

# SECTION I: *Don't Want Your Two Old Parties, Mister*

## DOLLARS & DEMOCRATS: Who Bankrolls the Democratic Party?

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by DUANE CALHOUN

Liberal Democrats like Senator Kennedy are very proud of the Democratic Party's reputation as the "party of the common man". And most people believe that it's the Republicans who are the Party of America's wealthy aristocracy. Looking at who votes for these two parties, there is some truth to this notion.

The Democrats get most of their votes from workers (of all races), from Blacks, from Latins, from Jews, and from the lower-middle class. The Republicans draw most of theirs from the small-town middle class, from professionals like lawyers and doctors, and from business executives. Nearly all of the richest 1% of Americans (those who own nearly three-quarters of all the corporate stock, real estate, and other property in the U.S.) are registered Republicans and heavy donors to that Party.

But when you look below the surface of the Democrats, to see who actually calls the shots, you find a small wealthy club that signs the checks. And with the control of the bankroll, comes the control of the Party—its platform, its candidates, and the votes of its elected officials.

Many of the same last names are found on Republican and Democratic contribution lists—DuPont, Ford, Rockefeller, Carnegie, Biddle, and Blair. University of California professor William Domhoff has said, "The fat cats who contribute \$500 or more to individual candidates do not own the Party lock, stock, and barrel. They do, though, have a dominant interest...This creates no problem for these savvy gentlemen, for they have grown accustomed to controlling corporations with as little as five to ten percent of the stock..."

### LABOR AND CAPITAL

But what about the labor unions? Don't they contribute most of the money in the Democratic campaign chest? Professor Domhoff says, "...the trade unions are strictly bit players when it comes to financing presidential politics, especially at the level of primary elections."

According to figures compiled by Herbert Alexander (the leading authority

on campaign finance in America), over 67 million dollars was spent by the Democrats on presidential election campaigns in 1972, including conventions and primaries. Over 30 million dollars was spent for McGovern's race against Nixon. That year, only one million, two hundred thousand dollars came from labor. Of the thirty million dollars spent in the McGovern/Nixon race, estimates are that no more than 8 million came from small and medium donations from the middle class, and at least 20 million came from business and from wealthy individuals. Fifteen million of that came in donations of ten thousand dollars or more apiece. This means that the rich gave 16 dollars for every dollar given by labor, and two dollars for every dollar given by *all* of the rest of the American people put together!

Although labor spent a little more on congressional elections than on the Presidential race (five million compared to one million, two hundred thousand dollars), the unions still didn't come close to matching the spending of the upper crust. Plainly, union efforts to win the loyalty of Democratic politicians with financial donations are doomed to fail from the start.

### WATERGATE AND AFTER

Beginning with the first law banning political contributions from corporations passed in 1907, the system has been "reformed" time and again. But the basic control by the wealthy hasn't changed. After the "Watergate" revelations of wholesale corruption in presidential elections, and the public protests that resulted, Congress passed a number of campaign finance reform laws from 1971 to 1974.

—Individual donors cannot give more than one thousand dollars to any one candidate in a primary or general presidential election.

—Organizations (such as the American Medical Association, the National Association of Manufacturers Political Action Committee, or the AFL-CIO Union Committee on Political Education) cannot give more than five thousand dollars to any one candidate in a presidential primary or general election. These spending limits apply only to presidential campaigns and not to

congressional campaigns.

—Businesses, including government contractors, are allowed to set up political action committees (PACs) with the corporation's executives heading them up. These business PACs are not allowed to donate corporate funds directly to candidates, but they can use corporate funds to "educate" voters or to ask management employees and stockholders for donations (these donations can be given to candidates).

—After both major parties nominate their candidates, each contender is allowed to spend only twenty-two million dollars in the general election, and that money is given to them from tax dollars. Some tax dollars are also given to major candidates during the primaries. George Wallace got three million, two hundred ninety thousand dollars in tax money for his 1976 presidential campaign. We now pay for the privilege of being stolen blind.

As a result of these laws, donations of ten thousand or one hundred thousand dollars, which were common in the past from wealthy individuals, are now illegal.

### FROM SUGAR DADDY TO ORGANIZATION MAN

The catch is, a candidate may get \$1000 from *each* of many rich people, as well as five thousand dollars from *each* of hundreds of business PACs. So the buying of their own personal politicians by rich individuals has been curbed, but the ownership of the Democrats and of politics by the rich *as a class* has not.

Since the reforms went into effect, the number of business PACs has skyrocketed from less than 700 to over 1500 by the end of 1978 (this includes corporate as well as trade and professional association PACs). The number of major multi-national corporation PACs has grown even faster than the rate for businesses as a whole. At the same time, the number of labor union PACs has stayed nearly unchanged, at less than 300.

After studying the effects of the new laws, researcher Herbert Alexander has concluded that these reforms have only forced the corporate elite to be more



organized and systematic about their politics, and have actually *increased* the influence of business and the upper class in politics.

