Business Labor Collision Looms Over PACs

PACs have blossomed into fixture of political process with 1980 elections a proven testimonial

By Ed Zuckerman

Labor and business are headed for a bloody showdown in this 97th Congress when they launch lobbying campaigns directed against each other’s influence in politics. At the heart of the pending battle is the role which political action committees (PACs) will play in future elections and each side has its pet legislative solutions to either widen or diminish their respective side’s power.

After a short nurturing process which lasted through a few previous elections, PACs have blossomed into a permanent fixture of the political process and the results of the 1980 elections are a testimonial to how well corporations and related trade associations have learned to play PAC-style politics. An exact accounting of PAC contributions won’t be forthcoming for several months but overall contributions won’t be forthcoming for several months but overall contributions by the more than 1,800 business and trade association PACs to congressional candidates is expected to exceed $30 million.

Trouble For Labor?

All of this spells trouble for organized labor. After seeing its political clout erode steadily through the last several Congresses, labor will be making a big push for legislation to curb the business world’s growing involvement in electoral politics.

On the other hand, business will be flexing its new political muscles for legislation to keep the trend lines moving in their present directions: up for business, down for labor.

Some segments of the business world will be aligning themselves with the National Right to Work Committee in an effort to curb the use of labor dues money in politics. Such a measure will be reintroduced in Congress by Sen. Jesse Helms (R-S.C.) and Rep. Williams Dickinson (R-Ala.). Prohibiting the use of dues money in politics would cut off an historic source of funds labor has used to finance voter identification and get-out-of-the-vote projects.

Obey-Railsback Bill

Labor, allied with such groups as Common Cause and the Democratic Study Group, is expected to launch another effort to curb the growing influence of corporate and trade association PACs with legislation such as the bill introduced in the last Congress by Reps. David Obey (D-Wis.) and Thomas Railsback (R-Ill.). Their pincer-like proposal, which won House approval but was killed by a disinterested Senate, would reduce the amount a PAC could donate to a candidate and limit the total amount of donations a candidate could accept from PACs.

In the aftermath of the elections which gave Republicans control of the Senate and cut the margin of Democratic domination in the House, the battle was joined by Reed Larson of the National Right to Work Committee who said his organization was assigning its highest priorities to securing passage of the Helms-Dickinson bill and defeating the Obey-Railsback bill. AWCI strongly opposed Obey-Railsback during the 96th Congress.

Realistically, the Obey-Railsback measure was an effort by labor to correct a tactical blunder which was committed in 1974 by giving its blessing to a provision of a new federal campaign law which allows business and labor to dip into their treasuries to finance the establishment and administration of PACs. At the time, less than 100 corporations sponsored PACs. Now, six years later, more than 1,200 corporations and 600 trade associations have them.

Associations Seek Change

In the likely event that Congress opens the Federal Election Campaign Act for revision, trade associations will seek a change in the law, too. They want to relax a requirement to obtain prior approval each year from corporate members before they can be solicited for PAC donations. A group of trade associations PACs have formed their own lobby for that purpose, called the National Association for Association PACs (NAFAPAC). And they have a persuasive ally in their cause, the Federal Election Commission itself, which has several times recommended that prior approvals be allowed to remain in force until revoked.

“It’s a perfect example of government bureaucracy. . . of paperwork on top of paperwork,” Jerry Wilkerson says of the prior approval requirement. Wilkerson, chief lobbyist for the International Franchise Association and treasurer of its Fran-Pat, is also NAFAPAC’s treasurer.

“Every year we have to go back to the same people to get their approvals and each time they become more confused because it seems they just finished giving it,” he said.

AWCI’s Joe Baker is the founder
Regulations On Activity

Against the push-pull backdrop of business-labor lobbying to change the federal campaign law, yet another element may be introduced which could become the single most important political development in years. It would come from the Federal Election Commission in the form of proposed regulations which would all but drop the barriers which now keep corporations and trade associations from engaging in grassroots political activity. It would become a subject of congressional concern because FEC regulations are subject to congressional vetoes before they can take effect.

The FEC started drafting regulations several months ago after deciding that a Milwaukee company could use corporate funds to buy an ad in a general circulation newspaper which simply urged readers: “Please Register to Vote.” Earlier, the FEC told the company, Rexnord, Inc., that the federal campaign law did not allow corporations to communicate political messages to the at-large public. But Rexnord complained that their ad could not be construed as a “political contribution” under FEC regulations because it did not benefit a clearly identifiable political party or candidate. Moreover, the company noted that the U.S. Supreme Court ruled in First National Bank of Boston vs. Belotti that corporations had a right to express their views on public issues including subjects which do not materially affect their business or property.

After reversing its Rexnord decision, the FEC fleshed out some of the parameters of its new position in succeeding opinions which allowed the National Association of Realtors to broadcast nonpartisan voter registration radio commercials and distribute nonpartisan voter registration information at association members’ offices; allowed Planned Parenthood of New York City to set up voter registration tables in its family planning clinics; and, rejected the Spanish International Network’s plan to sell nonpartisan Spanish-language announcements to corporate sponsors for showing on television.

Rather than proceeding on a case-by-case basis which could have proven interminable, the FEC decided to devise a regulatory scheme to embody its decisions flowing from the Rexnord case. Recently, the agency received several dozen comments about the proposed regulations and, in this regard, the general viewpoints expressed by labor and business are instructive.

William A. Winpisinger, president of the International Association of Machinists, accused the FEC of trying to “weaken the safeguards against partisanship and permitting the unrestricted and virtually unregulated use of (corporate) treasury funds for voter registration and education efforts that could, and in many cases probably would, be initiated for partisan reasons and be manipulated for partisan purposes.”

Winpisinger said it is impossible to construct a regulatory scheme that can guarantee absolute nonpartisanship. “There is scarcely a single political campaign that does not target specific geographic areas that are favorable to the candidate for voter registration and get-out-of-the-vote efforts. The proposed regulations would permit candidates to tap the vast resources of corporate treasuries to finance these efforts,” he said.

Common Cause Chides

Another note of opposition came from Common Cause which said it could not accept the notion that hundreds of corporations could engage in partisan politics through their PACs while simultaneously using corporate funds to engage in nonpartisan projects which might be counterproductive to their political goals. Common Cause also chided the FEC for turning the regulatory process inside out, noting that advisory opinions are written to interpret the federal campaign law and its regulations, and that regulations are not written to interpret advisory opinions.

Support for the proposed regulations came from several corporations and the 12,000-member National Association of Manufacturers. NAM noted that, under current regulations, corporations must enlist the co-sponsorship of a non-profit organization to conduct a nonpartisan voter registration or get-out-the-vote drive. The requirement, NAM said, “is yet another manifestation of the incorrect belief that any incorporated entity’s efforts in the political arena are evil, incidious and motivated by something other than a desire to promote what it perceives to be a common good.”

However, support for the proposed FEC regulations is not universal throughout the business world. A significant objection was raised by the American Bankers Association which, acknowledging a need for improving the level of voter participation, expressed concern over the potential for abuse and ‘politicizing’ which could flow from the expanded authority that would be made available in this proposed regulation.

“Generally speaking,” commentedAWC’s Joe Baker, “many bank PACs are in the category of streetwalkers—they worry only about the bank related legislation and to hell with free enterprise.” This comment by Baker does not, he says, embrace all bank PACs. “However,” said Baker, “I automatically distrust bank PACs until they prove themselves otherwise.”