ADDRESS OF SENATOR STROM THURMOND (D-S.C.) ON THE FLOOR OF THE
SENATE UPON THE INTRODUCTION OF AN AMENDMENT TO PROHIBIT POLITICAL
CONTRIBUTIONS AND EXPENDITURES BY LABOR UNIONS: Jan. 27, 1960.

Mr. President, I send an amendment to the desk and ask that it be read in its entirety by the clerk. The amendment I have offered would amend the present law which prohibits corporations and labor unions from making political contributions and expenditures.

At the present time, Section 610 of Title 18 prohibits corporations and labor unions from making political contributions or expenditures in connection with a federal election. The language of the section is in terms of a blanket prohibition.

However, because of the interpretation given the statute by the Supreme Court in two cases in recent years, several types of political expenditures have been held to be without the prohibition of the statute, and considerable doubt exists as to whether other types of activity are within or without its reach. It is the purpose of the proposed amendment to clarify the present situation as to the limitations on political activity which the Congress intends to be placed.

Mr. President, the effect of the amendment I have offered would be to prohibit all political contributions of labor unions and corporations with three specific exceptions: (1) the amendment would in no way affect the right of labor unions and corporations to communicate with the members or stockholders through the medium of a union newspaper or house organ, so long as its distribution was limited primarily to the members or
stockholders concerned. Advocating the election of a particular candidate or slate of candidates through this medium would not be curtailed in any manner; (2) the amendment protects the alleged constitutional right of labor unions and corporations to discuss the issues of the campaign impartially and to declare their position on such issues; (3) the amendment specifically guarantees the right of labor unions and corporations to sponsor news programs and programs in which the opposing candidates are presented on a panel discussion, debate, or similar type program. Example To explain the amendment in the terms of a hypothetical, Mr. President, it prevents a labor union or a corporation from spending money to influence the public at large to vote for candidate "A" instead of candidate "B". There are three sanctions imposed on labor unions which commit violations: (1) non-certification by the National Labor Relations Board and inability to file an unfair labor practice charge; (2) removal of any exemption from the anti-trust laws; and (3) loss of tax-exemption for one year following the violation. For a violation by a corporation, there is imposed a $10,000 fine. In addition, a fine of $1,000 and imprisonment for one year, or both, is imposed on any person who receives any contribution prohibited by the amendment and on any officer or director who consents to any contribution or expenditure prohibited.

Mr. President, the forerunner of the present section of the United States Code which prohibits political expenditures or contributions by labor unions and corporations was first enacted in 1907. An appreciation of the circumstances which
understanding of it is essential for a consideration of the amendment which I have offered.

The great concentration of wealth which followed the industrial expansion in the United States in the post-War Between the States era had profound effects on the American economy. The impact of abuses resulting from this concentration of wealth in the control of industrialists gradually made itself felt by a rising tide of reform protest in the last decade of the nineteenth century. The Sherman Anti-trust Act was in response to the threat to economic freedom created by enormous industrial combines. The income tax law of 1894 reflected congressional concern over the growing disparity of income between the many and the few.

In this latter decade of the nineteenth century, there was a growing popular feeling that the large aggregations of capital were unduly influencing politics, an influence not stopping short of corruption. The prosperity of the times was great, but the wealth was gravitating rapidly into the hands of a small portion of the population. The power of wealth threatened to undermine the political integrity of the Nation. This is best demonstrated by the multiplicity of States which passed laws in the 1890's requiring candidates for office and their political committees to make public the sources and amounts of contributions to their campaign funds and the recipients and amounts of their campaign expenditures. The theory of these laws was not unlike that which fostered the approach of the Kennedy-Ervin Labor Bill to present abuses in the labor-union movement, namely, that the spotlight of reporting and publicity tend to discourage unethical
practices. The purpose was to discourage corporations from making political contributions, thereby ending their control over party policies. However, the futility of this approach to the problem was soon realized. As early as 1894, the First Session of the 59th Congress was urged to prohibit political contributions by corporations altogether. I quote from the hearings before the House Committee on Elections:

"The idea is to prevent . . . the great railroad companies, the great insurance companies, the great telephone companies, the great aggregations of wealth from using their corporate funds, directly or indirectly, to send members of the legislature to these halls in order to vote for their protection and the advancement of their interests as against those of the public. It strikes at a constantly growing evil which has done more to shake the confidence of the plain people of small means of this country in our political institutions than any other practice which has ever obtained since the foundation of our Government. And I believe that the time has come when something ought to be done to put a check to the giving of $50,000 or $100,000 by a great corporation toward political purposes upon the understanding that a debt is created from a political party to it."

