

# RIPON FORUM

## CONTENTS

Politics	1-5
Commentary	6-7
Duly Noted	8

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## POLITICS: REPORTS

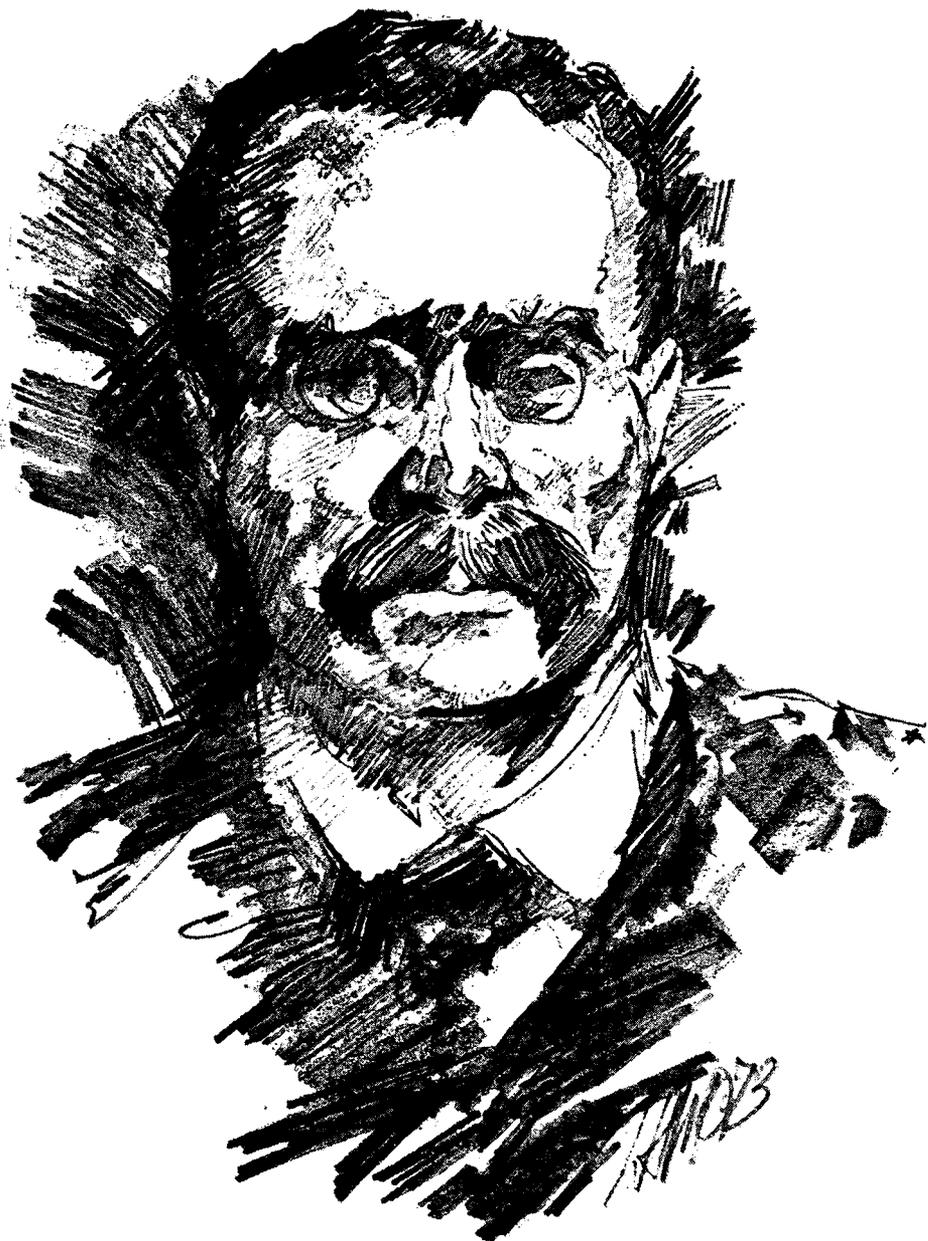
### CALIFORNIA

The state of Republican politics in California in 1974 could be described as bright or gloomy, with some truth in either assessment.

Republicans clearly have one of the strongest state tickets in recent memory, yet, their ability to build enthusiasm during the June primary was notably lacking. The effects of Watergate, reapportionment, and Gov. Ronald Reagan's legacy have yet to be assessed. All will clearly influence November's election.

Many cynics call this year the last chance for "green flood" elections. An uneasy coalition developed at the beginning of the year between the so-called People's Lobby and Common Cause to mobilize voter uneasiness about Watergate. The coalition succeeded in passing a political reform measure but failed to get voters really interested in the election; the primary turnout was a "massive" 48 percent. Those that did vote were clearly upset about Watergate. The passage of Proposition 9 signaled this unrest. It sailed through with a 70 percent margin.