## NEW PATTERNS OF CONTRIBUTIONS

Along with this change has come another—corporations and business organizations have switched most of their money away from the Republican and to the Democrats! In 1976, business PACs contributed over five million dollars to Democratic candidates. Two months before the November 1978 elections (the latest figures available at press time), business PACs had given one million, four hundred and thirty thousand dollars to the Democrats and only one million, one hundred and seventy thousand to the Republicans. This is hardly an accident. If you can call a winner, why not take out a little loyalty insurance before the election? As *Business Week* magazine put it, Business lobbyists have had a field day with the now-departed 95th Congress. With that kind of record, business has little incentive to make a sharp ideological shift in its giving practices (to Republicans)."

## THE OLD AND THE NEW

Besides the huge and growing financial clout of the business PACs, many old-style ways of politician-shopping remain. Telethons, much like the Jerry Lewis charity telethon, are one way

to raise millions of dollars with small and medium-sized contributions. The 1973 Democratic telethon netted almost two million dollars, and was possible only because Kentucky Fried Chicken chief John Y. Brown (and a few associates) co-signed for loans of well over two million dollars to cover TV time and other costs. There is no limit on the amount that can be raised by selling convention-book "advertising" space, which netted the Democrats one million dollars in 1964.

Even though the presidential general elections are now financed almost totally by tax money, presidential primary and nomination campaigns are not. Some tax-money "matching funds" are used, but there is no limit on the amount of private money that can be raised and spent on top of that. Democrats collected \$24 million in private donations during the 1976 nomination campaigns, including almost ten million given to Jimmy Carter. Most of that came in donations of \$500 or more.

Long before a candidate gets the connections and popular name needed to run for President, he or she must come up through years of local, state, and congressional elections. Only about half of the states regulate political contributions from rich individuals or corporations. So many wealthy Americans buy their politicians before they become nationally known, thereby getting them at a discount. Both Georgia Governor Jimmy Carter and Texas Senator Lyndon

Johnson received financial aid from Gulf Oil Co. on their way to the top.

The reforms of the Watergate era have not and will not stop the fat cats from calling the plays from the sidelines of the Democratic Party. As Professor Domhoff has said, "*Despite the social and economic hardships suffered by hundreds of millions of Americans over the past one hundred years, the power elite have been able to contain demands for a steady job, fair wages, good pensions, and effective health care within very moderate limits compared to other highly-developed Western countries. One of the most important factors in maintaining those limits has been the Democratic Party. The Party dominates the left alternative in this country, and the sophisticated rich want to keep it that way. Democrats are not only attractive to the working man, but vital to the wealthy, too, precisely because they are the branch of the Property Party that to some extent accomodates labor, blacks, and liberals, but at the same time hinders genuine economic solutions to age-old problems.*"

Or as Henry Ford II put it in 1972, "We must elect a Democratic President so I can start living like a Republican again." Americans who are looking to find a "party of the common people" will surely have to look beyond the Democratic Party that has been so kind to Henry Ford II and his friends in the Social Register.

# THE WRECK OF THE PEOPLE'S PARTY . . .

## Sold Out to the Democrats

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by Duane Calhoun

These words, describing American big business, come from a political manifesto written some years ago:

*"They have crushed competition, bankrupted thousands of honest men, oppressed the poor, robbed and plundered the helpless, until today they are absolute and supreme masters of the situation, able to regulate production, control prices, grind the faces of the poor, build up enormous fortunes for the trust funds, elect Governors and Presidents...purchase Legislatures and Congresses, and hold high carnival while...people starve...all over the land."*

These words did not come from the Communist Party chairman, nor from a radical student of the 1960's. They were written by Congressman Milford W. Howard of Fort Payne, Alabama, who was elected to the House of Representatives on the People's Party ticket in 1894.

The People's Party (also called the Populists) was a radical political party organized by farmers, industrial workers, and middle-class reformers. Its founding convention was held in Cincinnati, Ohio

in May of 1891. In the Presidential election of the following year, its candidate, General James B. Weaver, polled over a million votes. The Populists elected the Governors of Kansas and Colorado, and in 1884 elected six senators, six congressmen, several hundred mayors and other local and state officials.

The 1890's were hard times for most Americans. Farmers, especially in the South, were hit hard by the falling prices of crops and the rising prices of tools. The *Southern Alliance Farmer* newspaper reported from Georgia in 1891, "*Hundreds of men will be turned out of house and home, or forced to become hirelings and tenants in fields that they once owned...The doors of every courthouse in Georgia are placarded with the announcements of such (sheriffs') sales.*"

Workers fared no better. Their strikes for decent wages were met with strike-breakers imported from other cities. Private "detective" agencies like the Pinkertons used spies and clubs against union supporters. The National Guard and the Army were sent out to break up picket lines and enforce court injunctions

against strikes. Unlike the "Gay 90's" of our schoolbooks, jobs were hard to get, unions were almost unheard of, and the average laborer spent an hour's wages to buy five pounds of flour.

The delegates to the second Populist convention, at St. Louis in 1892, represented a grass-roots movement of Americans. Almost two-thirds of the delegates were from farmers groups; nearly one-third represented labor unions; the rest were middle-class reformers and intellectuals. Rich bankers and industrialists of the kind that dominated the Republican and Democratic conventions were nowhere to be found.

## THE POPULIST PLATFORM

The People's Party called for radical, democratic reforms. They sought the extension of democracy, calling for the use of the initiative and referendum. This was a means of bypassing the corrupt, capitalist controlled legislatures through adopting legislation by direct, popular vote. They demanded a graduated income tax, the eight hour day, the outlawing of