Mr. President, concern over the size and source of campaign funds was one of the vital issues in the presidential campaign of 1904. Popular sentiment for federal action to purge national politics of the pernicious influence of huge campaign contributions
was crystallizing. President Theodore Roosevelt, in his annual message to Congress on December 5, 1905, recommended that:

"All contributions by corporations to any political committee or for any political purpose should be forbidden by law; directors should not be permitted to use stockholders' money for such purposes; and moreover, a prohibition of this kind would be, as far as it went, an effective method of stopping the evils aimed at in corrupt practices acts."

The wisdom of this recommendation was becoming more and more apparent. It was contrary to the primary purpose of the existence of the corporations to allow executive officers and directors to use moneys in support of political candidates or platforms. Whether the contribution was made for the purpose of supporting political views or with the desire to obtain protection for the corporation, it was wholly unjustifiable. In the first instance, executive officers were seeking to impose their political views upon a constituency of divergent convictions, and in the other they were guilty of a serious offense against public morals.

In this first decade of the Twentieth Century, corporations were frank in their admission that the contributions were made upon the expectation that candidates thus aided in their election would support the interests of those companies.

The public demand for a reform bill was about to reach a crescendo.

In 1906, Mr. President, the Committee on Elections of the House of Representatives began considering a number of proposals designed to cleanse the political process. There were numerous
groups which advocated a federal publicity bill, feeling that
the light of revelation would curb the most flagrant abuses of
purchases of influence. One of the strongest advocates of
reform legislation was the President of the American Federation
of Labor, Samuel Gompers, who is known as the Father of the
American Labor Movement. His testimony before the House Committee
on the publicity bill is as follows:

"Whether this bill meets all of the needs may be
questioned; that is open to discussion, but the
necessity for some law upon the subject is patent to
every man who hopes for the maintenance of the insti­
tutions under which we live. It is doubtful to my mind
if the contributions and expenditures of vast sums of
money in the nominations and elections for our public
offices can continue to increase without endangering the
endurance of our Republic in its purity and in its essence.

"... If the interests of any people are threatened
by corruption in our public life or corruption in
elections, surely it must of necessity be those, that
large class of people, whom we for convenience term the
wageworkers.

"I am not in a mood, and never am, to indulge
in denunciations or criticism, but it does come to
me sometimes that one of the reasons for the absence
of legislation of a liberal or sympathetic or just
character, so far as it affects the interest of the wage­
earners of America, can be fairly well traced with the
growth of the corruption funds and the influences that
are in operation during elections and campaigns .... I am under the impression that the patience of the American workingmen is about exhausted--

If we are really determined that our elections shall be free from the power of money and its lavish use and expenditure without an accounting to the conscience and the judgment of the people of America, we will have to pass some measure of this kind."

In his annual message to the Congress in 1906, President Roosevelt listed as the first item of congressional business a law prohibiting political contributions by corporations.

In 1907, the forerunner of the present statute which purports to prohibit political contributions and expenditures by both labor unions and corporations was passed. The language of that prototype section was:

"That it shall be unlawful for any national bank, or any corporation organized by authority of any laws of Congress, to make a money contribution in connection with any election to any political office.

It shall also be unlawful for any corporation whatever to make a money contribution in connection with any election at which Presidential and Vice-Presidential electors or a Representative in Congress is to be voted for or any election by any State legislature of a United States Senator."