Most disturbing to Republicans was turnout in key areas. In district after district, Republican turnout was several points below the Democrats. Some analysts ascribed this to Watergate while others saw it as a voter interest index in the "non-race" for the GOP gubernatorial nomination. If this trend continues in November, several close races (including the gov-



*"I desire to see in this country the decent men strong and the strong men decent, and until we get that combination in pretty good shape, we are not going to be by any means as successful as we should be."*

—THEODORE ROOSEVELT

ernor's race) and at least 20 Assembly and Senate races will be decided in favor of the Democrats, on the basis of turnout alone.

Meanwhile, Proposition 9 promises to change the state's political structure substantially if major portions of it are upheld in court challenges. Earlier this year, the legislature passed one of the most comprehensive financial disclosure and campaign reporting statutes in the nation, mostly because of reformers' initiative threats. The political reform initiative, however, still made it to the ballot. The major changes over existing law in Proposition 9 relate to the establishment of a Fair Campaign Practices Commission with broad (almost uncontrollable) powers, new severe restrictions on lobbying activities, and strict limitations on campaign spending. The lobbyist restrictions provoked the most strident opposition. In a rare show of unanimity, labor and business rallied against Proposition 9. Their crude efforts at sloganeering and oversimplification probably would have failed in 1954, much less 1974.

Proponents used a sophisticated media campaign, which would be declared illegal had the proposition been in effect during the election. Opponents threw all their money behind billboards and statements such as "save free speech, vote against Proposition 9." California had not seen such sophomoric politics since the defeat of Proposition 14 (the right to work initiative) in 1958. James Garibaldi, probably the foremost lobbyist in the state, commented that the criticism against lobbyists now was somewhere close to levels used against Communists during the McCarthy era.

The court challenges to the new law focus on the Fair Campaign Practices

Commission. Supporters of the measure said that this independent commission would be free from political influence and thus assure fair elections. A Republican proposal for an FCPC composed of former judges instead of political professionals (which Proposition 9 seems clearly to opt for) was quickly quashed in legislature. Many civil libertarians also question the constitutionality of the broad subpoena powers granted the commission.

If Watergate really were going to be a factor in individual November races, Republicans could sit back in glee. One observer commented that the Democratic ticket had more persons of dubious integrity in one place than he had seen since he left Chicago. With the exception of Democratic candidates for governor (Jerry Brown) and attorney general (William Norris), the statewide ticket has a wide range of experience, but all, at some point in their career, have been tied to scandals of one sort or another; they

have been accused of unethical practices relating to medical clinics, business ventures, or campaign contributions of dubious legality. The Democratic gubernatorial candidate privately expressed disgust at being forced to run with the group. The other noteworthy characteristic of the Democratic ticket is its unique ethnic and racial mix. For the first time, a black and a Chinese-American are running on a major statewide ticket. The Republican ticket on the other hand is relatively clear of scandal, all male, and all white.

In this year of political reform, most politicians avoided issues like the plague. Controller Houston Flournoy, the GOP nominee, held back on some issues because his only remaining candidate in the gubernatorial race, Lt. Gov. Ed Reinecke, stood indicted for perjury related to testimony at a Senate hearing.

In the Democratic campaign, Secretary of State Jerry Brown, the early frontrunner, made a fairly easy race of it. Assembly Speaker Bob Moretti and San Francisco Mayor Joseph Alioto attracted attention, but when the results were counted, Jerry Brown had more votes than his two closest opponents combined. In a crowded field, he came up with 38 percent of the vote against Moretti's 17 percent and Alioto's 19 percent. To the delight of capitol newsmen, Moretti clobbered Brown in the one serious debate of the entire primary. Brown appeared shaky on issues, but the debate's broadcast format (in news segments rather than its entirety) limited its impact in the election.

Flournoy and Brown have agreed to a series of debates and to limit campaign spending to \$1.3 million (according to Proposition 9 guidelines).



Houston Flournoy

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The spending limitation should probably help Brown because of his name recognition. If the debates are broadcast, however, Flournoy's experience in state government will give him a clear advantage.

One of the GOP's greatest problems is raising funds. A check of the disclosure statements in legislative and statewide contests showed that Democratic candidates seem to have a wider range of financing opportunities. A good percentage of lobbyist money is clearly committed to Democratic incumbents. In the State Assembly, Democrats currently hold a 49-31 edge in seats. Reapportionment and statewide elections have opened up several seats, but it is unclear what effect Watergate will have on outcomes in local Assembly and Senate contests. In special elections this year, Republicans have been reasonably successful. The fund raising situation, however, presents an immediate problem for all local Republican candidates. In one northern California district, Republicans raised a total of less than \$10,000 (among four candidates). The three major Democratic contenders for this Assembly seat raised over \$60,000. This kind of edge will clearly have an effect in November.

The base of Republican party organization in the state has traditionally been in volunteer organizations.

