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# CAMPAIGN FINANCE REFORM

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HEARINGS  
HELD BEFORE THE  
TASK FORCE ON ELECTIONS  
OF THE  
COMMITTEE ON HOUSE ADMINISTRATION  
U.S. HOUSE OF REPRESENTATIVES  
NINETY-EIGHTH CONGRESS  
FIRST SESSION

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JUNE 9, 16, 21, 23, 1983, WASHINGTON, D.C.  
JULY 8, 1983, BOSTON, MASS.  
AUGUST 22, 1983, SACRAMENTO, CALIF.  
AUGUST 23, 1983, SEATTLE, WASH.  
OCTOBER 12, 1983, ATLANTA, GA.

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Mr. FRENZEL. Well, I think you have got some flawed logic here, too. You have assumed that all my money comes from tax credit—

Mr. CONABLE. No, no.

Mr. FRENZEL [continuing]. Contributions.

Mr. CONABLE. No, no.

Mr. MCHUGH. No; the bill requires that you keep records of credit-eligible contributions, that is, contributions up to \$50.

Mr. FRENZEL. Then you assume that people take the credit. Every individual contribution up to 100 bucks is credit eligible, but many of the people that contribute to my campaign are not taking that credit. They are short form filers.

Mr. CONABLE. I think your electorate—I think you're selling your electorate short. As a member of the tax-writing committee, you ought to understand that most people take a credit they're entitled to.

Mr. FRENZEL. I agree with that, but remember—

Mr. MCHUGH. Especially Republicans.

Mr. FRENZEL [continuing]. The people who contribute to me have also contributed to Bill Thomas or to you, and they have used up their tax credit, and you may be taking their money back from them that they didn't give to you.

Mr. CONABLE. Well, we're limiting that, the number of contributions they will make to Bill Thomas and to me, too, if we put the State limit [laughter].

Mr. FRENZEL. Anyway, it's an interesting question, and we could talk about it. I think with respect to State and local candidates, I think that's a good move. And I think some of the other features—obviously, the newsletter cannot, we don't need. It's a thought-provoking idea and I am really glad you brought it forward.

Mr. MCHUGH. Thank you.

Mr. SWIFT. Mrs. Vucanovich?

Mrs. VUCANOVICH. Thank you, Mr. Chairman. I have so many of the same concerns that my colleague, Mr. Frenzel, has, and I won't pursue the subject any further. He asked all the questions I would have asked. Thank you.

Mr. SWIFT. Thank you, Mrs. Vucanovich. Thank both of you very, very much for the time that you have taken to enlighten the committee.

The Chair would like to announce the procedure. We are going to hear three more witnesses before breaking for lunch, and they will be, in order, Ms. Ferraro, Mr. Jacobs, and Mr. Campbell. Then we will break for lunch and return later this afternoon to hear the final three witnesses.

At this point, the Chair recognizes Ms. Ferraro. Your full statement will be included in the record, and you may proceed as you choose.

**TESTIMONY OF HON. GERALDINE A. FERRARO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Ms. FERRARO. Mr. Chairman, my statement is rather short, so I would appreciate if I could read it into the record, and then I would be happy to answer any questions that you might have.

I do appreciate the opportunity to appear today and to testify with reference to the need for campaign finance reform for congressional elections.

I come before the committee as a cosponsor of the Clean Campaign Act, H.R. 2490, but rather than discuss the specifics of the legislation on which this committee has already heard testimony, I want to instead focus on some general concerns that cause me to support campaign finance reform.

There is little doubt that the key element in politics today is money. Money is more important in politics than ever before. More time and energy and thought is given to raising money than ever before, and campaigns are more expensive than ever before.

All the money being poured into political campaigns by various interest groups has created the concern that votes are being bought and sold in a kind of ever-rising auction of public policy.

Notwithstanding jokes about an honest politician being a politician who, once bought, stays bought, there are some very serious questions here. Basically, is public policy being made on the basis of information found in FEC reports, or is public policy being made on the basis of information in House and Senate committee reports?

The standard answer to this question by those who defend the current campaign finance methods is that except in the rarest of cases what is being purchased is access and not votes.

Now, let me state clearly my confidence that the overwhelming majority of members of Congress have the integrity we demand of our public servants and are not selling votes.

The problem, though, is that even if there isn't outright bribery and corruption going on, the role of big campaign money distorts the political process and the legislative process. It just gets to the point where the need to raise money dictates the activities on a daily basis of Members of Congress.

It takes our time, it influences who we see, what information we get, and it takes away from our efforts on more substantive business.

There are a few points I particularly want to make. First, there is a question of how much time Members put into raising money.

I have been in Congress for almost 5 years now. I understand from some senior Members of Congress that there was a time when fundraising was not a year-round affair, when a member could concentrate on legislation until a month or two before the election, and only then turn to raising money.

All I can say is those were the days. Fundraising now for most members is a year-round activity, all year, every year, even-numbered years, odd-numbered years. It is not at all uncommon for House members to start thinking about raising money for the next election before they are even sworn in after winning the last election.

One measure of the importance of fundraising is the frequency of fundraisers. A standard feature of every day's schedule—and we all have them on our cards for most us—is attending receptions for other members. You are expected to go help your friends, and you expect them to show up to make your party a success.

More than the receptions for other members, though, is the problem that we all spend time raising money for our own campaigns. Fundraising parties, one in Washington and one in the District, are annual events. Putting together lists of invitee, lining up big name sponsors, making arrangements for a room and refreshments—all these things gobble up huge amounts of members' time and staffs' time as well.

Personally, I have to tell you that there is no part of this job that I enjoy less or I find more distasteful than asking people for money. And make no mistake, we all know that it is a big part of this job.

The important thing to realize about how fundraising distorts the work we are here to do is that even if no campaign contribution ever affects even one vote by even one Member, the need to spend time figuring out to raise money detracts from Members' ability to focus on issues.

And, as you all know, we are talking about big money. The amounts of money over the past several years that have been contributed to various campaigns has actually tripled. Last year in the House and Senate campaigns, it was an average of 324,000, up from 111,000 in 1976, which again is triple the earlier amount.

In fact, the average spending on House races in 1982 equaled the average spending totals for House and Senate races combined in 1980, and the average Senate candidate in 1982 spent over \$1.7 million.

This trend shows no sign of slowing or reversing. Candidates regularly talk about building up war chests for future campaigns, and these war chests are multipurpose.

A recent New York Times report quoted one Senator as saying, "The \$2.4 million we spent in 1980 would have no relevance in 1986," when he is up for reelection. He plans to spend between \$6 and \$8 million in 1986 and to raise \$6 million by the start of that year.

The purpose of raising that much money is partly to run a strong campaign, but it is also partly to discourage potential challengers.

The article mentioned that fundraising is almost a weekly part of the Senator's routine. That kind of effort has to detract from legislative duties.

As I stated earlier, I don't believe Members of Congress are selling votes. Clearly, the correlation between a Member's voting record and his or her campaign contribution list reflects philosophical compatibility rather than any breach of public trust.

But there are instances, I am sure, where Members feel beholden to some interest group because of campaign contributions they have received.

Beyond concern about actual corruption of Members, however, there is also a danger of damage to the reputation of the institution caused by the appearance of Congress selling out to special interests. The most prominent example of this in recent years was last year's congressional override of the Federal Trade Commission's used car rule.