The purpose of this original section was not merely to prevent the subversion of the integrity of the electoral process.
The basic underlying philosophy was to sustain the active, alert responsibility of the individual citizen in a democracy for the wise conduct of government. Individual initiative was being lost in the face of huge aggregations of wealth, and the political segment had begun to cater to corporate interests to the detriment of the population as a whole. Accountability to the individual voter had become a thing of the past.

The Act of 1907 was the first concrete manifestation of a continuing congressional concern for elections "free from the power of money."

In 1910, Congress responded to the public demand for further curbs on the political power of wealth by enacting a publicity law that required committees operating to influence the results of congressional elections in two or more States to report all contributions and disbursements and to identify contributors and recipients of substantial sums. That law also required persons who spent more than $50 annually for the purpose of influencing congressional elections in more than one State to report those expenditures if they were not made through a political committee. At the next session that Act was extended to require all candidates for the Senate and the House of Representatives to make detailed reports with respect to both nominating and election campaigns. The amendment also placed maximum limits on the amounts that congressional candidates could spend in seeking nomination and election, and forbade them from promising employment for the purpose of obtaining support. And in 1918, Congress made it unlawful either to offer or to solicit anything of value to influence voting.
In 1925, Congress made a comprehensive revision of existing legislation concerning elections and enacted the Federal Corrupt Practices Act of 1925. The forerunner of the present Section 610 of Title 18, prohibiting political contributions by corporations, was strengthened by expanding the definition of "contribution" and penalizing the recipient of any forbidden contribution as well as the contributor.

Mr. President, the political potentialities of wealth were further restricted in 1940, when Congress made it unlawful for any "political committee" to receive contributions of more than $3,000,000 or to make expenditures of more than that amount in any calendar year. The same act made it unlawful "for any person, directly or indirectly, to make contributions in an aggregate amount in excess of $5,000, during any calendar year, to or on behalf of any candidate for an elective Federal office" or any committee supporting such a candidate. The term "person" was defined to include any committee, association, organization, or other group of persons. The author of the amendment, in offering it on the floor of the Senate, made the following observation: "We all know that money is the chief source of corruption. We all know that large contributions to political campaigns not only put the political party under obligation to the large contributors, who demand pay in the way of legislation, but we also know that large sums of money are used for the purpose of conducting expensive campaigns through the newspapers and over
the radio; in the publication of all sorts of literature, true and untrue; and for the purpose of paying the expenses of campaigners sent out into the country to spread propaganda, both true and untrue."

"Mr. President, as we are all aware, World War II precipitated an unprecedented economic mobilization and enormously stimulated the power of organized labor and soon aroused a consciousness of its power outside its ranks. This concentration of power was emphasized each time workers conducted strikes during the period when this Nation was engaged in the greatest conflict the world has ever known. And thus there was a growing realization that, just as the great corporations had made huge political contributions to influence governmental action or inaction, whether consciously or unconsciously, the powerful unions were pursuing a similar course, and with the same untoward consequences for the democratic process. It was for this reason that the Corrupt Practices Act was extended to include labor organizations when Congress, in 1943, passed the Smith-Connally Act to secure defense production against work stoppages.

Public opinion toward labor unions was undergoing a change. Since the inception of the organized labor movement, privileges and immunities granted to labor unions have created instruments of almost uncontrolled power. These include (1) immunity under the anti-trust laws; (2) practically full immunity to injunctions in the Federal courts; (3) immunity from taxation; (4) power to compel employees to join unions as a condition of employment; (5) right to represent all of the employees as exclusive bargaining agent even if only a bare majority has selected the union as
such agent; (5) power to compel employers to bargain collectively; (7) although not required to be incorporated, their members are free from the liability for the debts of the union, unlike the members of other unincorporated association; (8) unions are not liable for the acts of their individual members in contrast to other types of unincorporated associations.

And thus, during World War II, it became apparent that the infant labor movement which had been nurtured by beneficial legislation and public opinion, reached its maturity and had come of age. As a result of the demonstrations of labor power in the form of wartime strikes, the public came to the conclusion that labor unions, as public institutions, should be granted the same rights and no greater rights than any other public group. The detrimental effect that concentrations of wealth had on elections ignore the source, for an association of individuals -- whether they be a labor union or a corporation -- expect and sometimes demand consideration by the beneficiaries of their contributions which not infrequently is harmful to the general public interest. It was a realization of this fact that led Congress to place labor unions on exactly the same basis, insofar as their financial activities were concerned, as corporations had been on for many years.