### Jaws of Victory

"It is time for us, however, to abandon strategic politics and return to party politics," says the Ripon Society in its 1972 election book, *Jaws of Victory*. Ripon's book is available for \$10.95 from the Ripon Society, 509 C. St. N.E., Washington, D.C. 20002, or wherever fine Watergate books are sold. Ask for it by name; it has a blue and red cover.

The leading organizations now are all in a state of varying disrepair. *United Republicans of California* and the *California Republican Assembly* are now limited to a small, hard core, right wing. The *California Republican League*, which has been a more moderate organization, was taken over by a more activist group at the spring convention, but vital signs of growth are not readily apparent.

Party outreach activities seem to be especially limited this year although Democratic efforts have not been much better. California voters may, in fact, be becoming disenchanted with the electoral systems in general. There is a strong undercurrent of outright distrust of elected officials. Many standard organizational pitches are falling on deaf ears. While the Watergate malaise has had its impact in California, local factors have complicated the state's political metabolism and made prognosis difficult.

If Flournoy is elected Governor, the former college professor will have a chance at helping to reorganize the party and bring it more into an active status. The chance is there, but it is not clear at the present time whether it will be taken. ■

## WYOMING

The GOP's Wyoming gubernatorial race is so close that all four Republicans seeking to succeed Gov. Stanley Hathaway (R) are given a shot at winning the August 20 primary.

Former Attorney General Clarence Brimmer, who resigned to make the race, is generally regarded as the front-runner. Although Hathaway is officially neutral in the contest, Brimmer is considered the governor's favorite since

Brimmer was a Hathaway appointee. (Former Wyoming GOP Chairman David Kennedy was appointed to succeed Brimmer, just as Kennedy succeeded Brimmer in the top state party post.) Brimmer had quickly begun his campaign on a strong law-and-order note; he has since softened his tune on that topic.

The three other aspirants are all state legislators: State Sen. Dick Jones, a Cody trucking executive; State Sen. Malcolm Wallop, a Sheridan County rancher; and State Rep. Roy Peck, a Riverton newspaper publisher. The outcome of the primary should indicate the importance of development, land use, and mining issues in the fall election. Wallop in particular has been identified with environmental concerns in the legislature.

Although State Sen. Harry E. Leimback is the leader for the Democratic nomination, there are two other strong contenders: former State Rep. Ed Herschler, a lawyer, and former State Rep. John Rooney, a former state Democratic chairman who unsuccessfully sought the governorship in 1970.

Since Republicans are expected to pull together better than the Democrats after the primary, the GOP will have the edge in November. However, the influx of new voters to mineral and petroleum developments in Rock Springs and Gillette will add uncertainty to the election results.

In particular, the influx will affect the congressional challenge being waged by State Sen. Tom Stroock (R), a highly respected Casper businessman, against U.S. Rep. Teno Roncalio (D). Although Roncalio is admittedly a formidable candidate, he has won his last two elections by narrow margins and his touches of temper may yet damage his political career. ■

## POLITICS: PEOPLE

● Former U.S. Rep. Allard K. Lowenstein (D) finally appears to have found an office for which he can run. Lowenstein, who dropped out of the New York Senate race and apparently decided against a second run for Congress in Brooklyn, will oppose U.S. Rep. John W. Wydler (R) in Long Island's 5th C.D. Although the 5th is not the same district Lowenstein once represented (he was defeated in the 1970 race by U.S. Rep. Norman F. Lent in the 4th C.D.), it

does include the heavily Jewish, heavily Democratic "Five Towns" which the GOP lopped off the old 4th C.D. in order to remove Lowenstein from Congress in the first place.

● When Illinois Gov. Daniel Walker (D) called a press conference recently to denounce Illinois Attorney General William Scott (R), Scott got wind of the event and showed up at the conference, seating himself in the front row. Walker's press secretary asked Scott to leave, but the attorney general refused, maintaining, "This is a public building, and I am a member of the public, so I have a right to be here." The press secre-

tary insisted that, "What you are doing is demeaning to state government," and said Walker would not show up unless Scott left. Walker then proceeded to have the press conference in his office. As **Chicago Daily News** columnist **Mike Royko** observed, "Walker said his bad things, accusing Scott of obstructing the legislature, which, if true, is probably something Scott should be proud of. The legislature should not only be obstructed, but we might benefit if it were deported."

● The Indians wiped out former FCC Commissioner **Nicholas Johnson** in Iowa's 3rd C.D. Although 300 Indians were given a second chance to vote in the Democratic primary because of confusion over polling places, the new vote failed to erase the 62-vote lead held by State Rep. **Stephen Rapp** for the Democratic congressional nomination. Rapp will now face State Rep. **Charles E. Grassley** (R) for the seat being vacated by U.S. Rep. **H.R. Gross** (R).

