importance of campaign contributions in Federal elections, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND STATEMENT OF PURPOSES

Section 1. Congress finds that it is in the national interest to prevent the dominance of large political campaign contributions in elections for Federal office.

Free and untrammeled representation of the public is possible only when men and women in high office are not indebted to special interests for financial donations.

Disproportionate inequality among parties and candidates, with respect to campaign financing, is a peril to democracy - particularly during an era when access to the most compelling mediums of public information is increasingly decisive and costly.

Government financing of the major political parties, as recommended in 1907 by the then President of the United States, offers the most practical and effective remedy for preventing private persons and groups with great wealth from influencing unduly the decisions of the ballot box.

DEFINITIONS

Section 2. As used in this Act--

(1) The term "major political party" means any political party whose candidates for the presidency in the election next preceding polled at least 10 per centum of the total popular vote, or whose candidates for Senator, Representative or Delegate to Congress polled at least 10 per centum of the total popular vote for all of those offices in such election.

(2) Terms defined in the Federal Corrupt Practices Act, 1925, shall, unless the context otherwise indicates, have the meaning assigned to them in that Act.

FEDERAL CAMPAIGN CONTRIBUTIONS BOARD

Section 3. (a) There is hereby established a Board to be known as the Federal Campaign Contributions Board (hereafter in this Act referred to as the "Board") to be composed of one member of each major political party, appointed from private life by the President with the advice and consent of the Senate. The members of the Board shall each receive compensation at a rate not in excess of $50.00 per diem when engaged in the business of the Board, and while away from their homes or regular places of business shall be allowed transportation and not to exceed $15.00 per diem in lieu of subsistence and other expenses.
(b) The Board shall without regard to the civil service laws appoint an Administrator, who shall be the chief executive officer of the Board and shall have such functions as are herein prescribed in carrying out the provisions of this Act. The Administrator shall receive compensation at the rate of $15,000 per annum. The Board shall provide for the appointment by the Administrator, in accordance with the civil service laws and the Classification Act of 1949 as amended, and for the compensation of such other officers and employees as may be necessary to carry out the provisions of this Act.

PAYMENTS AUTHORIZED

Section 4. The Administrator is authorized to make payments to the national committee of each major political party in the manner and subject to the conditions hereinafter set forth.

AMOUNT AND CONDITIONS OF PAYMENT

Section 5. (a) Payments authorized by this Act shall be made to the national committee of each major political party in a total amount for each such committee in any two-year period, beginning April 1 following a national election;

(1) if during that two-year period presidential electors are to be elected, not to exceed the amount obtained by multiplying twenty cents by the average total number of votes cast for all candidates for the offices of presidential elector and Delegate to Congress in the last two elections for those offices; and

(2) if during that two-year period presidential electors are not to be elected, not to exceed the amount obtained by multiplying fifteen cents by the average total number of votes cast for all candidates for Representative and Delegate, in the last two non-presidential national elections.

(b) Such payments are authorized for the purpose of enabling major political parties to make legitimate campaign expenditures, and shall be made from time to time upon application therefor accompanied by a certification of the chairman and treasurer of the national committee that they will be used to discharge lawful obligations incurred for past or future expenditures during the two-year period in which application is made, in support of the candidacy of such party's nominees for Federal elective office. Payments shall not be made in the case of any candidate on account of obligations incurred prior to the date the candidate has been nominated.

(c) The nature and extent of such obligations shall be stated in such detail as regulations under this Act may prescribe.

(d) Not more than two-thirds of the amount authorized to be allocated to any national committee during any two-year period shall be paid prior to the national election which occurs during that two-year period. The balance shall be payable upon completion and review of all reports required by law or regulation on all expenditures made on behalf of all candidates of that political party in connection with that election.

LIMITATION ON FEDERAL CAMPAIGN CONTRIBUTION

Section 6. (a) To receive any payment authorized under this Act, the chairman and the treasurer of a national committee shall certify that no individual has contributed more than a total of $100 to the campaign of one or more candidates for Federal office of that major political party.

(b) If the total expenditures in any two-year period from contributions from private sources for all candidates for Federal office of a major political party, as shown by reports required by law or regulation, exceed the amount authorized by this Act to be paid to the national committee of that political party during such two-year period, payments to that national committee under this Act shall be reduced by the amount of the excess.
PENALTIES

Section 7. (a) No committee shall apply for or use any part of the payments authorized under this Act except on the conditions and for the purpose authorized hereby.

(b) Any violation of this section by any committee shall be deemed also to be a violation by the chairman and the treasurer of such committees and by any other person responsible for such violation and shall be punishable by a fine of not more than $5,000 or imprisonment for not more than one year, or both; and, if the violation was willful, by a fine of not more than $20,000 or imprisonment for not more than two years, or both.

REGULATIONS

Section 8. The Administrator is authorized to promulgate such regulations as may be necessary to carry out the provisions of this Act.

APPROPRIATIONS

Section 9. There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.
EXPLANATION OF PROPOSED "FEDERAL CAMPAIGN CONTRIBUTIONS ACT"

The Federal Campaign Contributions Act proposed by Senator Neuberger is designed to relieve candidates for Federal elective offices of their present dependence on large, private campaign contributions to finance election campaigns. To accomplish this, it would make available Federal funds, in equal amounts to each major political party, to be used for legitimate Federal election campaign expenditures. It would not supersede or conflict with Federal Corrupt Practices legislation, and it is consistent with S. 636, Senator Hennings' Bill to modernize the Federal election laws, which is now before the Senate.