Despite the wartime application of the Federal Corrupt Practices Act to labor organizations, some unions continued to make enormous financial outlays. The Political Action Committee of the Congress of Industrial Organizations played a vigorous role in the national elections of 1944. However, the Senate's Special Committee on Campaign Expenditures did not find a violation
of the Corrupt Practices Act by the PAC, for it had limited its activity to "expenditures" on behalf of candidates, and had not made direct contributions to their campaign funds. It became quite obvious, Mr. President, that the statute was woefully inadequate to prevent labor union political fiscal activity if it was to be subjected to such a narrow construction. The detriment to the electoral process was as great in the case of an expenditure on behalf of a particular candidate as a direct contribution to his campaign fund. In both cases the responsibility of the individual citizen in the democratic system of elections was diminished and the beneficence of the organization expending the money was a potential factor in legislative determination. It was apparently for this reason that concern was growing over the possibility of emasculation of the statutory policy through a narrow construction of "contributions."

In 1945, the House Special Committee to Investigate Campaign Expenditures in the 1946 elections urged that the prohibition on political contributions be extended to cover political expenditures on behalf of a candidate as well, and noted the futility of a law which prohibited the direct contribution to a candidate and yet permitted the expenditure of large sums in his behalf.

Mr. President, the Congress realized the necessity of protecting the political process from what it deemed to be the corroding effect of concentrations of wealth. The prohibition of political contributions by labor unions contained in the Smith-Connally Act was made permanent in 1947 by the Taft-Hartley Act. In addition, the section was extended to proscribe "expenditures" as well as "contributions", and the coverage was
The present section became law when the Congress overrode the President's veto of the Taft-Hartley law. The section has been before the Supreme Court on two occasions, Mr. President. In United States v. Congress of Industrial Organizations (335 U. S. 106) a 1948 decision of the Court, it was held that the section did not prevent a labor union from distributing a regularly published union newspaper to its members, although it contained an editorial urging all members of the union to vote for a certain candidate. In the course of the opinion, the Court said that "if section 313 were construed to prohibit the publication, by corporations and unions in the regular course of conducting their affairs, of periodicals advising their members, stockholders or customers of danger or advantage to their interests from the adoption of measures, or the election to office of men espousing such measures, the gravest doubt would arise in our minds as to its constitutionality."

Noting its responsibility to construe a statute so as to avoid giving it an unconstitutional interpretation if possible, and the apparent intention of the Congress, as indicated by the debate on the Taft-Hartley bill, the Court held that the advocacy of a candidate "within the family", so to speak, was consistent with the act.