● North Carolina Attorney General **Robert Morgan** will resign August 26 to campaign full-time for the U.S. Senate. Gov. **James Holshouser** (R) has appointed Court of Appeals Judge **Carson**, 39, to the post in anticipation of the resignation. Carson will be the GOP candidate in November to fill the rest of Morgan's term. Among the dozen Democratic candidates to succeed Morgan is **Rufus Edmisten**, who recently resigned as an aide to Sen. **Sam Ervin** (D). Edmisten will be remembered as the pipe-smoking young deputy chief counsel to the Watergate Committee who sat behind

● In a sidelight at the Indiana GOP Convention, former Sen. **William E. Jenner** was presented with a miniature gavel. Said Jenner: "I appreciate the memento. I only wish I could hit a few Democrats on the head with it."

● When President Nixon stopped at Limestone AFB, Maine on his way back from Moscow, GOP gubernatorial nominee **James Erwin** was nowhere to be seen. When a reporter called Erwin's campaign headquarters to find out if he had a statement to issue, he was told by Erwin campaign manager **Alex Ray**, "I'm sorry, Jim's just gone to the men's room and he won't be back until after Nixon's gone." Ray has since resigned as Erwin's campaign manager; campaign chairman **Charles Moorshead** has also been rumored to be considering leaving Erwin's sputtering campaign.

● **Hilda C. F. Brungot** began her New Hampshire political career in 1930 and is seeking her 20th term in the state legislature this year. Like most Republicans, she says she is running scared. Unlike most years, she has both Republican and Democratic opposition. State Rep. Brungot received her high school diploma seven years ago — when she was 80.

● Father U.S. Rep. **Robert F. Drinan** (D) has two November opponents in his Massachusetts district. Running against him as an independent will be State Rep. **Jon Rotenberg**, who passed up the Democratic primary, and former U.S. Rep. **Laurence Curtis** (R), now 80 years old.

● California Republicans suffered another setback recently when they lost the State Senate seat formerly held by U.S. Rep. **Robert Lagomarsino** (R). A weak Republican candidate was decisively beaten by a Democrat, giving that party a 22-18 edge in the State Senate.

Gov. **Ronald Reagan** had scheduled the election for the summer to avoid a heavy student vote in the district.

● Husband-wife political teams took a new twist in the June California congressional primaries. **Lvdia Merdinger** challenged U.S. Rep. **Leo Ryan** in the Democratic primary while her husband, **Brainard Merdinger**, was unopposed in the Republican primary in the South San Francisco district. The Merdinger aim was to publicize the family name for the November general election.

● Two of the candidates endorsed by the unofficial Massachusetts Republican state convention in June will not be on the official primary ballot in September. Neither **Erna Ballantine**, candidate for state treasurer, nor **Charles Geer**, candidate for auditor, collected the 10,000 signatures necessary to be listed on the primary ballot. The failure is symbolic of the complete absence of any Republican party organization in the state and contrasts with the success of the American Party and the Socialists Workers Party, both of which will have candidates on the November ballot. Third party candidates need to collect 37,000 signatures to be listed on the ballot, while a Democrat or a Republican needs only 10,000. The American Party is running a ticket for governor and lieutenant governor, while the Socialist Workers Party, which filed 63,000 signatures, will have candidates for governor, lieutenant governor, attorney general and for two congressional seats. Incredibly, Gov. **Francis W. Sargent** (R), who placed a lot of emphasis on his endorsement by the GOP convention and who, in the face of a primary challenge, needs to convince Republican voters that he has not deserted the GOP, did not have his own statewide organization get the necessary signatures for Ballantine and Geer. Certainly if Sargent had tried, he could have done so. The sad state of the party was further exemplified by former Army Major **Charles L. Smith**, who attempted to secure the 2,000 signatures needed to oppose U.S. Rep. **James A. Burke** (D) in November. Smith could not get GOP help in securing the signatures and fell 800 names short. Burke will now be one of six Massachusetts Democrats who will not have congressional opposition in the general election.

● Earlier concern by House Minority Leader **John Rhodes** over a tough election battle in Arizona may have been premature. The leading Democrat to oppose Rhodes is a 33-year-old homemaker who has charged that Rhodes will spend \$350,000 in the race. Rhodes jumped on Mrs. **Patricia Fullinwider's** charge, asserting that the top limit for his campaign would be \$70,000. Mrs. Fullinwider's only Democratic opponent said meanwhile that he's been getting good response from Democratic voters. Said Fullinwider's opponent, **Joseph Killelea**, "I kind of had the feeling they didn't like the idea of supporting a woman."

● Rhodes reportedly lost his characteristic cool when the White House phoned him during President Nixon's Moscow excursion. In a rare Rhodes burst of anger, he made it clear that he had no intention of responding to a White House request for a headcount on impeachment.

● U.S. Rep. **John Conlan** (R-Ariz.) will not have any primary opposition after all. **Richard Stauffer**, the former Conlan aide who quit to run against the 4th

C.D. congressman, dropped out of the race because of money troubles. Stauffer is continuing, however, a \$2.5 million suit against Conlan for defamation of character. Conlan has only one Democratic opponent, **Byron "Bud" Brown**.

