

**THE ABOLITION OF THE SECRECY OF
PARTY FUNDS: THE ORIGIN OF THE
MOVEMENT, ITS PURPOSE AND
EFFECT; 62D CONGRESS, 2D SESSION,
SENATE, DOCUMENT NO. 495**

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The Abolition of the Secrecy of Party Funds: The Origin of the Movement, Its Purpose and Effect; 62D congress, 2d session, senate, Document No. 495 by Perry Belmont

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— BY —
PERRY BELMONT



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ABOLITION OF THE SECRECY OF PARTY FUNDS.¹

THE ORIGIN OF THE MOVEMENT—ITS PURPOSE AND EFFECT.

INTRODUCTION.

The ultimate purpose and aim of the movement for campaign publicity has been since its inception, in the opinion of the writer, the abolition of secret party funds during elections or at any other time and the publicity of all contributions and expenditures for any political purposes. This of necessity involves the exposure, discontinuance, and dissolution of the alliance between tariff monopolies or other trust combinations and the Republican Party. From the following brief account of the work accomplished it is apparent that distinct progress has been made, but that much more remains to be done. The results now attainable should be secured, owing to the great development of public opinion in which the Publicity Law Association has been an important factor. To have inserted in the bills in which this subject was first presented every purpose the organization had in view as its ultimate object would have been to attempt more than was expedient at the time.

Commencing as a nonpartisan movement, the enactment of a Federal campaign-publicity law became, on account of the hostile attitude of the Republican Party represented in the Senate and House in the last three Congresses and in its national convention of 1908, an achievement of the Democratic Party. After more than six years of persistent effort the Democrats finally forced the measure through Congress.

From its inception the movement received the effective support of the representatives of the labor organizations of the country. The development of public opinion upon this subject had been so great as to affect the insurgent or progressive members of the Republican Party, who gave the measure their assistance in its final stages.

It was not until the Democratic Party obtained control of the House of Representatives that a satisfactory publicity bill was passed, and even then it was dangerously near defeat till the very end, its Republican enemies proposing amendments known to be objectionable to a large number of Democrats who, however, preferred to accept them rather than prevent the enactment of the law.

The law was enacted August 14, 1911, marking the most progressive step taken in the United States or in any country toward the abolition of secret party funds to influence nominations or elections or to promote interests affected by or dependent upon political power.

¹ This pamphlet is issued by me not as president of the Publicity Law Association, but in my individual capacity and as a Democrat.—FRANK BELMONT.

There is no greater menace to representative government than the secret use of money, which interferes with the free expression of the will of the people at the polls. The increasing number of questions to be decided by popular vote, whether through the referendum, direct primaries, or other devices, multiplies the opportunities of political expenditures and increases their tendency to become larger. The further development and application of the publicity principle becomes the more necessary for the preservation of representative government, and it rests with the Democratic Party to complete the work so well begun.

CHAPTER I.

A REVOLUTION.

It has often been said, with apparent justification, that only a revolution could bring the Democratic Party into power. Whether or not this extreme view is correct, the fact remains that the Democratic Party was not placed in full control of the executive and legislative branches of the Federal Government, from the presidential election of 1856 until 1892, the election preceding the second Cleveland administration, when the country repudiated the McKinley bill, and Democratic majorities were elected to the Senate and the House. The Republican Senate had blocked all attempts to deal with tariff monopolies or to reduce customhouse taxation during the whole of Mr. Cleveland's first administration.

Although here and there an extremist might have spoken or written, at no time had the Democratic Party declared itself for free trade, and it has invariably accepted the protective system, as an existing fact, to be dealt with accordingly. When the high wall of protection, being continually made higher and, at times, a veritable Tower of Babel, tottered in the blasts of popular indignation, each industry speaking for itself in the confusion and conflict of clashing interests, even at such a moment the Democratic Party, returning to power in the lower House of Congress, did not raise its hand in destruction. The remedial measures it proposed were for reduction and regulation, for the preservation of our industries, for the expansion of trade, and the extension of our commercial interests and influence in the markets of the world.

ALLIANCE OF THE TRUSTS AND THEIR POLITICAL BENEFICIARIES STRONGLY INTRENCHED.

The old constitutional party of Democracy, in power during nearly all of the first half of the nineteenth century, had, later, as a party of opposition, deserved well of the country for its patriotic moderation. Nevertheless, upon the field of national politics, it has found its opponents and their allied interests powerfully intrenched in their control of the Federal Government. Democratic presidential candidates and national platforms, even when strongest before the country, were unable to overcome the combination created by the high-tariff monopolies and their political beneficiaries. In 1884, when it succeeded in the election of a Democratic President and a Democratic House, the Senate remained Republican. In

1892, when the Executive, Senate, and House became Democratic, that situation continued for but two years, and even then the Senate was unable to carry out the policy of the Democratic House and President. In 1896 it was widely divided, although the program of the radical wing of the party, including its currency proposition, the chief cause of the division, was largely an expression of a revolt against conditions then existing in the party system of the country, in so far as they appeared affected by financial influences.