The vote in the House to disapprove the FTC rule, which was a modest attempt to protect used car buyers against unscrupulous dealers, was 286 to 133. Editorial writers for leading newspapers

drew a strong connection between campaign contributions made by the used car dealers' political action committee and how Members voted on the disapproval.

In fact, again the New York Times listed names and amounts of how people voted.

While no specific allegation of wrongdoing was or could be made, the public perception of that vote was that Congress had sold out. Statistics taken from FEC reports showed that Members supporting the used car dealers received roughly five times as much in contributions as those Members who opposed the dealers, and that only added to the perception.

Beyond the vote itself, however, the used car rule showed what access can mean in practical terms. The vote on the FTC rule was taken on May 26. From May 24 to May 27, the House took 32 substantive votes—31 of those were on the budget. In the midst of a budget crisis that would see 7 budget plans go down, the House dropped everything to take up the FTC rule.

The problems of fundraising—the time lost that could be spent studying issues and the influence wielded by contributors—exist for all Members except those who are independently wealthy, and we are seeing more and more candidates with pockets deep enough to pay their own fare.

For the average candidate, dependent on outside contributions, though, the problems are pretty universally shared, but there is, I am convinced, one special complicating factor for some candidates.

Simply stated, it is harder for women to raise money than it is for men. All other things being equal, politics is still a man's world, and the "good old boy" network responds more readily to new good old boys than it does to potential good old girls. One result is that qualified women candidates have a harder time breaking in than do qualified men.

Now, I would like to say the barriers to women are removed once she does get elected, but it is not true. In fact, the difference between women and men who are already elected officials may be greater than the gap between women and men running for the first time.

Ronald Reagan isn't the only one facing a gender gap in politics.

For each of these problems, the basic solution lies in some form of public financing, with limits on PAC contributions to candidates and limits on total campaign spending. These measures are needed to ease the pressure on Members to raise money, to reduce the danger of the appearance of votes being bought, and to eliminate inequalities between men and women.

Public financing would free legislators to legislate without fear of cutting off their lifelines or falling behind potential opponents in the bankroll race.

As a member of the Democratic Caucus Task Force on Campaign Finance Reform, I will be working to achieve passage of major campaign legislation, reform legislation, this year—in whatever spare time I have after raising money for my next campaign and after I finish paying off the \$85,000 debt I still owe from my first campaign for Congress in 1978.

Thank you, Mr. Chairman.

Mr. SWIFT. Thank you very much, Ms. Ferraro.



Mr. Thomas.

Mr. THOMAS. Thank you, Mr. Chairman.

Do the gentlewoman from New York have an opponent in the 1982 campaign?

Ms. FERRARO. I had three opponents.

Mr. THOMAS. Do you know how much they spent?

Ms. FERRARO. I have no idea.

Mr. THOMAS. I have no FEC data on that either, and I was curious because normally at the \$5,000 threshold they have to file the amounts that they spend in a campaign above \$5,000.

I just notice that the gentlewoman spent \$140,000, and apparently none of her opponents spent enough to even have to—

Ms. FERRARO. I am delighted you know that. \$140,000 is not the amount spent on that campaign. Part of that was paying back on my old debt. My first campaign, I had a \$170,000 debt. With each campaign since, anything that has been in excess by law I am allowed to payback on my debt. So I think something like 50, or somewhere around there, was spent to payback my old debt.

Mr. THOMAS. So one more campaign to go and you may be—

Ms. FERRARO. No, no, I intend spending time away from my legislative duties raising money to payback my old debt so I can raise more money for my next campaign and then see where I am going in the future—a tremendously good use of time.

Mr. THOMAS. In your opening remarks, you indicated that money is more important in politics than ever before, more time and energy and thought is given to raising money, and campaigns are more expensive than ever before.

On what did you base that?

Ms. FERRARO. On what did I base what?

Mr. THOMAS. What facts, research?

Ms. FERRARO. Personal experience.

Mr. THOMAS. Well, I just have a feeling that perhaps because the law now requires candidates to disclose their full funding sources, that those people who are not familiar with some of the historical campaigns—and for those of you in the audience who are not, I certainly commend you to you the reading of Robert Carroll's book, at least his first edition of three volumes, "LBJ," in terms of the amount of time spent raising money, the importance of money, and the expense of campaigns in a period which is still in the 20th century, not to mention some of the practices done in the 19th century.

Ms. FERRARO. I wonder, Bill, if you could just lean into the mike a little more. I can't hear you too well.

Thank you.

Mr. THOMAS. Well, my concern is that flat statements are made, and they are made only, in large part, because today we have a law which requires full disclosure in campaigns, and that historically to say that money is more important than ever before, more money is spent now than was spent in the past, I think is more to say that we know more about campaigns now, not necessarily that in fact those statements are true.

Ms. FERRARO. Well, as a matter of fact, we did use the FEC reports, and the statistics are in my fuller testimony. I didn't read them.

1976, the average expenditures for all House and Senate races was \$111,000. In 1982, the average was \$324,000.

You would agree with me that 324,000 in 1982 is more than 111,000 in 1976, based on FEC reports.

Mr. THOMAS. I understand that, but we have to deal with constant dollars, and we would have to go back into history to take a look at some campaigns.

Ms. FERRARO. Are you saying that that is an increase in inflation from \$111,000 to \$324,000?

Mr. THOMAS. Certainly not, but your record started in 1976.

Ms. FERRARO. That is right. From 1976 to 1982, I know inflation was high before this administration got in—

Mr. THOMAS. Well, I understand that.

Ms. FERRARO [continuing]. But not quite that high.

Mr. THOMAS. But if the gentlewoman would look at her testimony, she said money is more important in politics than ever before, and she didn't qualify it since 1976.

Ms. FERRARO. Well, I would assume that—

Mr. THOMAS. And I am just saying that when we make very broad, general, flat statements that perhaps we are doing more of a disservice than a service unless we have some pretty solid facts to indicate that that in fact is a true, absolute statement.

Ms. FERRARO. Are you—well, I am not going to engage in an argument with you.

Mr. THOMAS. I want to commend the gentle lady for her comment on page 3 of her testimony, which indicated that she didn't think that members are bought and sold. There were four lines commending us there, and then she goes on for 24 lines of her testimony, carrying over to page 4, pointing out an example which can only be assumed that people were bought and sold.

But my biggest concern in your testimony—and I wish you would comment on it—is the indication that in the midst of a budget crisis the budget voting was stopped and an FTC rule was voted on.

Are you indicating that because of this procedure the Democratic Party leadership felt beholden to the used car industry?

Ms. FERRARO. I am saying there are evidently enough—

Mr. THOMAS. Because they are the ones who set the agenda.

Ms. FERRARO. There are evidently enough members who were asking that this be put on the floor, both majority and minority, I would assume—in fact, if you took a close look at the votes, and there is generally an accommodation with something like this—you and I both know that—between both the minority and majority—

Mr. THOMAS. I am sorry, but I do not. My experience has been that we poll what we are doing.

Ms. FERRARO. Well, it has been my experience, and you and I both came to the Congress in the same year. Bill. It has been my experience—

Mr. THOMAS. Your learning curve is much more rapid than mine, since you are in the center of the power.

Ms. FERRARO [continuing]. That there are certain instances—pardon me?

Mr. THOMAS. Your learning curve must be much more rapid than mine because you deal—

Ms. FERRARO. Obviously.