Certain observations by the Supreme Court in the CIO case gave rise to the belief that so long as the funds for political expenditures were not drawn from the general treasury of the union, partisan political activity could be engaged in by the labor organization. Existing and subsequently-created political
"educational" committees of the labor unions thereby circumvented the intent of the statute, and have continued to do so until the present time. The political activities of these organizations has been justified on the ground that the funds are the result of voluntary contributions of the individual union members, freely given, and with full knowledge of the purposes for which they are to be spent. However, such has not been the case, Mr. President. The individual union member has no assurance that his so-called voluntary contribution will not be used to advance the cause of a candidate to whom he is violently opposed. There have been innumerable instances in which the national union has expended money on behalf of a candidate whose ideology and political philosophy bear no reasonable resemblance to those of a substantial number; and in many cases, a majority of rank and file union members. On June 16 of last year, Mr. President, during the debate on the Potter amendment to the Labor Reform Bill, I cited many instances in which the dues of working people had been contributed to causes with no regard to their desires. One such instance precipitated the case of Allen against the Southern Railway System in the State of North Carolina last year. A group of employees of the Southern Railway, objecting to union shop contracts, had brought suit in the Superior Court at Charlotte charging that Section 2 of the Railway Labor Act (45 U. S. C. Section 152) was unconstitutional because it permits union shop agreements in violation of the North Carolina "right-to-work" law. The employees also contended that assessments had been made against them as individuals and the proceeds of those assessments used for lobbying and political purposes. Such use
of assessments, they contended, were not only an infringement or impairment of First Amendment Rights but also in violation of the Act itself, which contemplates that assessments may be made only for collective bargaining purposes. The jury in the Allan case returned answers in response to several questions which had been submitted by the Court. The Court asked "do the defendant unions use dues and fees which they collect from railroad employees in support or opposition to legislation which is not reasonably necessary or related to collective bargaining?" The jury answered the question in the affirmative. In response to the question whether the expenditures were necessarily or reasonably related to collective bargaining, the jury said "no". Forcing ideological conformity by the expenditure of union dues and alleged "voluntary payments" collected through the structure of the union raises serious questions of constitutional law, Mr. President. The voluntariness of collections for political purposes by labor organizations, coupled with the expenditures in support of candidates and platforms advocating principles, policies, programs and activities to which a substantial number of union members do not subscribe should be in contravention of the First or Fifth Amendment to the Constitution. This position was urged in the case of Railway Employees Department v. Hanson, in 1956, but the Supreme Court reserved judgment on the question. The question of labor union political spending has been raised again by a decision of the Georgia Supreme Court in the so-called Looper case. It involves a group of railroad employees who refuse to pay union dues under a compulsory union membership contract because part of the money is spent to support political
candidates and views with which the employees do not agree. The court held that a union shop contract requiring membership in the union is invalid where part of the dues is used for political purposes.

With 80 percent of unionized employees working under union shop contracts, the decision, if upheld, could force unions to give up compulsory union membership contracts or curtail their political spending.

Many reasons have been advanced for curtailing or prohibiting expenditures by both labor unions and corporations, Mr. President. To my mind, however, the most compelling is the basic philosophy of our form of government. The foundation of the democratic system is constructed on the premise that the individual citizen will maintain his responsibility in the electoral process and that an accumulation of this responsibility culminating in the exercise of the right to vote will result in a legislative process designed to serve the people as a whole. Large aggregations of wealth in the control of a few interfere with this process. This was recognized at the turn of the century, when Congress in its wisdom decided that the expenditure of such sums by corporations had a deleterious effect on the electoral process. It was recognized by Samuel Gompers, known as the Father of the American Labor Movement, who believed that labor unions, like corporations, should stay out of politics. This equality of treatment with respect to unions and corporations expending funds to support candidates for political office was instituted in 1943 with the passage of the Smith-Connally Act, and again in 1947 in the
Taft-Hartley Act. However, the prohibition on labor unions has been circumvented by the formulation of separate political vehicles and the power now wielded by labor in the political field is practically unfettered. These organizations presently spend millions of dollars in violation of the intent of the present statute prohibiting political expenditures by both labor unions and corporations. No information is available on just how much unions are presently spending, for no reports are required of local and State organizations expending sums within State boundaries, nor what the unions spend out of dues funds for so-called "political education." Reports filed with the Clerk of the House of Representatives indicate that labor organizations spent $1,828,777, but the figure covers only what was spent out of voluntary contributions raised or spent in more than one State for direct political action.

The size of organized labor has grown from a low of 2,500,000 members and an annual income of $30-40 million in 1932 to 17,500,000 members and an annual income of $650 million in 1957.

The strength of labor unions in the political field is indicated by the statement of AFL-CIO President George Meany that "we have not changed the complexion of Congress enough; we will have to go further in the political field."

The Congress of 1907 which prohibited political contributions by corporations was not confronted with the innumerable, well-organized and effective political organizations which today seek to impose the will of labor leaders on the Congress. There is the Non-Partisan League of the United Mine Workers. Railroad brotherhoods carry on their political activities through the
Railway Labor's Political League. Numerous national unions have their own political organizations. These include: Amalgamated Clothing Workers Political Education Committee, International Typographical Union Political Committee, Textile Workers Union Political Fund, Trainmen's Political Education League, United Automobile Workers Political Action Committee, United Brotherhood of Carpenters Non-Partison Political Committee, United Steelworkers of America Voluntary Political Action Fund and the Upholsterers' International Union Trades Campaign Committee.