The long and firmly established alliance between the dominating political influences and privileged interests had so increased the magnitude of the trusts and so enormously developed their power as to require enforcement of existing legislation and the enactment of new laws for their regulation. New problems of great difficulty were thus presented to the country. During the process of their solution the Democratic Party, faithful to traditions of popular government, often paved the way which the party in power afterwards adopted for its own course.

DEMOCRATIC INITIATIVE.

The National Democracy in Congress, as a minority party, on several occasions forced upon the majority measures in accord with popular demands and public sentiment. There is no more remarkable instance of Democratic initiative than the enactment of the national campaign publicity law for the abolition of secret party funds, which was brought about by the vigorous action and persistence of Democrats in the House and Senate. The statement of this fact can not be avoided in an accurate history of the movement, although every effort to maintain its nonpartisan character was made by its promoters during the seven years that legislation was energetically sought from Congress.

No member of the National Publicity Law Organization has done more for its successful advocacy of publicity legislation than ex-Senator William E. Chandler, of New Hampshire. There are other Republicans, some in official life, who gave it effective support. Among them, Representative McCall, of Massachusetts, who introduced the publicity bill advocated by the National Publicity Law Association, and urged its passage during three Congresses. But the Republican Party itself, as an organization, was either apathetic or else indirectly and effectively blocked it, as in the Fifty-ninth and Sixtieth Congresses, or even directly, as at the Chicago convention of 1908, opposed it, in proportion as its leaders understood or appreciated the far-reaching principles involved in such legislation.

PURPOSE OF PUBLICITY LEGISLATION, THE RESTORATION OF POPULAR REPRESENTATIVE GOVERNMENT.

The originators and promoters of the movement, many of whom have been in the public service, or in National or State party organizations, would not have persistently continued to devote themselves, during so many years of effort to such an undertaking, were not its purpose and effect to create a complete change in the relation of the great corporate interests of the country to its political institutions and party organizations, a relation that had remained prac-

tically unchanged and apparently unalterable during the prolonged ascendancy of the Republican Party.

THE TRUSTS.

Notwithstanding the popular elections of 1890 and 1892, clearly indicating that a substantial downward revision of the tariff was demanded, nothing could be done to check the growth of tariff monopolies which later developed into what have become known as the trusts. Monopolies have been formed unhindered and restraints of trade have been common and notorious—all this in violation of the antitrust law. These monumental accumulations and combinations of capital are demonstrations of the energy and inventive genius of the American people, and to them they owe their existence, but public sentiment has demanded of those in authority that the violated law be vindicated. Now that it has become the habit of the people of the United States to proclaim their faults from the housetops and in the glaring headlines of their newspapers, it is important to remember that they have adopted such methods because of their insistence that the laws be enforced upon the loftiest standard of honorable dealing in political as well as in commercial and business relations. In no country in the world is that standard held as high.

When the movement originated to secure Federal and supplemental State legislation for the publication of campaign funds and expenditures of political committees, in an article proposing and advocating such legislation, published in the *North American Review* for February, 1905, the following opinion was expressed:¹

* * * However great the prosperity of the United States, sentiment and ideals are in the end the most controlling forces. There is on that account a good deal of sensitiveness in regard to our electoral practices rather than to our electoral system, but the resulting criticism is a healthy one and does not mean, to those who understand it, that politics in America are more corrupt or less inspiring than in other countries; but it does mean that the American people insist that their politics shall be less corrupt and more inspiring.

The appreciation of this fundamental fact is necessary to a clear understanding of the important events now affecting the political and financial life of the Nation.

PUBLIC OPINION IN OUR COUNTRY FAR IN ADVANCE.

Public opinion in the United States, in regard to secret party funds, owing to the constant agitation upon the subject since the campaign of 1904, has reached a point far in advance of other countries. One of the foremost statesmen and political leaders of England during the crisis of 1911, when the exigencies of party politics threatened the creation of a large number of new peers, requested the president of the National Publicity Law Organization to send him a copy of the Federal publicity law which had just been enacted by Congress, and after having read its comprehensive features wrote to him as follows:

I think it quite possible that some such movement as that which has produced legislation on your side of the Atlantic may make itself felt here. At the moment, however, I should conjecture that public opinion was hardly ripe for it.

¹ Made a Senate document in the 59th Cong. on motion of Senator Tillman. See Appendix.

EFFORT IN ENGLAND TO FOLLOW EXAMPLE OF THE UNITED STATES.