● In his final report for the Watergate Committee, Sen. **Lowell Weicker** (R-Conn.) said, "Obviously this has been rough duty in a Republican sense. However, from the outset I've operated on the basis that the best investigation was the best politics. I couldn't change the facts. I couldn't silence those who knew the facts. All I could do was to make sure that a Republican spoke the facts if not before, then simultaneously with a Democrat. On page 103 of the **Transcripts**, President **Richard Nixon** is talking to **John Dean**: 'I don't know what we can do. The people who are most disturbed about this (unintelligible) are the (adjective deleted) Republicans. A lot of these congressmen, financial contributors, etc., are highly moral. The Democrats are just sort of saying, "(expletive deleted) fun and games."' Richard Nixon understood the strong base of integrity that is a Republican heritage. Because he rejected it then, is no reason for any Republican to do so now . . . Along with a will to pursue the truth, I would hope the will to win for the Republican Party is slightly stronger and fairer in its next titular head."

● The sister of **Gary Hart**, the 1972 McGovern campaign manager, is seeking the Democratic nomination to succeed U.S. Rep. **William Roy** (D-2nd). **Martha Keys**, Hart's sister and herself the 1972 Kansas McGovern coordinator, is opposed by **Jake Miller**, an attorney-pharmacist, for the nomination in the eastern Kansas district. Republicans, however, hope to regain the district with the winner of the August 6 primary — either State Rep. **John Peterson**, 26, or State Sen. **Ed Reilly**, 37. Peterson is given the edge. One reason for Republican optimism is the personal nature of the Democratic organization in the district. It owed its allegiance to Roy and is being commandeered for Roy's Senate race. Democratic attempts to link Watergate to Sen. **Bob Dole**, Roy's opponent, appeared to have failed. Polls continue to show Dole in the lead and Dole's organization has jelled quickly and is picking up steam.

● The withdrawal of Sen. **Edward Gurney** from the Florida Senate race means there may be two Republican women running for the Senate this fall. Florida Public Service Commissioner **Paula Hawkins** will face **Jack Eckerd**, a businessman who lost the 1970 GOP gubernatorial runoff to former Gov. **Claude Kirk** (R) in the September 10 primary. U.S. Rep. **Louis Frey, Jr.** (R-9th), decided to seek a fourth term in Congress rather than make an expected Senate race; Frey noted that he would not be able to wage an energetic primary campaign at the same time that the House of Representatives is debating impeachment. (Frey had once promised Gurney that he would never challenge his former law partner in a Senate primary, but Gurney's withdrawal came the same day as Florida's filing deadline.) In South Carolina, **Gwenyfred Bush**, a Charleston housewife, will be the GOP's candidate to oppose Sen. **Ernest F. Hollings** (D), but Mrs. Bush is given little chance of upsetting the entrenched incumbent. Other Republican women Senate candidacies failed to materialize: **Barbara Gunderson** came in third

in the South Dakota GOP primary and Federal Maritime Commission Chairman **Helen Delich Bentley** backed away from a primary with Sen. **Charles McC. Mathias** (R) in Maryland. Only in Nevada does a Democratic woman have a chance for a Senate nomination.

● South Carolina Republicans see a chance to pick up two Democratic congressional seats being vacated by incumbents though the GOP candidate in a third district targeted by Republicans withdrew from the race because of pregnancy. In the 3rd C.D. former State Sen. **Marshall Parker** (R) has the advantage of name recognition from two past Senate races against Sen. **Ernest Hollings** (D). Parker comes from the Democratic end of the district while his opponent for the seat now held by U.S. Rep. **William Jennings Bryan Dorn** (D) comes from the Republican end. In the 5th C.D., a broadcast executive **Len Phillips** (R) won 39 percent of the vote against retiring U.S. Rep. **Tom Gettys** (D) in 1972. This year, he is expected to have a better chance against the expected liberal winner of a July runoff. The GOP State Executive Committee, however, will have to fill the spot vacated by State Rep. **Sherry Shealy Martschink** (R), who had been unopposed for the GOP nomination against U.S. Rep. **Mendel Davis** (D). Martschink withdrew, because of her pregnancy, shortly after the primary.

● Only one Democratic candidate, State Rep. **Charles Grisbaum, Jr.**, has filed to oppose U.S. Rep. **David Treen**, Louisiana's sole Republican congressman. That alone, however, may be a measure of Treen's strength. Other expected Democratic challengers did not file — an unusual event in a district with a GOP registration of 3 percent. The 37-year-old Grisbaum will, however, be able to cut into Treen strength in the east side of Jefferson Parish, where Treen accumulated his winning margin in 1972. Grisbaum lives in that section of the 2nd C.D. Republicans also hope to dump U.S. Rep. **John R. Rarick** (D), whom *New Times* magazine has called one of the nation's ten dumbest congressmen. The ultra-conservative Rarick will have a tough primary challenge; if he survives, he will face attorney **Henson Moore**, a young Baton Rouge attorney who hopes to combine enough moderate conservative and liberal votes to unseat the 6th C.D. congressman.