The best known, largest and most effective labor political organization, however, Mr. President, is the Committee on Political Education of the AFL-CIO -- a merger of the old CIO Political Action Committee and the AFL Labor's League for Political Education.

The COPE organization covers the entire country and operates through a committee which includes the secretary-treasurers of thirty international unions. An administrative committee composed of the 29-member AFL-CIO executive council and the presidents of fifteen unions not represented on the council.

There are more than four hundred COPE organizations operating in congressional districts, counties, or cities.

It is at once apparent, Mr. President, that with the interlocking officers of labor unions and the labor political committees, the same objections exist to the political expenditures of the numerous political committees as moved the Congress in 1943, and again in 1947, to prohibit political expenditures by the labor unions themselves. The corrupting influence of huge aggregations of wealth is the same whether it be in the control of labor leaders, corporate officers and directors, or so-called political
begot this statute is necessary for its understanding, and education committees. The influence of the individual citizen and the will of the people as a whole is diminished to no smaller degree when the gigantic pressure group and lobbyist is an organization composed of identical officers and methods of collection as the principal labor organization. As far as the evils sought to be corrected are concerned it matters not whether the expending organization is the General Motors Corporation, the AFL-CIO, or the Committee on Political Education of the AFL-CIO. In any event, the result is the same.

Mr. President, the proponents of the amendment on primaries have eloquently expressed their heart-felt desire for clean elections untainted by the corruption which accompanies large contributions and expenditures. If indeed there is a bona-fide desire to preserve the election process for the individual voter, this amendment will be adopted. If we would rid the election process of the evil that accompanies the use of large concentrations of wealth in elections, we must effectively close all loop-holes in the Corrupt Practices Act. There must be no privileged group in the field of campaign contributions and expenditures. The American people will not be deceived—they can measure our sincerity by the action on this amendment.
EXPLANATION OF THE THURMOND AMENDMENT TO S. 2436, THE "CLEAN ELECTIONS BILL" (1-19-60-F)

At the present time, Section 610 of the Corrupt Practices Act purports to prohibit all contributions and expenditures by labor unions and corporations in connection with a federal election. The intent of Congress in passing this statute was to purge federal elections from what was deemed to be the pernicious influence of huge campaign contributions. However, due to the interpretation given the statute in recent years, many types of political expenditures have been held to be without the prohibition of the statute, and considerable doubt exists as to whether other types of activity are within or without its reach. The net effect of these decisions is that the intent of the statute has been circumvented, the evil which Congress sought to remedy is still existent, and the influence of huge aggregations of capital on our electoral process is unquestioned. It is essential that the Congress consider this vital section of the Corrupt Practices Act if it is to enact a meaningful "Clean Elections Bill."

My amendment would prohibit all political contributions of labor unions and corporations with three specific exceptions:

1. the amendment would in no way affect the right of labor unions and corporations to communicate with the members or stockholders through the medium of a union newspaper or house organ, so long as its distribution was limited primarily to the members or stockholders concerned;
2. the amendment protects the alleged constitutional right of labor unions and corporations to discuss the issues of the campaign impartially and to declare their position on such issues;
3. the amendment specifically guarantees the right of labor unions and corporations to sponsor news programs and programs in which the opposing candidates are presented on a panel discussion, debate, or similar type program.

There are three sanctions imposed on labor unions which violate the section:

1. non-certification by the National Labor Relations Board and inability to file an unfair labor practice charge;
2. removal of any exemption from the anti-trust laws, and
3. loss of tax-exemption for one year following the violation.

For violation by a corporation, there is imposed a $10,000 fine.

In addition, a fine of $1,000 and imprisonment for one year, or both, is imposed on any person who receives any contribution prohibited by the amendment and on any officer or director who consents to any contribution or expenditure prohibited.