Ms. FERRARO [continuing]. With the majority party, and I do not. [Laughter.]

Mr. SWIFT. That is probably a fair statement.

Mr. THOMAS. So you don't feel that the Democratic Party leadership felt beholden, as you indicated on page 3?

Ms. FERRARO. I would say that both minority and majority scheduled that vote because of pressures from both sides of the aisle, and I think it was done to accommodate the Members, and that is why it was scheduled that way.

Mr. THOMAS. I appreciate the gentle lady's testimony certainly.

Mr. FRENZEL. If the gentleman would yield?

Mr. THOMAS. Certainly.

Mr. FRENZEL. The gentle lady observes that the only thing Republican scheduled around here are softball games and coffee hour. [Laughter.]

Mr. THOMAS. My concern is that in testimony, when you have 5, 6 times, 7 times, 10 times the amount of testimony pointing out that Members, in effect, are bought and sold, it doesn't do a whole lot of good to throw in a gratuitous remark about the fact that perhaps it really isn't true. I have fought this in terms of testimony because if we don't watch what we are saying and we go out in the public and continue to point out in terms of all of the examples where clearly various groups have tried to turn figures around to prove the point that Members are bought and sold, that when all is said and done you drop in a line about the fact that you don't believe it, really does a lot of damage to the integrity of this institution.

And I know the gentlewoman didn't mean to do that at all.

Ms. FERRARO. No. As a matter of fact—

Mr. THOMAS. But I am concerned about repetitions of this type in front of us in testimony, that is all.

Ms. FERRARO. Let me submit to the gentleman that as a political science lecturer that might be so, but if I were sitting with a \$95,000 surplus as you are that I might be a little bit concerned that there would be some implication that my votes were not exactly so, and I have no idea of how the gentleman votes on anything and who his contributors are.

I don't have to worry about whether or not my votes look as if they are bought. I don't get enough contributions. I guess that is probably the problem. And I don't have a surplus. I still have a debt, but I would submit that when you have surpluses like \$95,000 right after an election, and it is drawing interest 6 months later, that you have a different view of public financing from those of us who don't.

Mr. THOMAS. I understand the gentlewoman's point, and I would say that the reason I thought it was necessary was because my spouse was not able to provide a \$100,000-plus cushion for me to utilize.

Ms. FERRARO. Neither was mine. The law prohibits that. It is \$1,000 spouse contribution.

Mr. THOMAS. All of us deal—

Ms. FERRARO. That is another piece of legislation I would like to change.

Mr. THOMAS. All of us deal with running campaigns in different ways.

Ms. FERRARO. That is decidedly so.

Mr. THOMAS. And to the degree that we don't question each other's motives, the public tends not to question our motives. To the degree there are those among us who question our colleagues in a general sense—

Ms. FERRARO. Could I just ask on the record—

Mr. THOMAS [continuing]. To an audience—

Ms. FERRARO. Is the gentleman saying on the record that my husband contributed \$100,000 to my campaign?

Mr. THOMAS. No, I did not.

Ms. FERRARO. Oh, I just wanted you to make it perfectly clear—

Mr. THOMAS. I was using a hypothetical. I assumed you were—

Ms. FERRARO [continuing]. That my husband contributed \$1,000 just like the gentleman's wife was capable if she so chose, if she felt he was an admirable candidate.

Mr. THOMAS. Nor did I have loans available. Did the gentlewoman have loans available?

Ms. FERRARO. Absolutely. I went to the banks just like everybody else.

Mr. THOMAS. Oh.

Ms. FERRARO. It was very difficult for me to get loans. They wouldn't do it on my signature alone, even though I was a practicing attorney. I was told I had to have my husband's signature as a cosigner.

Then when I explained that that was a violation of law, then I was able to get loans. I was also able to sell property, which was my property.

Mr. THOMAS. Well, this gentleman was not making personal references. I assumed—

Ms. FERRARO. Well, I am delighted.

Mr. THOMAS. I was using a hypothetical as the gentlewoman used a hypothetical.

Ms. FERRARO. I was under the impression that the gentleman was—

Mr. THOMAS. Did you use a hypothetical?

Ms. FERRARO. I was under the impression that the gentleman was implying that I had done something that was illegal.

Mr. THOMAS. No. I was using a hypothetical.

Ms. FERRARO. Just checking.

Mr. THOMAS. As you were using a hypothetical, I assume.

Ms. FERRARO. Well, I am glad that you have clarified that.

Mr. THOMAS. No, I like hypotheticals, and yours was a hypothetical, I assume.

I thank the Chairman.

Mr. SWIFT. The gentleman from California, Mr. Bates.

Mr. BATES. I agree with everything you said, and I am pleased that you spoke this morning.

There are probably some historical instances where there were outrageous spending in the past years. I recall the Presidential year when McKinley spent \$12 million to William Jennings

Bryan's \$1 million, but I think as a rule that money plays too much of a role in politics.

I would go even further than you in stating that I have the impression that Members are bought and sold, and I think that the influence of money is a corrupting influence. I notice everyone is afraid to say that, and I don't say it to damage the institution, but hopefully to increase its credibility and reputation with the American public.

I think the reason that the American public has such low esteem for Congress as an institution and as for individuals is because it does occur, and I think to say that the impression that we bring it on ourselves and that we are misunderstood, I think we are misunderstanding the problem.

So I really appreciate your forthright comments.

Ms. FERRARO. Thank you.

Mr. THOMAS. Would the gentleman yield? Would the gentleman briefly?

Mr. BATES. I am through.

Mr. SWIFT. The gentleman from Minnesota.

Mr. FRENZEL. I want to thank the witness for her testimony. I appreciate her coming up here.

I am always a little concerned when people make statements that there is something wrong with Congress or that our colleagues are not as righteous as they should be. I hope in these kinds of discussions that we can be rather specific if we believe someone is breaking a law or a code of ethics.

I notice you indicated that fundraising is distasteful. You don't like it at all, huh?

Ms. FERRARO. No.

Mr. FRENZEL. You don't like to ask people for money on your own behalf?

Ms. FERRARO. I do not. Of course, I have been raised, I guess, in a way that one does not do that. One goes out and works for their sustenance, and I have never asked for anything until I ran for Congress.

Mr. FRENZEL. Well, I am a little different. I don't have trouble asking for money for myself or other political candidates if I think they are good candidates, and I remember 10 years ago, when we started this debate, people used to say raising money was demeaning. To me it is neither demeaning nor distasteful.

You raised the question of access in your statement. What is the problem of access?

Ms. FERRARO. I don't have a problem with it. Whenever you speak about fundraising—and I have been discussing this with numerous people in public financing—the response from, usually the PAC's, is that, oh, we don't buy votes, we buy access—getting into the Members' office, getting to speak to them. In my office just about anybody can come in and see me without having to contribute to my campaign, so that I feel access is not necessarily something that has to be bought.

Mr. FRENZEL. My judgment, too. I can't recall that people who have wanted to see me have been denied that opportunity. They may have to wait in line.

Ms. FERRARO. Well, I am telling you what I am told by PAC committees, that what they are buying is access. If they felt that they had access without contributing to campaigns, it amazes me that they would bother to contribute to campaigns.

Mr. FRENZEL. OK; but they can all come see you whether they give you money or not?

Ms. FERRARO. Absolutely.

Mr. FRENZEL. Me, too.

The used car rule was an interesting reference because it is used sort of endlessly by Common Cause in—

Ms. FERRARO. It is also—let me, if I could just interrupt the gentleman for a minute?