Large secret funds are at the command of leaders of the two great English political parties, and, while offices may not be bought, it is generally known and conceded that "honors" and titles are purchasable. The secrecy of party funds continues to be tolerated by public opinion in England, but many leading men of both parties have come to the conclusion that the amounts required by political war chests have increased so enormously as to lead to many objectionable occurrences. Suggestions for remedial measures are therefore being considered. Since Parliament has decided upon the payment of salaries to members there is a marked tendency to reduce election expenses. The most recent proposition receiving favorable consideration is that such expenditures be defrayed by the State. These measures are but further developments of the corrupt-practices legislation, which is operative chiefly during the period of elections. They would not affect the secrecy of party funds, which are permanently at the disposal of the managers of both party organizations and are constantly employed for party purposes. Very recently a resolution was proposed, or, according to the parliamentary phrase, a motion was brought in for the auditing of secret party funds, but nothing came of it. Another proposition, lately made, suggested the voluntary publication of the funds collected and expended by the tariff reform organization, though nothing was done in that instance. These seem to be the first steps toward the enactment of campaign publicity laws, and indicate an effort to follow the example of the United States in this form of legislation.

SECRET PARTY FUNDS IN ENGLAND—SALE OF HONORS.

There are political writers in England already violently attacking the secret feature of the party system. Passages in a book just published by a former member of Parliament, Mr. Hillaire Belloc, have a remarkably familiar sound, especially when he describes what he terms "the reliance of political parties upon secret funds largely obtained by the sale of honors and legislative power." Peerages, baronetcies, and knighthoods are known as "honors," and it is frankly admitted by those familiar with England's political system that they can be purchased, while it is insisted that places in the public service can not. The distinction, however, is not so clear in the case of peerages, a peerage conveying legislative power.

Our country, of course, is free of any such corresponding disadvantage, but party managers and the appointing power itself have on many occasions regarded diplomatic posts in the light of "honors," to be awarded and enjoyed, according to a standard no longer approved by public opinion. It is not to be expected that many such instances will occur in the future, under a rapidly progressing improvement in the relation of the appointing power to the public service.

An important diplomatic position is, in fact, an honor. It is also a public trust, as are all official positions under our Government. Opportunities to render great services to the country may occasionally arise, requiring qualifications on the part of those holding such positions that should furnish the only reasons for their appointment.

If ever our diplomatic service should be placed on a permanent basis, the present difficulties of the appointing power should disappear. The according of "honors," in the limited sense of the word referred to, should no longer be a cause of embarrassment or dissatisfaction. Certain of Mr. Belloc's conclusions in regard to England's present political system are therefore only partially applicable to the conditions which, fortunately, do not now exist or are rapidly disappearing in our country.

It is preferable to endeavor to suppose that the features of English party politics, which he describes, are not as bad as he, with evident sincerity, believes them to be; but he must be considered as speaking with the authority of personal knowledge and experience, after a membership of five years in the House of Commons, when he says:

It is characteristic that the most important fact about English politics is the fact that nobody mentions. The two party organizations of which we have spoken are supported by means of two huge war chests. Money is urgently needed at every point in the modern political game, and money is found.

Whence does that money come? Whither does it go? These are questions which can not be answered with any certainty; this is our whole case, that they can not be so answered. The party funds are secretly subscribed; they are secretly disbursed. No light is thrown upon their collection save that which the annual honors list furnishes. No light is thrown upon their expenditure save that which the division list may supply. But, briefly, it may be said that they are subscribed by rich men who want some advantage, financial or social, from the Government, and that they are spent in paying the expenses of members of Parliament.

The total amount so raised and spent must necessarily be a matter of conjecture. But there is no doubt that it must be enormous. Anyone who has had the good fortune to fight an election with the party organization at his back knows that he has only to ask and to have. As a matter of fact, there will never be any lack of funds for any party so long as each has its fair share of power and patronage and the supply of peerages and baronetcies is unchecked. The funds are expended exactly as the secret-service funds of Walpole were expended—in buying votes. The affair is more delicately arranged than it was in Walpole's time. Instead of paying members of Parliament, after they are elected, to vote in accordance with the wishes of the Government, care is taken that no one shall be elected a member of Parliament who is not prepared so to vote. This is certainly more decent—probably cheaper. * * * The effect of paying a man's election expenses out of a secret fund at the disposal of the party organizers is that the member becomes responsible not to his constituents but to the caucus which pays him.

But what must especially be insisted on is this, that the very existence of this powerful engine for the corruption of parliamentary representation is carefully kept secret from the mass of the people. Not one man in thirty knows that there are such things as party funds; not one man in a hundred has the faintest idea of how they are raised and spent; not one man in a thousand realizes that they are almost the most important factor in English politics. A deliberate reserve is observed on both sides concerning the whole subject.

The ordinary method of replenishing the party funds is by the sale of peerages, baronetcies, knighthoods, and other honors in return for subscriptions. This traffic is notorious; everyone acquainted in the smallest degree with the inside of politics knows that there is a market for peerages. * * * He could put his finger upon the very names of the men who have bought their honors. Yet the ordinary man is either ignorant of the truth or only darkly suspects it.

Many rich men subscribe secretly to the party funds in order to get a measure of control over the machine which governs the country * * * but often more simply to promote their commercial interests.

It is no secret that titles are often purchased by contributions to the party funds. Mr. Belloc goes so far as to say that the usual price of a peerage is a very large sum, which he mentions as well