Analysis of the proposed legislation:

Section 1 sets forth Congressional findings that it is in the national interest to prevent the dominance of large campaign contributions, and disproportionate inequality among financial resources of candidates of different political parties, in Federal elections; and that Government contributions to campaign financing as suggested by President Theodore Roosevelt offer the best remedy for these conditions.

Section 2 defines a "major political party" which could become eligible for Federal campaign contributions as any party which has polled 10 percent of the total popular vote in the last preceding presidential or congressional election. (Votes cast for Delegates to Congress are counted in the territories, which do not vote for presidential electors). (Historical records show that, in modern times, only the "Bull Moose" Progressive ticket in 1912 (27.4%) and the LaFollette Progressive Party of 1924 (16.6%) would have qualified for Federal contributions in their next subsequent election campaign. Except for these, the high point for third parties was reached by the Socialist Party in 1920 with 3.4%. In 1948, the "Progressive" and "States Rights" tickets each received 2.4% of the total popular vote.)

Section 3 establishes the administrative machinery for handling the Federal campaign contributions. A Board of one member of each major political party, appointed by the President with Senate confirmation, serving on a per diem basis, choose one $15,000-a-year Administrator to administer the program.

Section 4 authorizes the Administrator to make the payments established by the Act.

Section 5 (a) states the formula for determining the amount of the Federal campaign contribution to be allocated to each major political party:

In two-year periods—from April 1 to April 1 in odd-numbered years—in which a presidential election will be held, 20 cents per voter for the average total vote in the two preceding presidential elections;

In such two-year periods in which non-presidential Federal elections will be held, 15 cents per voter for the average total vote in the two preceding non-presidential Federal elections.

Section 5 (b) states that Federal contributions are to be made to the national committees of each major political party, from time to time, for legitimate campaign expenditures on behalf of the candidates nominated by that party for Federal office.

Section 5 (c) specifies that the statements certifying these expenditures shall conform to regulations under the Act.

Section 5 (d) provides that not more than two-thirds of the Federal contribution authorized for a two-year period shall be turned over prior to the election in that period; the remainder is to be withheld until all reports of all campaign expenditures for that election have been completed and reviewed in accordance with legal requirements.
Section 6 places two limits on financing from private sources:

(a) To qualify for Federal campaign contributions, a major political party must certify that no individual has contributed more than a total of $100 to it or its candidates; and

(b) The total of all expenditures from private contributions on behalf of Federal candidates of a political party may not exceed the amount authorized for the Federal contribution under the Act, or the Federal contribution is reduced by the amount of the excess.

Sections 5 and 6 are designed to follow the familiar "matching fund" principle by making Federal campaign funds available as a substitute for large private campaign contributions (over $100 per person), if the major political parties will limit their expenditures from private contributions to not more than equal the Federal contribution. In the administration of these provisions, the proposed bill presumes the adoption of legal reporting requirements such as those of Senator Hennings' S. 636.

Sections 7, 8 and 9 provide penalties for false applications or reports and wrongful use of Federal campaign contributions; authorize the Administrator to promulgate necessary regulations; and authorize appropriations to carry out the program.

* * * *

The following chart demonstrates the operation of the formula for the proposed Federal campaign contribution and indicates the application of that formula to the elections of 1952, 1954, 1956 and 1958.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total vote for President and for Delegates to Congress (Alaska, Hawaii)</th>
<th>Total vote for Representatives and Delegates to Congress</th>
<th>Average total vote of two preceding similar elections</th>
<th>Federal contribution per vote</th>
<th>Total Federal contribution to each major political party</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944</td>
<td>48,088,772</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1946</td>
<td>34,509,682</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1948</td>
<td>48,956,634</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1950</td>
<td>40,560,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1952</td>
<td>61,703,224</td>
<td>48,522,703</td>
<td>37,534,923.5</td>
<td>.15</td>
<td>$5,630,238.53</td>
</tr>
<tr>
<td>1954</td>
<td>42,745,018</td>
<td>37,534,923.5</td>
<td>37,534,923.5</td>
<td>.15</td>
<td>$5,630,238.53</td>
</tr>
<tr>
<td>1956</td>
<td>-</td>
<td>55,329,929</td>
<td>37,534,923.5</td>
<td>.15</td>
<td>$11,065,985.80</td>
</tr>
<tr>
<td>1958</td>
<td>-</td>
<td>41,652,591.5</td>
<td>37,534,923.5</td>
<td>.15</td>
<td>$6,247,888.73</td>
</tr>
</tbody>
</table>

For example, in 1955-1956, each major political party would receive Federal campaign funds of $11,065,985.80. It might spend, on all races for Federal elective offices, an equal amount from private contributions not exceeding $100 from any one person, or a total of $22,131,971.60 on all such races throughout the nation.

Of the $11,065,985.80 in Federal funds, not more than $7,377,323.87 would be payable before the election. The remaining $3,688,661.93 would be withheld until the completion and review of all reports on campaign expenditures, sometime before April 1, 1957. If campaign spending of a political party from private contributions has more than matched its Federal allocation, the latter is then reduced correspondingly; e.g., if a party and its candidates should collect and spend a total of $13,500,000, it would lose $2,134,014.20 in Federal funds, receiving only $8,631,971.60.