Mr. FRENZEL. Yes; go ahead.

Ms. FERRARO. I will be happy to give you the New York Times editorial. And what I was speaking about before is not necessarily the fact that the votes are bought and sold, but the perception that votes are bought and sold, and the correlation between the contributions was just absolutely amazing, so that is our biggest problem perhaps—that the perception is that we are selling our votes whether or not in fact we are.

Mr. FRENZEL. But may I go a little farther with that?

Ms. FERRARO. Sure.

Mr. FRENZEL. I think those kinds of analyses are juvenile. For instance, if you will take a labor vote—say we had a vote to repeal Davis-Bacon—you would find, oddly enough, that almost all of the folks who got contributions from labor unions would vote against that bill. It isn't because the labor unions gave them the money, it is that labor unions supported people who support their position. You know, you got it backwards.

Ms. FERRARO. That's the problem you have, which came first, and that's again—it's a matter of public perception.

Let me just say one other thing about the FTC rule with the used car dealers. In addition to the fact that the amounts of contribution were given to individuals, five times the amount for those who voted "yea" according to the records, and the lesser amount to those who voted "nay," the amount of contributions between—from the used car dealers, in 1 year, rose incredibly to the year when the vote was being taken.

David, what was the difference?

In the year prior to that vote it was \$14,000—total contributions? 1976, \$14,000 from that group; and in 1980, when the vote was taken, \$675,000. So, you know, that's probably why that vote is used so often, because, again, the amount of difference, difference in contributions between the people who voted "yea" and "nay," and the amount of increase in contributions by that particular group of individuals between 1976 and 1980, when the vote was taken.

Mr. FRENZEL. I am sure that any group which has an issue pending that is important to it is going to work hard. I recall—

Ms. FERRARO. Now, that—

Mr. FRENZEL [continuing]. The commonsitus picketing bill. We had large increases in contributions from labor unions and from corporations or trade associations that had an interest in it. Again,

I rather think that people are looking under beds for boogey men in what seems to me to be a rather normal sort of a process.

For instance, I would vote for repeal of the FTC, because I think it's a pesty, very expensive organization. And yet, if—and I routinely vote as much as I can to curb the powers of the FTC. I don't know if I got any money from the used car dealers, but I bet I did. But that didn't have anything to do with my vote. But, you know, you ascribe motivation in sweeping terms that I think does not at all get at the complexity of the issue or the complexity of the process.

Ms. FERRARO. I think whether or not it had an effect upon the gentleman's vote is something that the gentleman has to decide for himself I can't make that decision. Now, I am not even implying that it did. What I am saying to you is that the perception to the public is that it did, and that's where our concern is.

The other thing, too, and you can take specific instances where people are on taxes, where contributions come—it's common knowledge that committees like Ways and Means are terrific money-raising committees. You know, let's think about that a little bit. Which ones are the big bucks committees to raise money for your campaigns? I mean, it's common knowledge down here. And for us to sit here and deny it to each other, I mean, you want to deny it, deny it. But it's in everybody's head.

Mr. FRENZEL. Are you saying that those people who want to be on Ways and Means Committee do it so they can raise more money?

Ms. FERRARO. No, not at all. I tried to get on Ways and Means. I tried to get on Ways and Means because I feel very strongly about working on Tax Code.

Mr. FRENZEL. I'll bet you 90 percent of the members that come into Congress try to get on Ways and Means.

Ms. FERRARO. That's precisely so, but I am saying to you that the lobbyists heavily support people on Ways and Means, because they're looking for their own special interest, and that's where the contribution magnitude is.

Mr. FRENZEL. That's where the issues are. Is that a surprise? I'll bet you—

Ms. FERRARO. Again, you can go around this thing, you know, for the whole day if you want, but my point is—

Mr. FRENZEL. I can't—

Ms. FERRARO [continuing]. That it's something that we—if you're—again, you know, you're in a position where you are on that committee—

Mr. FRENZEL. Yes.

Ms. FERRARO [continuing]. And you're sitting with \$177,000 for the next campaign, and if I were in your spot, I would be very concerned about curbing my ability to raise money. I would be equally as concerned that perhaps someone might think that there's a perception that the money is making a difference in my votes. I would be equally as concerned. Maybe if I can raise a couple of hundred thousand dollars the next time around I might not sit here—I might have a different attitude.

But I am just telling you what I honestly believe is the public perception. I am telling you what I honestly believe people are

saying. And I am telling you what I honestly believe will make a difference in, if not the actual votes, then certainly the perception that people have of Congress.

Mr. FRENZEL. Well, I thank you for your contribution, and I wish you a lot of luck in your fundraising.

Ms. FERRARO. Thank you.

Mr. SWIFT. Mrs. Vucanovich?

Mrs. VUCANOVICH. Thank you, Mr. Chairman. I would simply like to comment from one woman to another, on your comment that it is harder for women to raise money than it is for men, and—that it's still a man's world in politics. And one result is that qualified women candidates have a harder time breaking in than do qualified men. I just would like to point out that that is a very absolute statement.

There are two women in this last election who won in open seats. One was Barbara Boxer, who raised \$531,401. And I, who raised \$604,624, probably the highest of any woman—

Ms. FERRARO. \$624,000?

Mrs. VUCANOVICH. \$604,624.

Ms. FERRARO. Bless you.

Mrs. VUCANOVICH. Barbara Boxer's opponent raised \$603,000, and my opponent raised \$248,000. And the average in open seats was \$360,000. To make a completely absolute statement that it is harder for women who were qualified to raise money is questionable as to whether that is really true.

Ms. FERRARO. Let me suggest where I get that information from. Not only is it from experience, and, of course, our experience in the northeast is undoubtedly very different from what it is in Arizona. I understand that you were the finance chair—

Mrs. VUCANOVICH. I am from Nevada.

Ms. FERRARO [continuing]. For Senator Laxalt for awhile.

Mrs. VUCANOVICH. I am from Nevada.

Ms. FERRARO. I'm sorry. From Nevada. But you were the finance chair for—

Mrs. VUCANOVICH. No. I never was finance chairman for Senator Laxalt. I was his district representative in his Reno office.

Ms. FERRARO. Well, let me just suggest to you that we have gotten that information from the Women's Campaign Fund, from the National Women's Political Caucus, from people who have done a view survey nationally of women running for office, people who have been involved in national campaigns for several years, and the—I mean, you obviously are an exception to the rule, as is Barbara Boxer. Peggy Heckler also raised a lot of money in Massachusetts. I believe her figure was something like \$900,000, and Barney Frank raised \$1.5 million. I believe that's what it was there.

But I would welcome you in to see some of the other statistics on women raising money, women running for elections, running campaigns. That is maybe not absolute, but it is generally harder for a women to raise money, and these statistics are there from the Women's Campaign Fund and National Women's Political Caucus, which I would be happy to share with the committee, so you will see that.



Mrs. VUCANOVICH. I just think that it's a very absolute statement, and certainly is not supported by all of the facts.

Ms. FERRARO. Well, it should maybe be qualified with a "generally" in front of it. Generally harder for a woman to raise money than for a man.

Mrs. VUCANOVICH. I think so—

Ms. FERRARO. And what we will do is I will be happy to give you the statistics from both the Women's Campaign Fund and from the National Women's Political Caucus, for that, to show that that is a fact.