● At least two women were omitted from the FORUM's summary on women GOP congressional candidates (See Politics: Reports in the July 1 FORUM). **Edythe June Layne** is challenging U.S. Rep. **Lester Wolff** (D) in New York's 6th C.D., which consists of about equal parts of Queens and the North Shore of Long Island. Layne, a former teacher and long-time GOP activist, will be contesting a Democrat who won only 52 percent of the vote of the 1972 election. Nassau Republicans feel Layne has the name recognition and appeal necessary to oust Wolff, who has been a repeated target for the GOP since his upset victory in 1964. In Hawaii, former State Rep. **Diana Hansen** (R) is making her second run against U.S. Rep. **Patsy Mink** (D), who has already announced she will be a 1976 candidate for the Senate seat held by Sen. **Hiram Fong** (R). Hansen, who has been bedeviled by the IRS for tax problems surrounding her 1972 race, ran a surprisingly strong race that year with 43 percent of the vote.

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# COMMENTARY: CAMPAIGN REFORM

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## Keeping The Challenge In Reform

*by Constantine  
Sidamon-Eristoff*

The clamor for campaign reform is pushing political leadership at all levels to "do something." The "something" generally centers on three areas:

- limitations on amounts a candidate can spend himself or a contributor can give to any one candidate;
- limitations on what can be spent by or on behalf of a candidate; and
- public financing of federal and/or state election campaigns.

Sometimes, however, the admittedly noble motives of campaign reform conflict with other equally noble American values. For example, the right to privacy must bow to the public "right to know" when it comes to disclosure of campaign contributions.

Campaign financing reform should, however, conform to some fundamental objectives if the reform is to have a meaningful effect on American politics. Proposed legislation, for example, should scrupulously abstain from either aiding incumbents or hampering potential challengers.

Neither should powerful, entrenched interests be assisted to the detriment of political reformers, iconoclasts, and other upstarts. Rather, the reforms should be careful to broaden access to the political system. Furthermore, campaign reforms should be

careful not to curtail First Amendment freedoms, particularly freedom of speech.

All of the current proposals seem to pose dangers to these objectives because they hamper political involvement and do not attack the real problem: the cost of campaigns.

Campaign expenditure limitations essentially protect present incumbents. Campaign needs vary widely across the nation and so do the financial requirements of successful campaigns. Limitations on the amount a supporter can contribute to a candidate are not only probably unconstitutional, but unnecessary if full disclosure of contributions is also required.

According to the prevailing consensus, the Federal Election Campaign Act of 1971 represented progress in the murky area of campaign financing. Aside from spawning yet another bureaucracy, the net effect of the new limitations may be to narrow the number of candidates and limit political advancement to incumbents, the famous or offspring of the famous, and "institutional" candidates with ready-made organizational backing.

Organizations and incumbents have built-in advantages not affected by spending limitations. Incumbents have media access, franking privileges, and a ready staff. Before Massachusetts Attorney General Robert Quinn made his formal announcement, for example, his political speeches were typed in his official office, reproduced, and sent over to his campaign headquarters for distribution to the press. Quinn in fact delayed his candidacy announcement to prolong his "official" standing.

Organization candidates furthermore have access to the manpower and womanpower who owe their patronage to the organization. Political clubs are not "committees" under the terms of the federal law unless they spend over \$1,000 a year to specifically influence a federal election. Insurgents, on the other hand, have traditionally had to rely on "coffee money" distributed to district captains in urban constituencies. Federal laws inhibit such cash transactions. The result favors incumbents.

Particularly odious is the limitation on what a candidate for federal office may spend of his own money. A presidential aspirant, for example, may on-

ly spend \$50,000 of his own his/her own money. The law further extends that limitation to members of the candidate's family — including grandparents. Obviously, this was meant to prevent the 'buying' of elections by rich families such as the Kennedys and the Rockefellers. However, are a candidate's own funds really more tainted than those solicited from special interests?

A decent Republican campaign against an entrenched urban machine Democrat can cost upwards of \$350,000. To raise such sums, a candidate must be either a superb personal fund raiser or bankroll himself from his own and his family's accounts. Under the federal law, family money is bad money. So the potential candidate must attract funds from unions, businesses or power centers. As a result, the candidate may be free of his family, but not power brokers. The amount of a potential contribution is irrelevant if there is full disclosure of the amount and source. Likewise, how much a candidate spends is irrelevant as long as it is fully disclosed — before citizens go to the polls.

But campaign costs must also be reduced to a more manageable level. If that were done, the issues of campaign fundraising would be less important. Making public money available for campaigns does not lower the cost of campaigns, nor does it limit the amount spent for per voter. Direct public financing will assist entrenched leaders and incumbents by assuring the flow of needed campaign cash. A better alternative would be to adopt the European approach in which television time, mailings, radio spots, and election day expenses are picked up directly by the government.

