The Case for Campaign Reform

New York Times Editorial

This editorial first appeared in the *New York Times*, August 3, 1997, p. 12. Most of the lurid stories about campaign contributions of the 1995–96 season were stories of foreign intrigue and influence. This editorial calls for campaign finance reform on the grounds that "the only way to shut down foreign money is to shut down soft money." It is indeed a slippery slope, the attempt to control one seeming abuse and the unwillingness to tolerate a little slack leading to ever more far-reaching controls. The *New York Times* is willing to slide down that slope, but there is more mud at the bottom than there is at the top.

The first round of Senate hearings on campaign spending, which ended last week when Congress recessed for August, may have produced no smoking guns or irrefutable evidence of Chinese meddling in American elections. Those may still come. But cumulatively, and in a mere four weeks, these hearings have built a powerful case for fundamental changes in the way America finances its political system.

They have also yielded fresh evidence that the White House and the Democratic National Committee chose to look the other way as funds flowed illegally from foreign sources into the Clinton reelection campaign, greatly strengthening the case for an independent counsel to get to the bottom of the entire mess. Attorney General Janet Reno, who has stubbornly refused to appoint one, simply cannot be expected to carry out a credible inquiry of a scandal that has now arrived at her boss's door.

The committee has so far focused on illegal foreign donations. In September it will turn to the so-called soft money that flowed in tidal proportions to both parties in 1996 from American donors—$250 million in technically legal contributions that nevertheless violated the spirit of the campaign financing laws enacted over the last twenty years. But there really isn't that much difference between the foreign and American soft money. Both were made possible by a loophole in current law that allows unlimited giving to the parties, as opposed to individual candidates. The foreign money came barrelling through that door and will keep doing so unless Congress closes it.

The hearings uncovered appalling negligence by both parties. Funds originating overseas are not easy to trace, but the real problem was that both parties, hungry for dollars whatever their origin, not only made no effort to determine their source but also encouraged their flow. Haley Barbour, when he was Republican chairman, orchestrated a complex scheme that allowed a Hong Kong bank to underwrite key congressional races in 1994. For their part, the Democrats gratefully gathered up more than $1 million that flowed from Indonesia's powerful Riady family to the national committee through various entities, some of them clearly shell companies. They also rewarded the Riady's chief American agent, John Huang, with a senior position on the DNC, where he could continue to tap into Asian and Asian-American sources.

Then there was the remarkable saga of Yah Lin (Charlie) Trie, a nimble colleague of Mr. Huang's who received more than $900,000 in wire transfers between 1994 and 1996 from a shadowy Chinese developer named Ng Lap Seng. Mr. Trie used some of this foreign money to underwrite generous contributions to the Democrats from himself and others, in plain violation of federal law. The Democrats finally got around to returning these and other tainted donations in June. But it took them nearly three years to wise up, and in the meantime the chief proprietors of the funny money laundromat—Mr. Huang, Mr. Trie, and even the mysterious Mr. Ng—traipsed in and out of the White House like visiting royalty.

People like the Riadys were able to abuse the current laws because those laws invite abuse. Although the system limits individual contributions to specific candidates, the soft money loophole allows wealthy individuals and corporations to buy access with unlimited donations to the political parties. These funds are supposed to be used for "party building," but they can easily be diverted to individual campaigns. Last year the system spun totally out of control.

One of the peculiar problems associated with foreign soft money is that there is really no practical way to keep track of it. FBI agents on loan to the Senate committee were able to reconstruct the pipeline between Mr. Ng. and Charlie Trie, but it required a major effort. There are thousands of other individuals and corporate entities in the United States besides John Huang and Charlie Trie that foreign sources can use to funnel money into this country. No investigative apparatus has the resources to cover all the avenues.

Thus the only way to shut down foreign money is to shut down soft money. That is one purpose of a bill sponsored by Senators John McCain and Russ Feingold. Three former presidents—Gerald Ford, Jimmy Carter, and George Bush—have expressed support for the bill, but the Senate majority and minority leaders, the two people who can drive it to passage, are unconscionably dragging their feet.

Trent Lott, the Republican leader, has yet to schedule a vote on the bill because many of his colleagues do not support various provisions, including limits on spending by individual candidates. Mr. McCain would probably accept a stripped-down bill aimed only at banning soft money. But he would then have to contend with Tom Daschle, the Senate minority leader, who says that a ban on soft money alone is not good enough.

The danger in this silly partisan jockeying is that nothing will get done about soft money. After all that we have seen and heard in the last few weeks, that would be a tragedy. The foreign fund-raising schemes were bad enough, but they are merely a window on a much broader corruption. Many committee members know that soft money must be extirpated. Their job now is to keep building the case for reform. The American people seem to have gotten the message already. Mr. Lott and Mr. Daschle ignore it at their own peril.