Mrs. VUCANOVICH. Thank you very much.

Ms. FERRARO. You're very welcome.

Mr. SWIFT. Gerry, thank you. I was going to refrain from making any comment, but I want to jump in just briefly on the used car thing, and it happened to us on the Alaska natural gas pipeline, and happened to us on a number of things.

To the extent that the media or our colleagues or so-called public interest groups honestly believe Members are bought and sold, I suppose they should say that. But what has troubled me is that I have seen an awful lot of stories in which the cheap shot is the easy story to write or film. It's easy to explain why something happened on the floor of the House by rushing to the FEC rather than doing any more detailed analysis. It is easy for Members of Congress who think they may be on the losing side of something to begin casting aspersions upon their colleagues, based on FEC reports. I know of one instance—and it happens to have been a Republican, as a matter of fact—of someone who was fairly well pilloried on his vote on the FTC thing at the Senate level. But the man he defeated raised more money from that particular group than he had. Somehow along the line, what your opponent's contributions were—which is clearly relevant to your motivations on these things—don't get reported, because that's a more complicated news story to write.

I just think we have to be awfully careful, because what we're basically dealing with here is public perception, and I don't think any of us should try to mislead the public one iota.

But misleading them into a greater skepticism of an institution about which they are already cynical seems to me to serve no public purpose whatsoever. I don't happen to believe that's what your testimony reads, Gerry. I didn't read it that way at all. But I think it has to be made clear that in using the information that we have made available to the public through reforms, the media, public officials, and groups that purport to report to the public all need to be very, very responsible in utilizing that information—or we just make matters a whole lot worse.

Ms. FERRARO. Let me suggest to the chairman two things. You have indicated that there is a perception that there are things going on that might not be totally above board because of the—

Mr. SWIFT. What I am saying is I think there is a public perception, if I may—I think there is a public perception that in fact we are bought and sold by virtually every campaign contribution we accept.

Ms. FERRARO. And—

Mr. SWIFT. You know that's not true, and have said so, and I know it's not true. But irresponsibly utilizing information that you can get from the FEC, for debating points, or because it's a slow news day, depending on whether you are my colleagues, or the media, seems to me to be a very, very irresponsible thing to do vis-a-vis the public.

Ms. FERRARO. Well, let me just suggest two things, and one is that, first of all, the perception exists, and that if you are actually here discussing public financing, for us to suggest that that perception does not exist is to be putting your head under a barrel and just not bothering to look at light. I mean, it exists, and so it should be brought out in the open and discussed, and I think we have had a very open discussion on the perception, and I—you know, it's up to you people to decide what you want to do with it, but it exists, and, you know, you will have to deal with it.

The second thing is you say that people—media takes cheap shots. That's nothing new.

Mr. SWIFT. No, it's not.

Ms. FERRARO. I mean, they do it on trips that Members of Congress take.

Mr. SWIFT. That's right.

Ms. FERRARO. They're called junkets. Every time one of us goes on a trip—and I have not taken any yet, any congressional trips, but I will, in the future. I think that they are very, very important to learning about certain areas, to learning about issues. Talk about cheap shots. It's done all the time. Do people have any concept that Members of Congress actually learn anything on those things? Absolutely not. They think that you're out drinking and eating—

Mr. SWIFT. Well, Ms. Ferraro—

Ms. FERRARO. And fooling around. So it's not—

Mr. SWIFT. I am trying to agree with you.

Ms. FERRARO [continuing]. It's unusual. Well, I am too—

[Laughter.]

Mr. SWIFT. And I am having a great deal of difficulty doing it.

Ms. FERRARO. And I am aware of it.

Mr. SWIFT. But I am trying to agree with you.

Ms. FERRARO. I am aware of that, and what I am saying to you—  
[laughter].

Is this. What I am saying to you is that I agree, they take a cheap shot at these bill—at these votes, they take a cheap shot at junkets. That's how they sell their papers, and what I am saying is I agree with you.

But what I am saying as well is that we cannot ignore the fact that this is happening, that the media is doing it, and that there is a public perception out there that we as Members of Congress have an obligation to deal with, and it's a perception that evolves around this particular issue, which is the only reason why I am here.

Mr. SWIFT. I think that's exactly right. There is a public perception that we must deal with, and the approach of the Obey bill and several of the other proposals are designed, I think—it is their basic motive—to try and not only deal with the perception, but to

deal with the issue in a way that that perception can honestly be asked to be changed.

Ms. FERRARO. I think if we do that, we can be asked of no more.

Mr. SWIFT. You are the most exciting witness we have had so far.

Ms. FERRARO. Thank you. I always like to get my blood pressure up a little bit, and Bill Thomas and I have this every time I testify before any committee that he is on, and I can't wait to get him before one of the ones that I am sitting up there on. [Laughter.]

And he's down here.

Mr. THOMAS. Gerry—would the gentleman yield? Based upon the way you talk about the way you want to raise finances, you probably won't be in front of any important committee that I might want to testify in.

Ms. FERRARO. Well, I am currently, now, on the Budget Committee, and I am also on Public Works. I just hope there's nothing in your district you're interested in. [Laughter.]

Mr. THOMAS. I have got my fingers crossed.

Ms. FERRARO. Thank you, Mr. Chairman.

STATEMENT OF HON. GERALDINE A. FERRARO, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF NEW YORK

Mr. Chairman, I appreciate this opportunity to testify today on the need for campaign finance reform in congressional elections. I come before the Committee as a cosponsor of the Clean Campaign Act, H.R. 2490. Rather than discuss the specifics of that legislation, however, on which this committee has already heard testimony, I will instead focus on some general concerns that cause me to support campaign finance reform.

There is little doubt that the key element in politics today is money. Money is more important in politics than ever before. More time and energy and though is given to raising money than ever before. Campaigns are more expensive than ever before.

All the money being poured into political campaigns by various interest groups has created the concern that votes are being bought and sold in a kind of ever-rising auction of public policy. Notwithstanding jokes about an honest politician being a politician who, once bought, stays bought, there are some very serious questions here. Basically, is public policy being made on the basis of information found in FEC reports or House and Senate committee reports?

The standard answer to this question by those who defend the current campaign finance methods is that except in the rarest of cases, what is being purchased in "access," and not votes. Let me state clearly my confidence that the overwhelming majority of members of Congress have the integrity we demand of our public servants, and are not selling votes.

The problem, thought, is that even if there isn't outright bribery and corruption going on, the role of big campaign money distorts the political process and the legislative process. It just gets to the point where the need to raise money dictates the activities on a daily basis of Members of Congress. It takes up our time, it influences who we see, what information we get, and it takes away from our efforts on more substantive business.

There are a few points I particularly want to make. First, there's the question of how much time members put into raising money. I've been in Congress for five years now. I understand from some more senior members that there was a time when fund-raising was not a year-round affair when a member could concentrate on legislation until a month or two before Election Day, and only then turn to raising money.

All I can say is, those were the days. Fund-raising now, for most members, is a year-round activity—all year, every year. Odd-numbered years and even-numbered years. It's not at all uncommon for House members to start thinking about raising money for the next election before they've been sworn in after winning the last election.

One measure of the importance of fund-raising is the frequency of fund-raisers. A standard feature of every day's schedule for most members is attending receptions for other members. It's not at all unusual for three or four or even half a dozen

members to have fund-raisers on a given week-night. You're expected to go to help your friends, and you expect them to show up to help make your own party a success.