Another useful reform would expand the allowable deduction for campaign contributions on the federal income tax in order to encourage the participation of more individuals in campaign funding. If more voters contributed to political candidates, the influence of fat cats would decline.

Responsible public policy requires that individual participation in the political processes be encouraged and that the quest for political office be facilitated, not encumbered. All proposed reforms should be measured against these goals. ■

# COMMENTARY: ECONOMICS

## A Proposal For Aggressive Oligopoly

by Robert Stewart

The recent Federal Trade Commission announcement that it was investigating the market structure of the retail food industry does not necessarily bode well for the consumer.

Presumably, the FTC has decided that it is time to attack food prices by establishing a more "competitive" environment in the supermarket industry. Its concern may be prompted by suspicions of conspiratorial behavior by major food chains. It is more likely, however, that the FTC is again falling into the trap that classical economic theory has set for those who enforce the anti-trust laws.

According to classical economics, the lowest prices in an industry are achieved when "perfect competition" is attained, i.e., a competitive structure marked by a large number of relatively small firms. In such a structure, high prices supposedly are met by the entry of efficient firms who lower prices, driving out less efficient firms. No firm is large enough to have any price leverage in the market. Prices eventually settle out at their lowest possible level. Concentration,

under this model, is anti-competitive and results in higher prices due to the market power of the competitors.

Adhering to this economic model, those who have enforced the anti-trust laws, designed to preserve competition, have dutifully attempted to keep small firms in business and break up or prevent growth of large firms. Therein lies the trap.

Price is a function of cost. No firm can stay in business unless it prices above its cost. It follows that the firm with the lowest cost can sustain the lowest price.

However, in many, if not all, industries, a small firm cannot have the lowest possible costs. This is more than a function of economic scale which, on occasion, can be achieved by a relatively small firm. It is also a function of the ability of firms to invest in lower cost equipment and systems, to automate, to effectively plan and monitor and control costs, to invest in research and the like — all of which require the kind of capital seldom available to small firms. Insistence on having only small competitors in a market precludes many if not all of these potential economies. The result is higher prices to the consumer than might otherwise exist.



The supermarket industry appears to be no exception. A supermarket chain in a city or region must be at least large enough to support its own distribution system in order to bypass the wholesale level. This is true whether the chain is a local one or a division of a large national chain. The larger the chain, the lower its per unit advertising and overhead costs. The larger the chain, the more likely it is to invest in cost-saving pro-

grams such as private labeling or food processing. Under a policy of enforced smallness, the consumer stands to lose these economies.

This is not to suggest that monopoly is beneficial. Without some regulations a monopolist, while having the greatest cost reduction potential, would have no incentive to pass the savings on to the consumer, or to invest in lower costs. But neither does the "perfect competition" model seem to offer the answer to high prices.

Perhaps government policy should begin to move toward a new model of competition, "aggressive oligopoly." Under this model, government would continue to deal harshly with conspiratorial behavior. But the treatment of industries tending toward monopoly would be different. Government would not attempt to break up large firms or prevent their growth in order to achieve near "perfect competition," i.e., smallness. Instead, it would promote a program of loans, loan guarantees, tax incentives or other stimulants designed to aid a few small competitors of the potential monopolist to invest in the cost reductions they need to compete effectively, and grow to a competitive size. With a few large aggressive competitors in the market the consumer would have both the benefit of size and the competition needed to force costs and prices down.

Bigness has become anathema to the public, often for good reason. Assaults on bigness are biennial rituals for politicians. But the existing anti-trust policy of enforced littleness results in inefficiency and higher prices. Imagination rather than rhetoric is needed to turn bigness into a benefit rather than blindly to eliminate it to our detriment. The aggressive oligopoly model is worth considering. ■

### Contributor Notes

Constantine Sidamon-Eristoff ("Keeping the Challenge in Reform") is northeast regional chairman of the Ripon Society and a member of the New York Metropolitan Transit Authority. Robert Stewart ("A Proposal For Aggressive Oligopoly") is Ripon vice president for publications and a Boston business consultant.

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## DULY NOTED

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● "Dems, GOP Reveal Poll Findings," by James Ripley. *Columbus Citizen-Journal*, July 11, 1974. "Gov. John J. Gilligan's lead over former Gov. James A. Rhodes in their battle for the [Ohio] governorship ranges from eight to 12 percentage points, according to the most recent polls sponsored by both sides. However, despite the handsome lead Gilligan held at the time the polls were taken, both polls indicate a significant shift in the undecided column could swing the election to Rhodes," writes Ripley. The Republican poll showed Gilligan leading Rhodes, 46-38, while the Democratic poll showed Gilligan with a 50-38 percent lead. "Both polls indicate the election outcome is far from certain, an observation emphasized by [GOP State Chairman Kent] McGough last week who described Gilligan as vulnerable and his support as soft."