More than the receptions for other members, though, the problem is the time we all spend raising money for our own campaigns. Fund-raising parties—one in Washington, one in the home district—are annual events. Putting together lists of invitees, lining up "big-name" sponsors, making arrangements for a room and refreshments, all these things gobble up huge amounts of Members' and staffs' time. Personally, I have to tell you, there is not part of this job I enjoy less than asking people for money. And make no mistake, it's a big part of the job.

The important thing to realize about how fund-raising distorts the work we're here to do is that even if no campaign contribution ever affects even one vote by even one member, the need to spend time figuring out how to raise money detracts from members' ability to focus on issues.

And, as you all know, we're talking about big money. The amounts of money spent by candidates for Congress have just sky-rocketed in recent years, far outstripping inflation. In 1976, the average expenditures for all House and Senate races was \$111,000. Four years later, in 1980, the number had doubled to \$211,000. And last year it was \$324,000, almost triple the 1976 level. In fact, the average spending on House races in 1982 equalled the average spending totals for House and Senate races combined in 1980. And the average Senate candidate in 1982 spent over \$1.7 million.

This trend shows no sign of slowing or reversing. Candidates regularly talk about building up "war chests" for future campaigns. These war chests are multi-purpose.

A recent New York Times report quoted one Senator saying, "The \$2.4 million we spent in 1980 would have no relevance in 1986," when he is up for reelection. He plans to spend between six and eight million in 1986, and to raise \$6 million by the start of that year. The purpose of raising that much money is partly to run a strong campaign—but it is also partly to discourage potential challengers.

The article mentioned that fund-raising is almost a weekly part of the Senator's routine. That kind of effort has to detract from legislative duties.

As I stated earlier, I don't believe members of Congress are selling votes. Clearly, the correlation between a member's voting record and his or her campaign contribution list reflects philosophical compatibility rather than any breach of public trust.

But there are instances when members feel beholden to some interest group because of campaign contributions they have received.

Beyond concern about actual corruption of Members of Congress, there is also the danger of damage to the reputation of the institution caused by the appearance of Congress selling out to special interests. The most prominent example of this in recent years was last year's congressional override of the Federal Trade Commission's used car rule.

The vote in the House to disapprove the FTC rule, which was a modest attempt to protect used car buyers against unscrupulous dealers, was 286 to 133. Editorial writers for leading newspapers drew a strong connection between campaign contributions made by the used car dealers' political action committee and how members voted on the disapproval.

While no specific allegation of wrong-doing was of course made, the public perception of that vote was that Congress had sold out. Statistics taken from FEC reports that showed members supporting the used car dealers receiving roughly five times as much in contributions as those members who opposed the dealers only added to that perception.

Beyond the vote itself, however, the used car rule showed what "access" can mean in practical terms. The vote on the FTC rule was taken on May 26. From May 24 to May 27, the House took 32 substantive votes. Thirty-one of those were on the budget. In the midst of a budget crisis that would see seven budget plans shot down, the House dropped everything to take up the FTC rule.

The problem of fund-raising—the time lost that could be spent studying issues, and the influence wielded by contributors—exist for all members except those who are independently wealthy. And we are seeing more and more candidates with pockets deep enough to pay their own fare. For the average candidate, dependent on outside contributions, though, the problems are pretty universally shared. But there is, I am convinced, one special complicating factor for some candidates.

Simply stated, it's harder for women to raise money than it is for men. All other things being equal, politics is still a man's world, and the good old boy network responds more readily to new good old boys than to potential good old girls. One result is that qualified women candidates have a harder time breaking in than do qualified men.

I'd like to say the barriers to a woman are removed once she does get elected. But it's not true. In fact, the difference between women and men who are already elected officials may be greater than the gap between women and men running for the first time. Ronald Reagan isn't facing the only gender gap in American politics by any means.

For each of these problem, the basic solution lies in some form of public financing, with limits on PAC contributions to candidates and limits on total campaign spending. These measures are needed to ease the pressure on members to raise money, to reduce the danger of the appearance of votes being bought, and to eliminate inequalities between men and women. Public financing would free legislators to legislate without fear of cutting off their lifelines or falling behind potential opponents in the bankroll race. As a member of the Democratic Caucus task force on campaign finance reform, I will be working to achieve passage of major campaign reform legislation—in whatever spare time I have after raising money for my next campaign and to pay off the \$85,000 debt I still owe from my first campaign for Congress in 1978.

Mr. SWIFT. Thank you very much, Ms. Ferraro.

Mr. Andy Jacobs? Your statement will be carried in full in the record, and you may proceed as you wish.

**TESTIMONY OF HON. ANDREW JACOBS, JR., A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF INDIANA**

Mr. JACOBS. Well, here it is. I think the Congress of the United States should be like Caesar's wife—

Mr. SWIFT. Excuse me just a moment.

[Pause.]

Mr. SWIFT. Please proceed Andy.

Mr. JACOBS. I think the Congress of the United States should be like Caesar's wife, and above suspicion. I am not here to point fingers at anybody. I am interested in what is right rather than who is right, and I am interested in the institution, the conflict of interest that is implied, and so on.

I am also here to say that I agree with Representative Frenzel on practically everything, except PAC's; and that I believe that the perception of the public is that PAC contributions do have an influence which is not always in the public interest in the Congress.

The first example of public financing of campaigns was the old New England town meeting, because the taxpayers put up the money for the town hall, and that was the means of communication. I believe that the proper function of any political campaign is to communicate ideas, not buy funny hats or bring in movie stars to sing, but communicate ideas.

I favor a public financing scheme by which not one nickel would be given to any political committee or any candidate for Congress, but where the facilities, the approximation of the New England town meeting hall, namely, the electronic communications and other communications facilities, be provided at public expense in equal measure to those who achieve ballot position for the Congress of the United States. In short, I believe the public institution through which the Representatives and Senators are chosen should have the same dignity as the public institution in which they serve.

It is now, I believe, unlawful for contributions to be made for office expenses for Members of Congress, and I think we should make the same restriction on the process of choosing Congress. It is unfortunate that this is a branch of Government so distinguished

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ABC NEWS

THIS WEEK WITH DAVID BRINKLEY

Sunday, August 19, 1984

GUEST: REPRESENTATIVE GERALDINE FERRARO (D., N.Y.)  
Democratic Vice Presidential Nominee

INTERVIEWED BY: David Brinkley - ABC News  
George F. Will - ABC News Analyst  
Sam Donaldson - ABC News

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MR. BRINKLEY: Coming next, the Democratic nominee for Vice President of the United States, Geraldine Ferraro -- in a moment.

(Announcements)

MR. BRINKLEY: Ms. Ferraro, thank you very much for coming in. Delighted to have you with us today.

REP. FERRARO: Thank you.

MR. BRINKLEY: Here with us is George Will of ABC News and Sam Donaldson, ABC News White House Correspondent.

Ms. Ferraro, what caused your husband to change his mind?

REP. FERRARO: He made the decision himself. He said, "Gerry, I'm not going to hurt you and I'm going to release them," so I said, "Fine." It was his decision.

MR. BRINKLEY: So he was willing to take whatever problems may be created to avoid interfering with your campaign?

REP. FERRARO: John is a very strong, loving man of great integrity and we know we're releasing all of the documents tomorrow, and we're hoping the American public will be satisfied.

MR. WILL: One of the themes of the fairness issue as the Mondale-Ferraro campaign is using it is that the rich aggressively use, legally, but existing laws that should be changed and avoid paying their fair share of taxes. Tomorrow when these documents are released, will people say that the Ferraro-Zaccaro household has paid its fair share?

REP. FERRARO: They sure will, and, George Will, tomorrow afternoon you're going to call me up and apologize for your column of today.

MR. WILL: Which part?

REP. FERRARO: The part where you say that we took advantage of all kinds of loopholes and probably didn't pay any taxes.

MR. WILL: I said that was --

REP. FERRARO: Take a look.

MR. WILL: That was an inference encouraged by the refusal on your part.

REP. FERRARO: Take a look at the -- take a look at the tax returns tomorrow and you'll see that we do pay taxes and we pay them separately. But that will all come out tomorrow.

I think what's happened over the past several weeks and one of the reasons why John decided to disclose was that people were jumping to the most outrageous conclusions on a lot of things, and it was getting worse rather than better, and so he just decided.

MR. DONALDSON: All right. Let's talk about the '78 returns. There is a story now that you underestimated the amount of capital gains on that building that John Martin told us about, and you're going to owe a lot more taxes, is that right?

REP. FERRARO: Well, let's talk about the '78 returns tomorrow. Tomorrow what we're going to be doing -- and I've been saying this, as you know, for the past several weeks. At every single press conference we've had, every time we've walked by a reporter, they've shouted at me, "What's the answer on this stuff?"

What we have done is we've spent a lot of time with accountants and lawyers. In fact, we hired, I think, the best accounting firm in this country, Arthur Young, and they have been



spending really literally weeks going over our information. They are going to be doing a briefing tomorrow, a full -- an hour or two-hour briefing, however long a period of time it takes to go over the materials that we are disclosing.

MR. DONALDSON: All right. Your returns are going to be released tomorrow?

REP. FERRARO: Those will be released tomorrow, and in addition to that, there will be a full briefing and that's what we'll do at that time.

MR. DONALDSON: All right. Let's talk then about matters of record, that are already in the public record.

REP. FERRARO: Sure.

MR. DONALDSON: Let's talk about the '78 loans to your campaign. David Stein, on whom you say you relied for advice that the loans were proper and legal, says just the opposite, that in fact he warned you that those kind of loans would not be proper and legal.

REP. FERRARO: David Stein said that in front of about -- I think there were between 10 and 12 people there. Those people have very, very accurate memories, as do I and as do my husband.

Let me just say to you, Sam, that the way the FEC found out about those loans is because I reported them on my forms to the FEC. Now, if I knew I were doing something wrong I might have done what I did, John LeBoutillier / which is not report them at all. What I did was I reported them because I believed that what I was doing was absolutely right. In addition to that -- wait just a minute -- in addition to that, had I intentionally violated the regulation or known

I was violating it, wouldn't I have sold my property ahead of time, with time, and taken care of paying for those -- paying for the expenses of the campaign.

MR. DONALDSON: But you reported the loans, but, of course, the \$138,000.00 from your husband was channeled not only through your husband but through various members of your family.

REP. FERRARO: No, no, no, no, no. No.

MR. DONALDSON: The inference some people draw is that you knew something was a little wrong there.

REP. FERRARO: No, no, no, and that's part of the problem with trying to discuss this in three minutes on this show, rather than doing it fully, and that piece of it --

MR. DONALDSON: Well, we have a little time today.

REP. FERRARO: Well, do you want to spend the whole hour discussing it? We can, but what I'm going to be doing is, though we're going to have a full briefing on all the disclosure things tomorrow, on Tuesday I'm going to be holding a press conference and I'll sit down and answer, you know, as many questions as people have, as long as they don't get redundant.

But I intend to fully explain to people what happened, but that first instance -- first of all, you know, the other piece is the FEC has come back and said, "Well, you know, we didn't -- we were concerned about the inconsistencies." I worked as a prosecutor. I handled investigations. If they were concerned about inconsistencies, if any existed, why didn't they call David Stein, who had been an attorney with that Commission, in to talk to them? Why didn't they

call me in to talk to them? They didn't do any of that.

MR. DONALDSON: Why would David Stein try to harm you now, Ms. Ferraro?

MS. FERRARO: Oh, Lord knows. Well, maybe because the statute of limitations for malpractice has passed. Who knows?

MR. DONALDSON: You're saying that that's what he was doing?

MR. BRINKLEY: He's lying now, is that --

MS. FERRARO: Yeah, exactly so. We have several people who will, you know, attest to that. I have no idea why he's doing that, but I understand that there's also background checks being done on him --

MR. DONALDSON: Do you think he's been put up to this by the Republicans?

MS. FERRARO: I don't jump to conclusions, unlike other people of my experience of the past month. No, I don't know why he's doing it. I have no idea. We have to ask David Stein that, I guess.

MR. WILL: Congress, in its very debatable wisdom, has made it a felony to fill out disclosure forms improperly.

MS. FERRARO: Uh-huh (affirmative).

MR. WILL: You were required to list certain assets unless you had no knowledge of them or no expectation to gain from them. Are you confident that you did not violate that law? And this, as you know, is what Republicans are saying. They're saying when Ed Meese had problems with his disclosure forms an independent counsel was appointed. Why shouldn't an independent counsel be appointed in your case?

MS. FERRARO: Well, again, that's something I'm going to be discussing on Tuesday, and after we discuss it, you know, it's up to the Department of Justice or up to whomever will appoint, the Administration or, you know, the Ethics Committee to make that decision. But, again, in that instance I checked off that I was entitled to the exemption. I didn't hide it. I put that right before the Ethics Committee. You know, I've been doing that for five years. I did not -- I did not hide my --

MR. DONALDSON: You said you were entitled to an exemption that people now question whether you were entitled.

REP. FERRARO: That's right. And what I --

MR. DONALDSON: You are an officer, are you not, and you are half-owner of one of your husband's companies?

REP. FERRARO: Well, that's not accurate, though let me just say to you that what I will be doing is I will be discussing that on Tuesday -- fully. Fully.

MR. DONALDSON: Well, it's not accurate. May I just follow it up --

REP. FERRARO: Fully.

MR. DONALDSON: -- because I think --

REP. FERRARO: You can follow it up --

MR. DONALDSON: -- a lot of people have tuned in this morning to --

REP. FERRARO: -- but I don't know if I'm going to discuss it.

MR. DONALDSON: -- hear you answer questions about this

controversy.

REP. FERRARO: Well, no doubt -- they've undoubtedly tuned in to hear me answer questions, but I think what they've also -- they also expect from me a full explanation of all the details, and I can't -- in all honesty, I cannot do it in a matter of minutes. The whole package will come together.

MR. DONALDSON: Well, I'm just asking about that one company. I don't pretend to know a lot about your husband's business.

REP. FERRARO: Well, that one company, Sam, as you know --

MR. DONALDSON: P. Zaccaro Company?

REP. FERRARO: No, no, but let me tell you that whole -- that whether or not I am an officer participating in profits, participating and knowing the business, goes to the heart of whether or not I was entitled to claim the exemption.

MR. DONALDSON: Right.

REP. FERRARO: And so it's not just one piece; it's a piece of a whole.

MR. DONALDSON: So you say you were not entitled to profits?

REP. FERRARO: And what I'm saying to you is that I will discuss that in full detail on Tuesday. You allow the President to cut off a question. Why don't you allow me that?