● "Republicans Fear Miller's Popularity," by Ken Peterson. *Topeka Capital-Journal*, July 14, 1974. Kansas Attorney General Vern Miller has no meaningful primary opposition for the Democratic gubernatorial nomination but he does have other problems in his quest to succeed Gov. Robert Docking. Two of Miller's drug agents have been arrested for conspiracy to sell cocaine; a third agent had previously been charged in Las Vegas with conspiracy to sell heroin. The problems in Miller's department plus the reopening of a grand jury investigation into alleged kickbacks on an architectural contract at the University of Kansas Medical Center may derail Miller's election express. The timing of the upcoming kickback trials may affect the gubernatorial result, but the trial is likely to

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## ● MARGIN RELEASE

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BREED'S HILL — Charlestown youth normally carry hockey sticks the way some city kids carry knives. Summer is notable here as those three months when basketball courts can be used for basketball rather than elaborate and vicious games of street hockey.

Boston's air is generally more hospitable this time of year than Washington's, but it was equally as sultry the day I chose the hour before dusk to shoot a little basketball.

I had the court all to myself until a trio of Charlestown's youth, half my age, suggested a game of pickup. After less than a quarter hour of action, my spleen needed a transfusion and I announced I had to leave. I tried to keep moving back and forth across the court, but like the President, I don't fake as well as I used to. In retrospect, I don't even think I scored — though Judge Gesell knows I took enough shots.

Well, I'm another year older. Maybe that explains it. Part of growing older is knowing when to go gracefully to the showers. db

be postponed until after November. Republicans meanwhile have a four-way primary. The leading candidate is probably State Senate president Robert Bennett, an Overland Park lawyer. Two other men, however, are also given a chance of winning the primary: former State GOP Chairman Don Concannon, a Hugoton lawyer; and the Rev. Forrest Robinson, who resigned as minister of the state's largest Methodist church to make the race. Robinson ingeniously found a way to make up for the GOP's difficulties in raising funds to challenge Miller; he and his running mate for lieutenant governor made a 685-mile bicycle tour of the state, grabbing headlines that money couldn't buy. (Lt. Gov. Dave Owen (R), who had been the GOP's leading prospect for governor, is heading Sen. Bob Dole's re-election campaign instead.) All GOP candidates have reported a lack of voter and contributor interest in their campaigns, however, a fact they attribute in part to the formidable nature of Miller's reputation. One possible measure of voter apathy is a television poll of GOP gubernatorial preferences. The results showed a whopping 62 percent undecided.

● "Ford's Three Pitches," by David S. Broder. *Washington Post*, June 23, 1974. Vice President Gerald Ford's extensive speechifying has generated mixed reactions. His standard speech, according to Broder, stresses the danger of a veto-proof Congress, the importance of the New Federalism, and the wisdom of Nixon-Kissinger foreign policy. Where the Vice President shines, however, is in the after-speech personal contacts. "What sticks in people's minds, I would guess, are not Ford's short wooden talks, but his long leisurely visits," writes Broder.

● "Conlan-Navajos vs. Steiger-Hopis at the Pass," by Bernie Wynn. *The Arizona Republic*, June 30, 1974. The longstanding feud between U.S. Reps. John Conlan and Sam Steiger over politics has apparently been linked to the longstanding feud between the Hopis and Navajos over land. Conlan has sided with the Navajos while Steiger has sided with the Hopis. "The dispute could be a critical point in this year's 4th District contest because the Hopis reportedly are out working hard against Conlan. However, the Navajo outnumber the Hopis 10 to 1 in the 4th District. So if they turn out at the polls for Conlan, he's well ahead. The only fly in the ointment is that the Hopis are traditionally in the Republican column while the Navajos generally vote Democrat."

● "Longley Seen Major Factor in Gubernatorial Race," by Jim Brunelle. *Maine Sunday Telegram*, June 30, 1974. "The 1974 Maine gubernatorial sweepstakes are shaping up as a sharp three-way race between Democrat George J. Mitchell, Republican James S. Erwin, and independent James Longley. State Sen. Harrison L. Richardson's decision not to ask for a recount in his run for the GOP nomination cleared the way for Erwin to get his campaign into gear for the fall election. Had Richardson held out for a recount, it would seriously have wounded Erwin even if the former attorney general eventually had been validated as the Republican nominee." Although Richardson staffers argued that they were within 350 votes of Erwin after the June 11 primary, their candidate opted for party unity over personal gain. A recount might not have been completed until August, substantially delaying the GOP campaign. Richardson dramatically narrowed the lead Erwin held early in the campaign by reminding Maine voters that Erwin had twice lost the governorship. In contrast, Democrat Mitchell won a surprisingly easy primary over five opponents. There is controversy over whom independent Longley will hurt more — Mitchell or Erwin — but there is no controversy that the wealthy businessman is a serious threat. Campaigning on government efficiency, he will cut into would-be Erwin support. The GOP asserts, however, that Longley is really a Democrat.

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