MR. DONALDSON: Oh, you're very kind. May I just press one more?

REP. FERRARO: Uh-huh (affirmative).

MR. DONALDSON: Last Sunday -- a lot has happened in the week.

REP. FERRARO: Sure.

MR. DONALDSON: When you said that your husband wouldn't release his tax return, you said, "Those of you women who are married to Italian men know what I mean." What did you mean?

REP. FERRARO: Oh, that he's very independent and very private and has -- talks about -- keeps his business to himself. That's what I meant.

MR. DONALDSON: Well, a lot of Italians, including Governor Cuomo, have taken exception to that remark.

REP. FERRARO: Gee, I'm sorry that they misunderstood what I was saying.

MR. BRINKLEY: If I may interrupt, we'll be back with more questions in a moment.

(Announcements)

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MR. BRINKLEY: We are back. Sam, did you have a followup question you wanted to --

MR. DONALDSON: Two quick questions just to get your response on the record. It is said that your husband rents to a large-scale distributor of pornography, Star Distributor, Limited. What is your view of that? Should he be doing that?

REP. FERRARO: Well, the thing about that, as you know, is he rents a lot of space and I don't know if you know that when you rent space, as long as the person uses it for the purpose for which the lease calls, there is no way you can check to find out exactly what they're doing. He rents for storage. What they store, you know,

is up to them.

MR. DONALDSON: Are you saying he didn't know until the reporters began to bring it to light?

REP. FERRARO: Oh, he sure did not know and, as a matter of fact, what he did was he -- as he mentioned, he called his attorney, had them checked out to see if there was any violation of the lease and even attempted to move -- you know, to remove those people from the premises but was told that that was not possible. The lease comes up, I understand, in January, he told me, and --

MR. DONALDSON: And he's going to drop it?

REP. FERRARO: And he will undoubtedly not renew it.

MR. DONALDSON: Second quick question. We saw a film of you from yesterday.

REP. FERRARO: Yeah.

MR. DONALDSON: In which a lot of people think you were properly outraged at an article which brought up the possibility that there was a mob connection with Mr. Zaccaro. Tell us about that. Tell us how you feel about that.

REP. FERRARO: I feel -- as I said in the film, I feel outraged. You know, a lot of us have grown up with vowels at the end of our name, and there has been a lot of discrimination, and we've grown up accepting it. My husband is a very decent, honest man of integrity. He is a loving father and has no connection to anything like that. For anybody to imply, just because we're Italian Americans, that we're connected to organized crime is -- is appalling. I mean, I just -- I have no other words to express my anger at someone

attempting to do that. You know, it's just one form of discrimination I feel. I'm sure other people who are discriminated against for some other reason feel as strongly as I do about this.

MR. BRINKLEY: This has all blown up rather suddenly, shortly after you were nominated in great exuberance and happiness on the part of many people. Do you feel -- do you feel you've been abused?

REP. FERRARO: Oh, no, I have to -- you know, we kind of knew that this was going to start. It's -- in a way, it's an indication perhaps that people aren't quite sure of how to deal with me. I'm the first woman who has ever run for national office. Even the polls are kind of crazy, jumping up and down in different ways. I think we'll get through this, and I'm hoping that come, oh, at least another week, we get all the stuff out, people get to see it, the reporters get to spend time talking about it, doing it on television, and then I'd like by -- certainly by Labor Day to start discussing the issues of this campaign.

MR. WILL: Let's start now.

REP. FERRARO: Ready to start discussing issues?

MR. DONALDSON: Want to start now?

MR. BRINKLEY: Let's start now.

REP. FERRARO: Terrific.

MR. BRINKLEY: I have one more thing I want to ask. During your three terms in the house, Tip O'Neill, Speaker O'Neill --

REP. FERRARO: Uh-huh (affirmative).

MR. BRINKLEY: -- has been very helpful to you. Have you



talked to him about this?

REP. FERRARO: No, I haven't. I haven't spoken to Tip since the convention. I guess I should have, but I haven't. I have not called. I've been so involved in doing the campaign.

MR. BRINKLEY: That's because I was then going to ask what he said.

REP. FERRARO: No, I didn't.

MR. BRINKLEY: All right.

REP. FERRARO: Now you remind me, I've got to call him up a little bit later.

MR. WILL: Well, let's rush Labor Day and talk about --

REP. FERRARO: Oh, wait a minute. I asked -- when I was down in Congress, I've spoken to him about various things, but I did not call him up with reference to this latest thing, you know. No, I was down in Washington with Congress.

MR. WILL: The Democratic platform implies strongly that Ronald Reagan is to blame for the breakdown of arms control talks that the Russians have walked out of. In the START talks, the President proposed substantial reductions of force levels. In the INF talks, he proposed -- made actually four or five proposals, each one of which, starting at a zero option, said, "Pick a level, any level, of equality of this category of missiles." What complaint, specific complaint, do you have with the President's proposals?

REP. FERRARO: With the START talks, my specific complaint is that what he's dealing with is he's dealing with land-based missiles and I think he's moved ahead with an unreasonable offer, in the first

place, because that is where the bulk of the Soviet strategic weapons lie and their strength.

With reference to INF, I can't fault him. They walked out of the talks. They're the ones who got up and walked out. But I do fault him in not -- first of all, he's the first President since Herbert Hoover who has not sat down with the head of the Soviet Union and, in addition to that, when --

MR. DONALDSON: They keep dying on him, though.

REP. FERRARO: Well, you're right, but I mean, you get up and talk to somebody. But in addition to that, he has not -- there was talk of moving toward some sort of talks last month, and instead of moving and start discussing the ASAT, he insisted that it be tied to Star Wars. I mean, I think what you have to do is you've got to sit down and start moving, and that's where I fault him, in not attempting either to talk to them on a summit level or in agreeing at least to start talking on some level.

MR. WILL: The Democratic platform also is critical of the President on Grenada.

REP. FERRARO: Uh-huh (affirmative).

MR. WILL: Now, suppose you're the Vice President and a small Caribbean island has its government murdered, a small band of Leninist criminals, basically, is trying to consolidate power, there are a few hundred Americans on the island, and the democracies in the region call and plead with the United States to intervene. Would Vice President Ferraro say, "No, we should let that country have a consolidated communist government"?

REP. FERRARO: Let me suggest to you that Vice President Ferraro would not have jumped into that situation militarily, as did President Reagan. What I would have done, and which I was very critical of the President about, was that I would have, first of all, seen if there was any way to move without using military power to negotiate in order to solve the situation down there, number one.

Number two, I would have also determined whether or not those young students there were actually in danger or whether or not they were going to be put in some sort of danger by the movement of our military into that island. I've spoken to one of the kids who was down there, and their biggest concern was after the invasion by our troops, when they woke up and found people standing there who -- I mean, they didn't know, you know, who they were.

So I think the issue is not, you know, what I would have done under some sort of circumstances. It's whether or not I would have proceeded militarily first.

MR. WILL: You would have --

REP. FERRARO: I think that's the last resort.

MR. WILL: You would have tried to negotiate, and if they had said, "We're not going to negotiate."

REP. FERRARO: Well, let me suggest to you --

MR. WILL: "We're going to go ahead consolidating power," then it might have been too late.

REP. FERRARO: Let me -- well, it might have been. If it were, I mean, a whole bunch of --

MR. WILL: But you're willing to take that risk?